

BCBS 239 principles risk-data aggregation and risk reporting

WHITE PAPER - BANKING

SITUATION

“One of the most significant lessons learned from the global financial crisis that began in 2007 was that banks’ information technology (IT) and data architectures were inadequate to support the broad management of financial risks.” (Basel Committee on Banking Supervision (BCBS))

The recently published BCBS239 compliancy self-assessment study conducted by 30 G-SIBs has demonstrated that banks are least compliant with respect to Principle 2: "Data Architecture and IT Infrastructure", within Section I. "Overarching Governance and Infrastructure". The primary reason indicated was the non-availability of data taxonomies and poor data ownership.

Since business definitions may not be aligned across business lines, this may lead to contradictions in resultant calculations, inconsistent reporting, misleading analytical results and an increase in undertaking data correction and reconciliation. Business and IT Units appear to speak different languages, resulting in increased efforts for IT analysis and implementation. Sounds familiar?

CHALLENGES

- Is your Institution facing challenges due to business definitions and data requirements which are non-harmonised and across your organisation?
- Does your Institution lack understanding and vision concerning which data is available, from where it is sourced, and transparency concerning who is responsible for providing the quality assurance for which data element?
- Does your Institution have communication issues between Business and IT Units concerning the provision and source of the data, leading to increased effort and slow time-to-market?
- Is your Business lacking confidence about how to “start small but think big”?

SOLUTION

Your Institution’s key focus should be the establishment of a taxonomy and glossary of risk data in order to maintain a comprehensive business information model -structured representation of data requirements, common language for Business and IT Units, business and technical metadata - across the Group and between business lines.

Your Institution should also focus on the provision of data governance. Does your Institution have a vast number of data silos in the current BI environment which are generating high maintenance and operational costs, leading to an inability to support and comply with business needs and regulatory requirements in a timely manner? The resultant effect is poor data quality leading to consequent higher risks!

Simplify has worked with a significant number of leading banks to support this endeavour, which is why Simplify is confident to be the best partner to make your Institution’s risk management systems more robust.

SIMPLITY’S EXPERTISE

Simplify’s fast, efficient and flexible **Business Information Modelling (BIM)** methodology provides a unified language across all areas of the Group, and between business lines. Simplify’s integrated **Accuracy Glossary** provides harmonised naming conventions, resulting in physical data models which are easily maintainable, adaptable and logical.

The resultant atomic level data will be consistent across the organisation, thus enabling aggregation and flexible reporting, with drill-down possibilities. BIM is the first step in your Institution’s roadmap towards a “single version of the truth” consolidated data source.

By maintaining the references to data requirements and IT systems, your Institution can ultimately improve data quality significantly, ensure traceability and enable consistency.

To comply with BCBS239, data-quality management must also be established by your Institution, including data profiling, data lineage, monitoring, reporting and escalation procedures.

Simplify’s **Accuracy Quality** product facilitates the following procedures: profiling, monitoring, controlling, and reporting on data quality and related events through an integrated technology platform.

Accuracy Quality functions across different platforms, offering significant potential for integration and a panoramic view of business-critical data – regardless of the data source or the end user- through personalised dashboards, graphic time series analysis, and both ad- hoc and regular reporting.

Don’t let poor information quality cost your Institution.

Simplify’s consultancy services and Accuracy products provide support for the BCBS39 Regulatory Principles, primarily for Data Governance, Data Architecture, Accuracy and Integrity, Completeness and Adaptability.