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Request for Proposal 2020

Cyber Risk and Security Trends in the Leasing and Finance Industry

Industry Background

The [Equipment Leasing & Finance Foundation](#) publishes research for and about the nearly \$1 trillion [equipment finance sector](#). Equipment leasing and financing companies represent important sources of finance in the U.S. economy, contributing to capital formation and providing additional critical tools that enable all types and sizes of commercial businesses to acquire the equipment they need to conduct their business operations.

Problem Statement

Any sector where confidential, sensitive and/or proprietary data is stored or exchanged is susceptible to a data breach. Over the years, the growing reliance on digital technologies in business operations is the primary reason for the increased risk of a cyber incident. As a result, cybersecurity protections have been increasingly implemented within the larger financial institutions, and considerably less in the private lending and leasing companies, many of which believe they are more insulated and/or less susceptible to data breaches. No study has explored the conduits through which data breaches could be penetrating the equipment leasing and finance industry, and what specific cybersecurity measures can be taken to deter such a potential data breach, regardless of the size and/or resources of the company.

Purpose of the Study

The purpose of the study is to provide an updated analysis of the channels through which cyber incidents are increasing, as well as the ever-evolving cybersecurity trends, specifically as they apply to the leasing and finance industry. Such a study would provide lenders, lessors and end-users with a useful roadmap highlighting areas in their businesses that make them more susceptible to data breaches, and the appropriate measures that can and should be implemented by them to effectively deter a potential data breach. The purpose of the study is to also raise awareness of many lending and leasing companies that are not large financial institutions and, as a result, do not view data breaches and their ramifications as seriously based on the false notion that their business may be insulated and/or that they lack the infrastructure to take preventative measures.

Issues to be Addressed in the Study

- i. Threat Assessment Specific to the Equipment Leasing and Finance Industry
 - a. Business Processes / Understanding the Leasing and Lending Platform
 - b. Vendor financing
 - c. Paying away funds t

- ii. Conduits Through Which Data Breaches Have Occurred (The types of cyber risks that are rising / what trends will result in more data breaches)
 - a. ACH debit and credit fraud (recently examined by the Association for Financial Professionals as the only fraud scheme to see an increase in 2018)
 - b. Vendor financing
 - c. Direct deposit
 - d. Employee mistakes
 - e. Frequency and impact of particular specific frauds
 - f. New and evolving methodologies, and analysis of where potential risk could eventually lie
- iii. Analysis of Parties Affected and How
 - a. Financial Institutions - Equipment Finance divisions
 - b. Private lending and leasing companies
 - c. Vendors
 - d. Brokers
 - e. End Users (Borrowers / Lessees)
 - f. Customers
 - g. Service Providers
- iv. Analysis of Cybersecurity Measures that can be taken
 - a. Overview of what is broadly suggested to large financial institutions
 - b. Measures that can be taken / implemented by entities listed in Section (iii) above
 - c. Cybersecurity Insurance
 - d. Role of technology in protecting data privacy and monitoring for security threats
- v. Impact on Business where Cybersecurity Measures Not Taken
- vi. Updates to the Law
 - a. How data privacy regulations will play a role
 - b. Existing Laws
 - i. Federal Gramm-Leach-Bliley Act
 - ii. Regulations of the Office of the Comptroller of Currency and New York State's Department of Financial Services
 - iii. General Data Protection Regulation (GDPR)
 - iv. Additional state privacy and cybersecurity laws
 - 1. Stop Hacks and Improve Electronic Data Security Act ("SHIELD ACT")
 - a. Expands the definition of private information to include:
 - i. Account numbers (and when the numbers could be used to access an individual's financial account without additional information);
 - ii. Biometric information; and
 - iii. Username or email address, with password or security question answer.
 - b. New Breach Notification Requirements effective October 23,2019
- c. Additional laws in the process of being enacted
 - i. "Data Security Protections" to the General Business Law, effective March 21, 2020 (240 days after the SHIELD ACT became law)

- ii. California Consumer Privacy Act of 2018 ("CCPA")
 1. Privacy right of action for the unauthorized access and exfiltration, theft or disclosure of certain personal information in violation of a business's duty to implement and maintain reasonable cybersecurity.
 2. Statutory Damages: an amount not less than one hundred dollars (\$100) and not greater than seven hundred and fifty dollars (\$750) per consumer per incident or actual damages, whichever is greater.
 3. Effective Date: January 1, 2020, enforceable July 1, 2020

Suggested Researcher Resources

The Foundation and its sister organization, the [Equipment Leasing and Finance Association \(ELFA\)](#), provide a variety of resources that are relevant to this study, including:

- [The Equipment Leasing & Finance Industry Horizon Report](#)
- [The Archives of Annual State of the Equipment Finance Industry Reports \(SEFI\)](#)
- [Monthly Leasing and Finance Index \(MLFI-25\)](#)
- [MLFI-25 & Beige Book Quarterly Review](#)
- [Verizon Data Breach Investigations Report](#)
- [Capgemini](#)
- [Moody's Investors Service](#)

Additionally, the Foundation has two major [databases](#) accessible to researchers:

- PayNet database of select equipment leasing transaction information from a statistically valid sample of equipment leasing companies.
- Industry analysis database used to prepare the two annual ELFA overview publications noted above (SEFA).

The Foundation website (www.leasefoundation.org) provides additional information on resources available to its researchers.

Required Deliverables

It is the expectation of the Foundation that the final study will be delivered in no more than five months from contract date.

Specifics include:

1. All deliverables should be written for the lay reader and should be well-written
2. Monthly progress reports should be submitted via email to the Foundation's Executive Director.
3. The final Research Study Paper should be provided in Microsoft Word and PDF version. Charts and graphs should be provided in Excel or PowerPoint and should include source data. Study page count is variable: 30-50 pages. See our [Report Guidelines](#) for more details.

4. An article of approximately 2,000 words must be submitted for publication in the peer reviewed [Journal of Equipment Lease Financing](#). Please review our [Author Guidelines](#) specific to the *JELF*.
5. An abstract of approximately 250 words of project results must be submitted along with the first draft of the project. The abstract will be used to report the study to a general audience. The abstract must be written for the lay reader.
6. Upon request by the Foundation, you shall be available to present findings live and/or via web seminar or recorded podcast.

Response Details

Submit your proposal to Kelli Nienaber, Executive Director of the Foundation, at knienaber@leasefoundation.org.

Information Required

1. Researcher (or Firm's) history and background
2. Experience/knowledge with lease finance research
3. Experience with nonprofit associations
4. Overview of the study design
5. Credentials and qualifications of staff to be assigned the project
6. References/client list, with written permission to contact
7. Description of similar studies performed by the researcher
8. If appropriate, description of how staff time and other costs are billed

Timeline and Contract Terms

- Proposals are due by the first of the month – contact the Foundation for specific dates.
- Proposal selection generally occurs within 30 days. The review committee meets the third Wednesday of each month.
- For further information regarding contract terms, see our [Research Grant Guidelines](#).

Selection Criteria

The Equipment Leasing & Finance Foundation is an equal-opportunity employer and submissions are considered without regard to the age, religion, ethnicity, gender, sexual orientation, marital or veteran status, political affiliation—or any other classification protected by law—of the author. The Foundation encourages the diversity of perspective and experience that result in a holistic view of the ever-evolving challenges and opportunities that face the equipment finance industry. As such, all interested researchers are welcomed and encouraged to submit their proposal for consideration.

The proposal should be based on original research about a future-focused topic benefitting a major segment of the equipment finance industry and include a detailed methodology for the proposed research project.

1. Experience in similar assignments
2. Resources/capacity to perform the required work
3. Experience with associations

4. Qualifications of the individuals who will perform the work
5. Knowledge of the equipment finance industry
6. Quality of the proposed study design
7. Price
8. References
9. Intangibles

For additional information on the grant process visit: www.leasefoundation.org/grants.

Staff Contacts

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About the Equipment Leasing & Finance Foundation

Established in 1989, the Equipment Leasing & Finance Foundation is a 501c3 non-profit organization dedicated to inspiring thoughtful innovation and contributing to the betterment of the equipment leasing and finance industry. The Foundation propels the equipment finance sector—and its *people*—forward with its industry-specific knowledge, intelligence, and programs. Through free studies, internships, and Guest Lecture opportunities, we help people navigate the changes coming up and make better business and personal career decisions. Since its formation, the Foundation has commissioned and endowed over \$3 million in primary and secondary research projects, doubling the body of knowledge available to equipment finance organizations and those that work with these financing organizations.

Foundation Operating Budget: \$750,000 for fiscal year ending December 31.

IRS Classification – 501c3

Staff – 3

Website: www.leasefoundation.org