

Data management services

(Data aggregation and reporting)

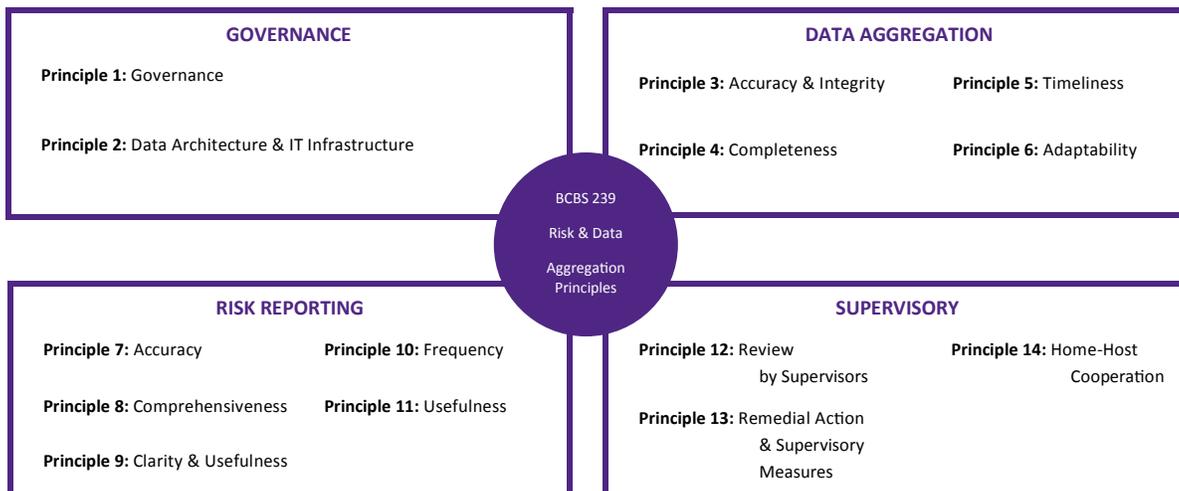
A robust data management function is critical to any financial institution’s ability to compete in an information-based world while complying with complex regulations.

Effective data management for financial services

The Basel Committee of Banking Supervision (BCBS) defines data aggregation as “**gathering and processing risk data according to the bank’s risk reporting requirements to enable the bank to measure its performance against its risk tolerance/appetite**” in its January 2013 publication entitled *Principles for Effective Risk Data Aggregation and Risk Reporting* (BCBS 239), which is primarily relevant for global systemically important financial institutions (G-SIFI). The primary objective of BCBS 239 is to **ensure that organizations can source and organize information about their portfolios that enables them to manage risks**. In effect, these principles establish a reasonably comprehensive framework for effectively organizing data to support business decision-making when combined with a risk appetite framework. There are 13 overarching principles that together describe everything that would be required for an end-to-end system from data sourcing and technology to supervisory review.

The benefits of adopting BCBS 239 principles

While G-SIFI organizations are on a 2016 time frame to implement this guidance, there is a broader set of opportunities where organizations can derive benefits. Midsized organizations, particularly those in growth mode, subject to acquisitions and integration activities, would benefit greatly in pre- and post-merger environments. Banking institutions implementing any type of complex regulatory mandate such as the stress-testing exercises governed by Dodd-Frank Act stress testing or Comprehensive Capital Analysis and Review could benefit tremendously, as each of these are data-intensive, model-intensive exercises. Finally, from a business perspective, the transparency and agility enabled by the implementation of these principles would, in concept, enable an organization **to make more robust decisions on a risk-adjusted basis**. BCBS 239 principles could actually help an organization **meet multiple compliance requirements and execute strategic objectives**.



Data management services at a glance

Key components to a successful implementation

A successful implementation of BCBS 239 principles depends on getting a number of components right. Assembling **detailed business requirements** at the data (IT perspective) and capability levels is first. Business and subject matter specialist knowledge is required to assemble this artifact, particularly individuals who understand reporting requirements. **Strong program management** should drive progress while incorporating potentially unexpected requirements for addressing integration points.

The third component is the **architectural design** that will support data from storage to end users, as well as an IT/systems team to implement requisite platforms and data migrations. **A methodology that unifies and standardizes** data elements, transformations and processing will need to be developed, and training provided to participants in this initiative. Finally, an operating model that supports Business as Usual (BAU) processes needs to be in place. BCBS 268, *Progress in Adopting the Principles for Effective Risk Data Aggregation and Risk Reporting*, provides an update on the industry’s progress as of December 2013.

Business Scope	
• Regulations Covered	• Functionalities
• Business Units	• Existing Adjustments
• Products	• Exclusions/Exceptions
• Geographies/Locations	• Aggregation/Allocation
• Legal Entities Structure	• Data Transformation
• Currencies	• End User Needs
• Reporting & MIS Requirements	
• Desired vs. Available	

Process, Data & Technology	
• Process Challenges	• System Integration
• Process Controls	• Data Privacy Rules
• Process Automation	• Data Security
• Data Sources	• Back Up Needs
• Quality of Data	• Business Continuity
• Data Integration	• History/Record Keeping
• Existing Data Architecture	
• Current Reporting	
• Technology	

Organization & Governance
• Internal Policies
• Guidelines and Standards
• Management Oversight
• Defined Roles & Responsibilities
• Availability of Skills & Knowledge
• User Training
• Internal Controls
• System/Application
• Controls
• Review/Authorization

Other Considerations
• Timelines/Deadline
• Business Objectives/Priority
• Budgets
• Implementation Costs
• Implementation Effort
• Resource Needs
• Disruptive Impact
• Report Distributions
• Data Dissemination
• Reusability
• Processing Time
• Turnaround time
• Regulator’s Specification on Reporting Language (e.g. XBRL)

Data management services at a glance

How we can help

Grant Thornton LLP provides a full spectrum of tailored services to assist with data management and reporting solutions. We work closely with institutions to help develop a business design, define processes supporting data management and data aggregation, design organizational models that govern data management, and implement designs.

Our data management services

Data management is a core service of Grant Thornton. Our practice is supported by a multidisciplinary team of approximately 2,975 dedicated partners and 40,197 professionals situated in the Americas, Europe, the Middle East and Asia-Pacific in order to serve our clients with local resources that can assist you with a variety of data management services.

Sample data management services:

- Data taxonomies, dictionaries
- Data regulations/Risk Data Aggregation (RDA) — BCBS 239
- Data governance/stewardship/organization
- Data target operating models/information architecture
- Data policies, standards, procedures, service-level agreements
- Data sourcing/workflows/meta data management
- Data quality remediation/measurement/scorecard
- Data analysis, reconciliation, business intelligence
- Data business requirements
- Physical/logical models
- Information security/data privacy for third parties

Our financial services sector experience

Grant Thornton's Tax Accounting and Risk Advisory Services practice has experience working with a number of sectors in financial services, including:

- Banks, trusts, and agencies/branches of foreign banks operating in the U.S.
- Insurance companies (permanent life insurance and annuity contracts)
- Asset management and securities (brokers/dealers, hedge and mutual funds, futures commission merchants, and introducing brokers)
- Markets and infrastructures

Benefits of working with our data management team

- Dedicated Center of Excellence supporting primary research, methodology development and client delivery of engagements
- Grant Thornton Global Research Center dedicated to providing primary research services to select engagements
- Broad and deep industry experience with qualifications in most types of financial institutions
- Knowledge of current emerging financial services challenges demanding analytics solutions inclusive of regulatory mandates
- Ability to leverage Grant Thornton's tools, accelerators and leading industry practices to shorten project time frames and reduce overall project costs

Contacts

Jose Molina
Principal
Financial Services Advisory
Risk Center of Excellence
T 312.602.8330
E jose.molina@us.gt.com

Frank Saavedra-Lim
Director
Financial Services Advisory
Risk Center of Excellence
T 704.926.0365
E frank.saavedra-lim@us.gt.com

Nigel Smith
National Managing Principal
Financial Services Advisory
T 212.542.9920
E nigel.smith@us.gt.com



Connect with us

-  grantthornton.com
-  [@granthorntonus](https://twitter.com/granthorntonus)
-  [linkd.in/granthorntonus](https://www.linkedin.com/company/granthorntonus)

"Grant Thornton" refers to Grant Thornton LLP, the U.S. member firm of Grant Thornton International Ltd (GTIL), and/or refers to the brand under which the GTIL member firms provide audit, tax and advisory services to their clients, as the context requires. GTIL and each of its member firms are separate legal entities and are not a worldwide partnership. GTIL does not provide services to clients. Services are delivered by the member firms in their respective countries. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions. In the United States, visit grantthornton.com for details.