



Time to bridge cybersecurity gap faced by small business

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Small-to-medium-sized businesses (SMEs) risk being left behind in the fight against costly cyberattacks unless they receive more help to bolster their defences, the authors of a new paper published by the Actuaries Institute warn.

In their Dialogue Paper*, *Cyber Protection Gap Widens for SMEs*, actuary Win-Li Toh, with co-authors Dr Michael Neary and Sarah Wood say there is a growing gap between Australian corporates and the nation's 3 million SMEs in terms of their preparedness to counter cyberattacks.

Bridging that cyber protection gap will require continual collaboration between government, insurers, tech providers and the SME community, they argue.

Ms Toh, a principal at actuarial consultancy Taylor Fry, said while a series of cyberattacks in the past two years had provided a stark wake-up call for Corporate Australia to strengthen their cyberity and preparedness, many SMEs had not followed suit.

"SMEs often haven't had the bandwidth or opportunity to really understand and tackle the risks. Many have put cyber into the 'too hard basket' because they're daunted by the technical jargon and don't know where to start with implementing cybersecurity measures," she said.

"Another barrier is the cost associated with cybersecurity when SMEs are battling challenging economic conditions. Some SMEs also mistakenly believe they're too small to be targeted by cyber criminals. They don't realise a serious cyber incident could cause their business to collapse."

Overall, the number of cybercrimes reported in Australia during 2022-23 increased by 23 per cent to 94,000. The average cost of cybercrime for a small business rose 15 per cent to \$46,000.

Ms Toh, who is the incoming Actuaries Institute's president for 2025, said that with 62 per cent of SMEs having reported a cyberattack a concerted effort was needed to close the cyber protection gap SMEs face.

"Given SMEs are the lifeblood of our economy, employing up to a third of our workforce, and cyber risks are always changing, they shouldn't be dependent on luck to protect them from a cyberattack - they need to depend on knowledge, good cyber hygiene and robust cyber defences.

"SMEs are our real estate agents, our mortgage brokers, our doctors' practices and our pharmacists. They often hold sensitive and personal information, and a cyberattack could have a big impact on any one of them and broader society.

"We'd like to see industry, insurance companies and governments work together to ensure SMEs are protected from cyber threats, and have practical, cost-efficient means to strengthen their cyber defences and ability to respond to cyberattacks.

"Recent initiatives designed to help SMEs improve their cyber capabilities, such as the Cyber Wardens program announced in the 2023 federal budget, are very welcome. We also support

the development of consistent, achievable and affordable cyber security certifications for SMEs to help them demonstrate their cyber preparedness."

Win-Li Toh is available for interview.

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