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Australian Banks Face Rising Cyberattack Risks

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SYDNEY, Australia's banking system is confronting heightened risks of cyberattacks amid escalating geopolitical tensions, the country's prudential regulator has warned.

John Lonsdale, chair of the Australian Prudential Regulation Authority (APRA), said the regulator plans to intensify its collaboration with domestic banks over the coming year to

strengthen defenses against potential cyber threats. APRA did not specify which countries it believes could be behind such attacks.

“Operational systems in financial institutions are increasingly vulnerable to technology outages and malicious cyber-attacks,” Lonsdale said in APRA’s annual report. “The risk environment for cyberattacks could worsen further in the context of escalating geopolitical tensions.”

The regulator also highlighted the growing adoption of artificial intelligence as an emerging risk factor for the sector. Last year, a report by National Australia Bank found that more than two-thirds of Australians had been affected by a cyberattack or data breach, underscoring the sector’s vulnerability.

In 2024, APRA established its first geopolitical risk team to monitor and assess potential threats to the banking system. This initiative aims to provide early warnings and support banks in bolstering their cybersecurity infrastructure.

APRA’s warnings come as global tensions influence financial markets and raise the potential for cyber threats targeting critical economic sectors. Banks are being urged to adopt stronger cybersecurity protocols, invest in staff training, and implement advanced monitoring systems to mitigate potential disruptions.

The regulator emphasized that maintaining operational resilience in the face of cyber threats is critical for the stability of the Australian financial system. It encouraged banks to continually review and update their risk management strategies to address evolving technological and geopolitical challenges.

While APRA did not provide specific examples of attacks in its report, the warning reflects a broader global concern over cyber vulnerabilities within the financial sector. Industry experts note that rising reliance on digital infrastructure, coupled with sophisticated cybercriminal tactics, makes banking institutions increasingly susceptible to disruption.

APRA’s announcement underscores the need for heightened vigilance and cooperation across the financial sector, ensuring that banks are equipped to respond swiftly to potential cyber incidents.