

## OECD

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## FATCA and CRS – IMF Report confirms well-known Data Security Issues

I write further to our [previous correspondence](#) in relation to the data protection and data security implications of FATCA and the CRS.

### Institutional concerns (2012-2016)

On 16 December 2016 (two weeks before the CRS came into effect), the EDPB's predecessor (WP29) sent a strongly-worded letter to the OECD and the EU reiterating the [WP29's "strong concerns"](#) about the data protection and data security implications of systems of bulk data processing entailed by automatic exchange of information mechanisms for tax purposes, including the CRS. The WP29's letter echoed the ["worrying concerns"](#) raised by the European Commission in relation to FATCA between 2011 and 2013.

### Ping-pong game (2016 -)

Since then, every single European institution, as well as national data protection authorities, have been [busy passing the buck](#) and resisting attempts by concerned citizens to bring the issue into the spotlight, with the sole exception of the [Belgian DPA](#), whose courageous ruling is currently under appeal.

However, the problem will not go away. Already, we warned about hacking incidents involving CRS data (see [here at 5](#) and [here](#)), as well as other data hacks concerning [tax data](#).

### IMF Global Financial Stability Report confirms risks

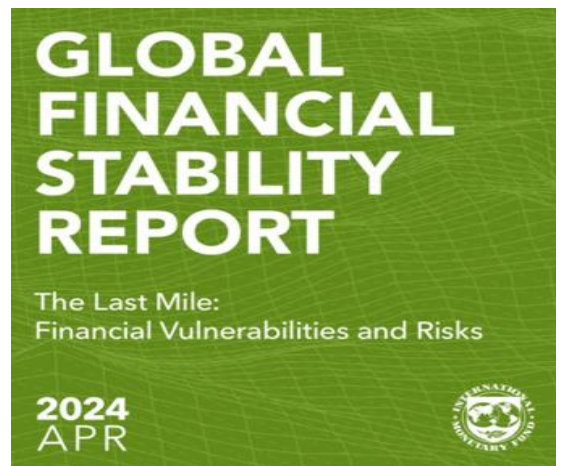
In its letter to the OECD and the EU, the WP29 warned that *"additional concerns in relation to the security of massive automatic data processing have been raised by recent reports in the media of high-profile cyber-attacks"*. Now, a [report from the IMF](#) confirms the systemic nature of those risks.

### Ensuring accountability of OECD and EU institutions

It is only a matter of time before CRS and FATCA data get hacked. The OECD, who [oversees](#) the transfer of CRS information, has already started a game aimed at deflecting accountability, with a [formal decision](#) by the former Secretary-General denying that the OECD has any data protection obligations toward the [84 million](#) account holders affected by the CRS. The purpose of this letter is to ensure a clear paper-trail documenting the institutional failings in this long-running file.

Best regards,  
**Filippo Noseda**  
Partner

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### Conclusion and Policy Recommendations

Cyber risks pose an evolving threat to financial stability. Cyber incidents, particularly of a malicious nature, are becoming more frequent globally. The analysis in this chapter shows that losses from cyber incidents have generally been modest in the past, but they could be extreme in some cases. Although the financial sector has not yet seen a systemic cyberattack—suggesting that cybersecurity at financial firms may have been commensurate with past threat levels—the risks have increased substantially against a backdrop of growing digitalization, evolving technologies, and rising geopolitical tensions. Cyber incidents now pose an acute threat to macrofinancial stability because the sector is characterized by exposure to sensitive data, high levels of concentration, and strong interconnectedness—including with the real economy.