



Basel II Reference Data Solutions

Abstract

The client lacked the level of data quality required to satisfy the Basel II Accord's new standards for banks' information systems. Avantage Reply was engaged to assist with the development and implementation of a reference data strategy to improve the standard of data quality and bring order to the seemingly infinite stores of disparate data and applications. These aims were achieved by developing a clear definition of reference data, organising a data cleansing programme, and developing a new governance and operating model supporting the full data management lifecycle.

THE CLIENT

The client is an international bank with European roots with a focus on consumer and commercial clients in some key local markets and a global focus on select multinational corporations and financial institutions, as well as private clients.

THE CHALLENGE

The Basel II Accord (the "Accord") imposes new standards for risk measurement, capital adequacy, and transparency that require greater consistency and integrity in banks' information systems. In this instance, the client lacked the data that was either comprehensive enough, accurate enough or with a long enough history to allow them to meet the Accord's requirements. Moreover, data was held in multiple databases with different data structure in various business areas of the bank and/or different geographical locations.

Avantage Reply was engaged to assist with the development and implementation of a reference data strategy that would enable the client to address the reference data issue in the source systems. The key challenge was to normalise the client sources and transform reference data that power the front, middle and back office systems and processes.

APPROACH AND SOLUTION

Our approach to this challenge began with developing a clear definition of reference data. In this instance, reference data comprised the fundamental details on every customer, security, and transaction, but not the operational data required for transaction processing. It was mainly static information consisting of critical data components that identify, qualify, and enrich the transactions, and enable business processes and workflows in the front office, middle office, and back office.

The next step was to achieve an acceptable level of data quality by organising a data cleansing programme. The process systematically removed or corrected the reference data that was incomplete, inaccurate, duplicated, or improperly formatted, in order to achieve referential integrity. This work was completed with the 'golden source' owners. The result was a database for static data that was more complete, more accurate, and more reliable.

The final stage was to develop a new governance and operating model This model would support the full data management lifecycle, leading to 'golden copy' data. It was designed to acquire, cleanse, enrich, and distribute data that has been through the rigorous cleansing process. A key element of the operating model was to work closely with downstream operations to ensure that future information was properly channelled by developing and implementing adequate governance.

RESULTS AND BENEFITS

The client achieved a more advanced standard of data quality bringing order to the seemingly infinite stores of disparate data and applications. Through a comprehensive programme, the client began to meet the challenges of data management while minimising business disruption and achieving compliance with regulatory requirements.

Avantage Reply, part of the Reply Group, is specialised in Financial Services with a focus on Risk, Treasury and Capital and Financial Performance Management. With offices in Amsterdam, Brussels, Edinburgh, Frankfurt, Hamburg, London (head office), Luxembourg, Milan, Munich and Rome Avantage Reply counts some of the world's most significant financial groups among its clients, including well-known and respected organisations in the Banking, Insurance, Investment Management and Services, and Post Trading Services sectors. The firm's delivery capabilities cover advisory services (Risk/Finance/Treasury Subject Matter Expertise), Program and Project Management, Business, Functional, and Data Analysis. For further information: www.frm.reply.eu

Reply [MTA, STAR: REY] specialises in the design and implementation of solutions based on the new communication channels and digital media. Through its network of specialist companies Reply is helping some of Europe's leading industrial groups in Telco & Media, Industry & Services, Banks & Insurance, and Public Administration to define and develop business models suited to the new paradigms of Big Data, Cloud Computing, CRM, Mobile, Social Media and Internet of Things. Reply services include: consulting, system integration, application management. For further information: www.reply.eu