



FIMA  Financial
Information
Management

Data as a Strategic Growth Asset in 2021

Lessons Learned from COVID-19
for Buy-Side and Sell-Side Data Managers

“The unrivalled seniority in an intimate setting makes this the most enjoyable financial services data meeting of the year.”

– KATE BROOKS,
GROUP HEAD OF DATA MANAGEMENT, CHIEF DATA OFFICE,
GROUP TRANSFORMATION,
LLOYDS BANKING GROUP

“A great way to stay connected with fellow Chief Data Officers in financial services.”

– ELAINE PRIEST,
CHIEF DATA OFFICER,
NATWEST GROUP

“Lots of exciting new ideas that will help you take your enterprise data strategy to the next level.”

– SANJAY SAXENA,
HEAD OF ENTERPRISE DATA GOVERNANCE,
NORTHERN TRUST

SAVE THE DATE

Hold November 2021 for the next FIMA Live event, London

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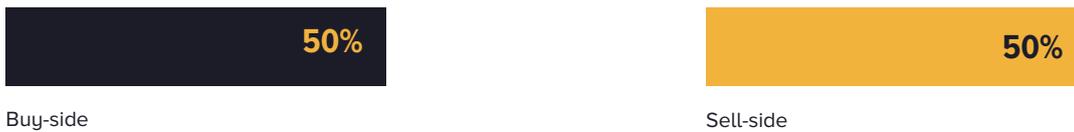
Tom Webber
Conference Director
FIMA Europe 2021

METHODOLOGY

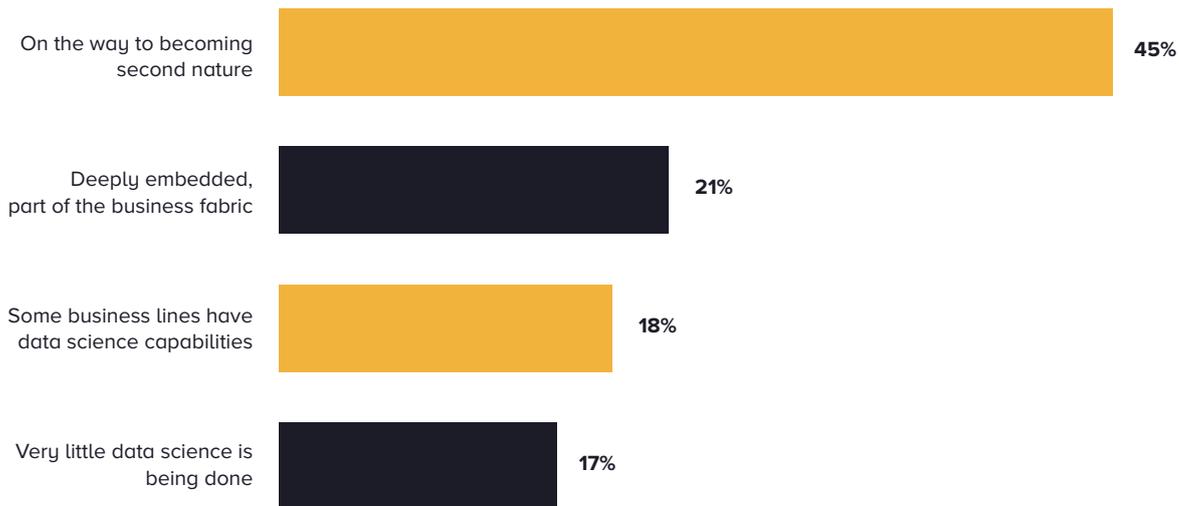
In Q1 of 2021, WBR Insights surveyed 100 Chief Data Officers and similar from buy-side and sell-side firms across Europe, to find out about the challenges they are facing in 2021, due to the impact of the COVID-19 pandemic, and the innovative solutions they are putting in place.

The survey was conducted by appointment over the telephone. The results were compiled and anonymised by WBR Insights and are presented here with analysis and commentary by SWIFT and the FIMA community.

Is your firm buy-side or sell-side?



How embedded is a culture of data science in your organisation?

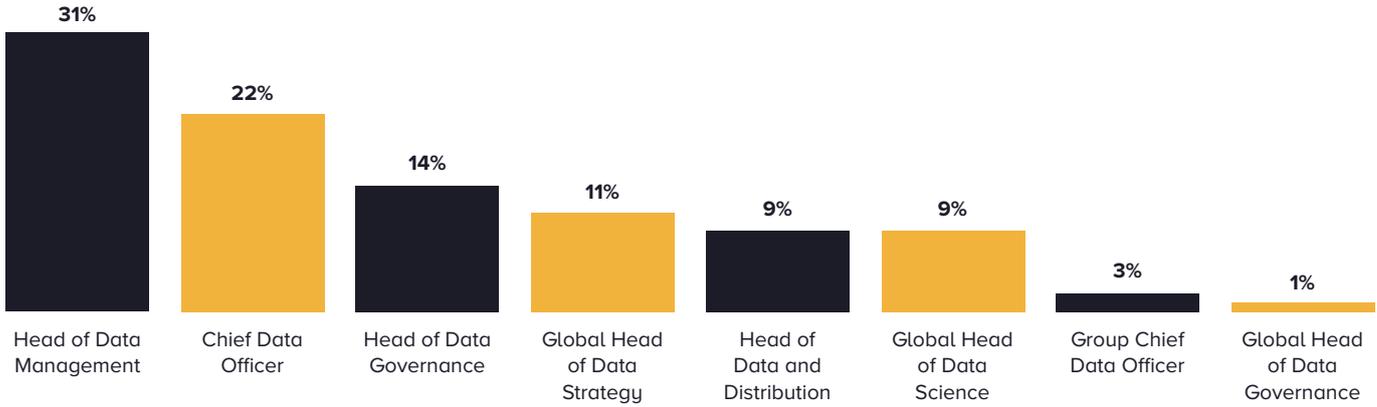


“Artificial intelligence (AI) and machine learning (ML) are important emerging trends within data science – not just for financial services, but across all industries. In many organisations, adoption is still at an early stage because of the complexity that comes with these technologies. The challenge is that there are a lot of opportunities, but they do require a good articulation of the use case, available datasets and skilled profiles. Organisations need to have the right combination of business people, data management people and data scientists to realise the potential of AI/ML, and embed it in their business process for ongoing usage and revalidation.”



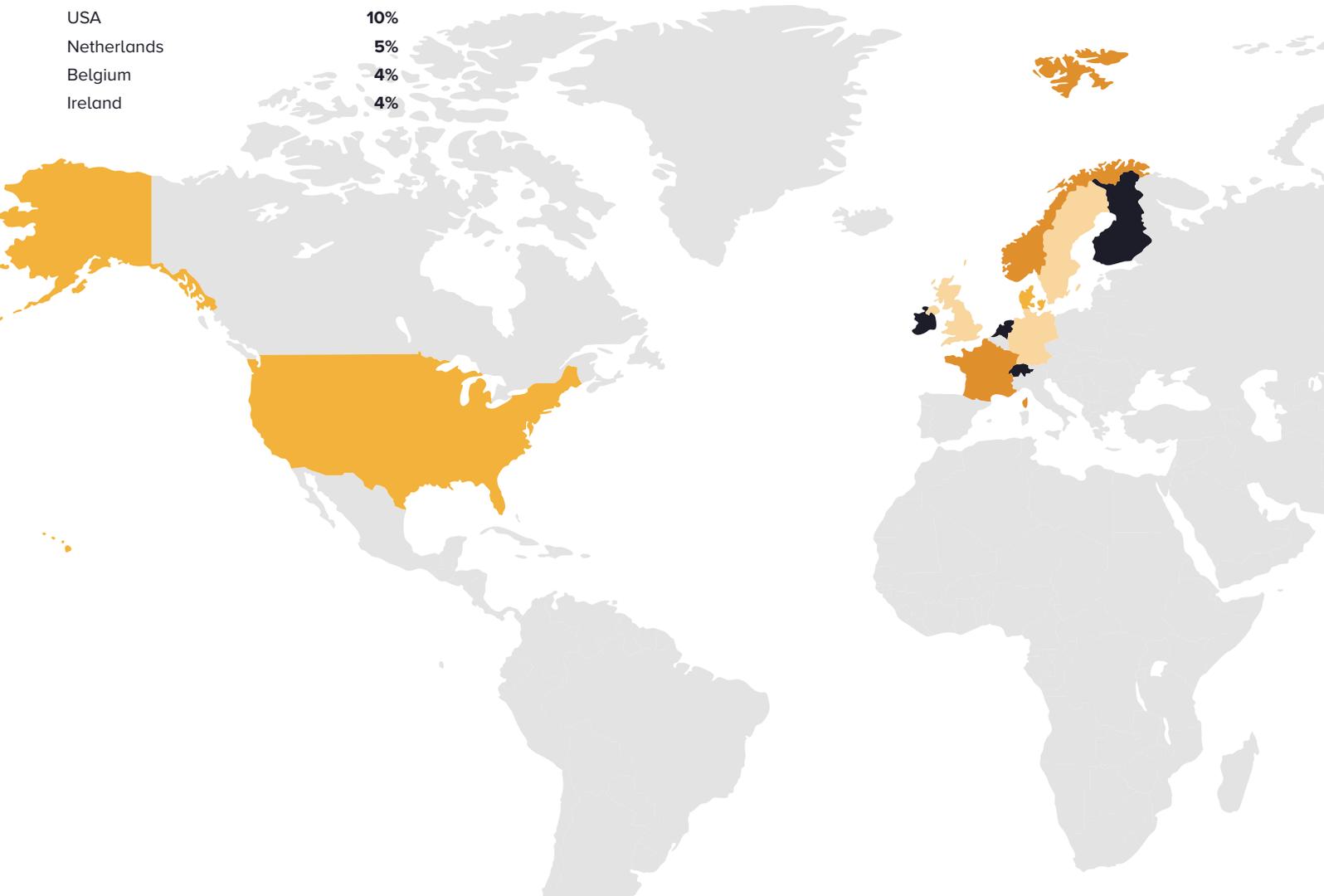
Bart Claeys
Head of Data and Analytics Products,
SWIFT

What is your job title?



What country is your organisation headquarters located in?

Switzerland	25%
UK	22%
France	10%
Germany	10%
Nordics (Denmark, Finland, Norway, Sweden)	10%
USA	10%
Netherlands	5%
Belgium	4%
Ireland	4%



TRANSFORMING YOUR DATA STRATEGY TO PROVIDE A BETTER CUSTOMER EXPERIENCE

Bart Claeys, Head of Data and Analytics Products, SWIFT

Customer experience is key when it comes to attracting and retaining customers. Across the financial industry, it's clear that data offers considerable opportunities to improve customer experience, in an ever-growing competitive marketplace. As the role of data evolves from a reactive function to one of strategic enabler, financial institutions need to ensure they have the right tools, infrastructure and resources in place – from emerging technologies to skilled data professionals that can help monitor, evaluate and mitigate sources of friction across the transaction lifecycle.

Competitive Threat

There are many reasons why financial institutions are looking more closely at customer experience in the current environment. For one thing, new entrants continue to pose a competitive threat. As an example, fintechs in the payment industry keep increasing the value they offer to their customer base through easy, cheap and instant payment services. All of this is placing pressure on financial institutions to remain competitive by delivering a high-quality customer experience.

In a business context, customer expectations are also being driven by the experience people have in other areas of their personal life. When people make online purchases, they know exactly what they will pay for their goods – and they can also expect confirmations of purchase, dispatch notifications and the ability to track and trace orders. As a result, consumers increasingly expect the same level of clarity, predictability and transparency when conducting business-to-business transactions.

Harnessing Data for Customer Experience

Data offers significant opportunities for financial institutions to improve customer experience.

One obvious consideration is that financial institutions should leverage consumer data (e.g. product usage, complaints or improvement requests) to build a clearer picture of their customers and their respective needs. Such insights will also help identify opportunities for upselling or cross-selling initiatives, as well as addressing at-risk customers.

Financial institutions can also harness data in a way that gives customers more visibility, transparency and certainty over their financial activities. Where cross-border payments are concerned, data can enhance the customer experience in many ways – such as by using internal and external data sources to pre-validate and maximise the successful execution of transactions, or establish real-time tracking of transactions to reduce frictions and costs.

In order to enhance customer experience, financial institutions need to gain a 360-degree view of their customers – but in practice, customer data is captured by different systems at different stages of the customer journey, from onboarding to customer support. As such, financial institutions will need to be able to locate, extract and combine data that is stored across the organisation.

They will most likely also need access to additional high-quality data that can unlock more meaningful insights, as well as analytical capabilities that can support data-driven recommendations. The Chief Data Office has a key role when it comes to collecting, combining, analysing and dispatching this meaningful data to the various business functions across the organisation.

Taking Advantage of AI/ML

To stay relevant, financial institutions also need to be nimble. The pandemic has forced many institutions to adapt and remove obstacles to digital transformation. As a result, it should come as no surprise that the data strategies financial institutions might have implemented a couple of years ago may now require revision. Financial institutions therefore need to review their strategies as they move forward. For one thing, they should be considering whether they are taking full advantage of emerging technologies like artificial intelligence (AI) and machine learning (ML).

Unlike traditional methods that focus on analysing the past, AI and ML can be leveraged to predict the future. For example, by evaluating how likely it is that a payment settlement will fail due to an incorrect or missing bank reference or account information, a financial institution can take corrective action before the payment is sent and thereby avoid repairs and delays in delivery. The expectation for a timely, correct and predicted settlement can be achieved, which will positively influence the overall customer experience.

But before institutions can use these technologies effectively, they first need to articulate what business problem they want to solve, as well as ensure that people with the necessary skillset are able to access and work with the available data. Lastly, they will also need to consider how they can deploy and institutionalise models by making them part of their business processes on an ongoing basis.

Working Together to Improve Customer Experience

While financial institutions may see fintechs as a competitive threat, many are also working with them to leverage their agility. These collaborations and partnerships have the potential to create innovative technologies, solve industry-wide problems and deliver real value to end-customers' daily lives.

This is also the case for SWIFT. As we enhance our platform, we are creating opportunities for third parties to partner and innovate with SWIFT. In this way, we can deliver greater value to our customers, and combine our strengths as an organisation with the propositions that other organisations can bring to the table.



Bart Claeys, Head of Data and Analytics Products, SWIFT



Part One:

Connecting Data across Silos to Manage Risk and Keep Pace with Changing Regulations and Market Volatility

Capital market and finance firms have had a rough ride of late. They face disruption from several directions. The urgency for technology innovation is one. A deluge of regulation, and most recently, the market volatility that the pandemic has caused, are others. Given the conditions that the sector has faced over the last decade plus, it seems likely that the harsh realities from the 2008 financial crisis will be amplified post-COVID-19.

Data managers are still adjusting to the rising tide of data that followed the post-2008 regulatory and client transparency requirements. This has direct implications for the way data is stored, managed, and communicated. The word 'data' is now associated with analytics, machine learning, natural language processing and artificial intelligence. But the fact is that the financial industry has always been based on it.

'Data' such as instrument prices, bid/ask spreads, price/earnings ratios, indices and P&L will remain at its core. Today however, data, in the broader sense, has more of a business focus. Data management is now required to do more to deliver against growing regulatory, business and client requirements.

Robust data management is vital for protection against strategic risk in this new era of transparency to comply with increasing regulations governing operational risk, consumer protection, and anti-money laundering and data privacy. And the pressure is on to harness availability of omnichannel datasets to go beyond risk mitigation. These will drive personalisation, boost customer loyalty and direct investment decisions.

The biggest – and ever growing – challenge for today's chief data officer is the need to reduce complexity of the data environment. This represents both an opportunity and a hurdle, be it buy-side or sell-side (our respondents were evenly divided between both, with 47% headquartered in Switzerland and the UK, and the remainder in the US and Europe).

Centralised, automated data management is essential to cope with an accelerating pace of change that requires financial services organisations to leverage data as a multi-functional strategic asset to improve customer experience, increase revenue, drive data governance, combat fraud, and increase regulatory compliance.

So it is encouraging to see progress is being made. 58% of our respondents ranked their organisations data across all applications as "connected" and 20% as "very connected". Some have developed their own proprietary environments to provide access to shareable data and analytics.

Technology through automation is cutting through the complexity in tough-to-manage data environments to anticipate and predict potential risk. Respondents told us that: "To keep it simple, there are a list of automated services and procedures we use to understand such large sets of data" and "Data visualisation is now an easier process and we follow certain strong visualisation processes towards risk analysis"

The need for firms to have secure, accurate, timely, complete and consistent datasets has never been greater. Our survey shows that bringing together data, technology and data science to consolidate business into a holistic platform is having positive outcomes for both risk and compliance.

The overwhelming majority of respondents said that their organisations experience 10% or less risk-related monetary loss due to the lack of connected data grounded in business context and meaning.

"It's one of the reasons why there is a data management team, to limit such losses," said one. Clearly, visualisation of risk scenarios is proving effective. "In certain locations where data is critical and holds potential monetary value, we have steps that assure that nothing goes without being double checked," said another.

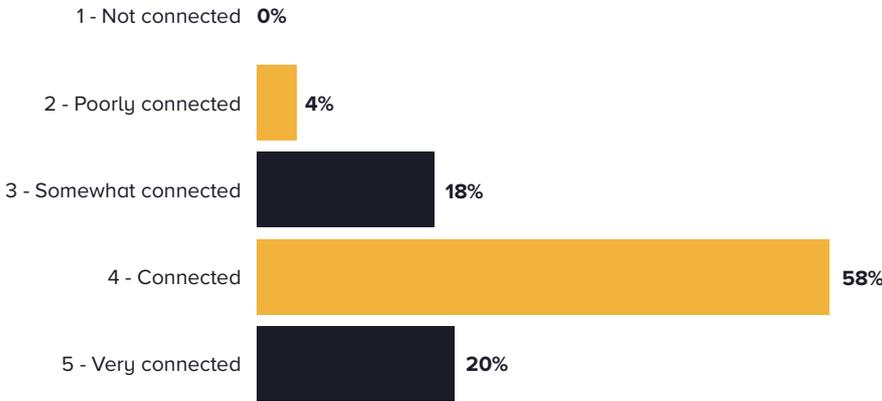
Technology is also making it possible for all the dots to be joined for compliance purposes across diverse, disconnected and siloed internal regulatory systems. Several respondents referenced the benefits of using Cloud technology to access and normalise data from multiple sources enterprise-wide.

Our respondents also told us: "Cloud stores the data in one location and that makes compliance a little easier in a diverse and disconnected environment" and "Data is kept active in Cloud locations to help us remain compliant even if we face a siloed situation."

In terms of their preventative controls, respondents told us: "Compliance processes are continuous processes that cover data as a singularity and as a whole" and "We have little to worry about compliance now because the technology that we operate with is capable enough to manage compliance in a disconnected environment."

HOW CONNECTED IS YOUR ORGANISATION'S DATA ACROSS ALL OF ITS APPLICATIONS?

58% OF RESPONDENTS RANKED THEIR ORGANISATIONS' DATA ACROSS ALL APPLICATIONS AS CONNECTED AND 20% RANKED VERY CONNECTED.



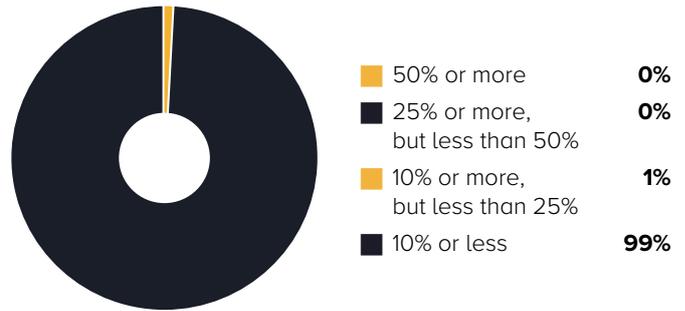
"I'm not surprised by this result because financial services organisations increasingly need to have a high level of data connectivity as a means to work closely to manage risk, provide critical services and to engage with their customers. Not only that, but data connectivity directly translates to smarter investment and sustainable growth, better access to risk data for reporting, business stability and confidence in the financial institution itself."



Tom Webber
 Conference Director
 FIMA Europe 2021

WHAT PERCENTAGE OF RISK-RELATED MONETARY LOSS DO YOU INCUR DUE TO THE LACK OF CONNECTED DATA, THAT'S GROUNDED IN BUSINESS CONTEXT AND MEANING?

AN OVERWHELMING MAJORITY OF RESPONDENTS SAID THAT THEIR ORGANISATIONS EXPERIENCE 10% OR LESS RISK-RELATED MONETARY LOSS DUE TO THE LACK OF CONNECTED DATA GROUNDED IN BUSINESS CONTEXT AND MEANING.



WE ASKED OUR RESPONDENTS TO EXPLAIN THEIR ANSWER FURTHER. HERE IS WHAT THEY TOLD US:

“

“With the assistance of AI we have been working on reducing this further.”

“

“It's one of the reasons why there is a data management team, to limit such losses.”

“

“Keeping the percentage of risk-related monetary loss low is now possible with digital applications that are specially designed for purposes like this.”

“

“Processes are well oriented to assure that there are multiple checks when it comes to usage of data.”

“

“Data is not disconnected anymore because of the level of digitisation that most of the organisations in our industry follow or operate with.”

“

“We would lose a lot of client and customer reliability if we didn't have enough control over this.”

“

“In certain locations where data is critical and holds potential monetary value, we have steps that assure that nothing goes without being double checked.”

“

“AI does a fantastic job in limiting the data associated losses as it increases the level of information and reduces the errors of human judgement.”

WE ASKED OUR RESPONDENTS HOW THEIR ORGANISATIONS UNDERSTAND THEIR DATA IN CONTEXT TO ANTICIPATE AND PREDICT POTENTIAL RISK. HERE IS WHAT THEY TOLD US:

“

To keep it simple, there are a list of automated services and procedures we use to understand such large sets of data.”

“

The good thing about data is that it's virtual and we have enough tools in place to identify potential risks associated.”

“

Data visualisation is now an easier process and we follow certain strong visualisation processes towards risk analysis.”

“

Finding relationships in data is what we do and any data that doesn't define a relationship to what we do is separated for risk analysis.”

“

There are automated reports that are run regularly to help us identify any differences in pattern and this helps us to identify potential risks.”

“

There is a lot of involvement of AI in this process of risk analysis.”

“

Technology plays a vital role in potential risk identification of data because it's difficult to manage such huge amount of data manually.”

“

We have an active and dynamic team that works with responsive data analysis tools.”

“

There is a defined process through which data passes and we have set trigger alarms to identify potential risks across all the data that we possess.”

“

Risk assessment is more of an automated process now but the final decisions are made by us.”

“

Data goes through a series of automated rules and a few algorithms that provide information about potential risks.”

“

Data gets checked at every stage and there are automated tools for this. Every stage has a trigger that provides warning against potential risk.”

“

Most of our basic data analysis processes are automated to trigger risk related warnings.”

“

The volume of data needs automated tools to provide anticipatory qualities.”

“

We have a scientific approach towards data to help us with risk identification.”

“Many interesting methods are being employed by respondents' organisations to reduce the impact of labour intensive compliance procedures when working across a broad range of disconnected and siloed internal regulatory systems. When relying on manual data entry processes such as multiple form filling, numerous obligatory databases and constantly evolving processes and procedures, it's possible for key data to be corrupted, poorly merged and overlooked through human error.

The advantage of employing automated compliance rules, defining data flows and backing-up data in the Cloud is to prevent the likelihood of weaknesses being found in the second or third line of defence. Cloud is therefore increasingly essential.”



Tom Webber
Conference Director
FIMA Europe 2021

WE ASKED OUR RESPONDENTS HOW THEIR ORGANISATIONS ENSURE COMPLIANCE ACROSS DIVERSE, DISCONNECTED AND SILOED, INTERNAL REGULATORY SYSTEMS. HERE IS WHAT THEY TOLD US:

“

“Better and stronger digital upgrades makes managing data easier even in a siloed environment.”

“

“Having a clear view of data at that back end makes compliance across a siloed environment a workable situation.”

“

“Compliance processes are continuous processes that cover data as a singularity and as a whole.”

“

“Neutralising data only for compliance rules to be run on an automated platform.”

“

“Data gets analysed at every stage and even in the cloud portal for compliance reasons.”

“

“We have little to worry about compliance now because the technology that we operate with is capable enough to manage compliance in a disconnected environment.”

“

“If we organise data correctly from the initial stages, the next steps including compliance checks are easier for us to achieve.”

“

“Most of the compliance rules are automated and some very critical ones are covered by human intervention from the data management team.”

“

“Cloud stores the data in one location and that makes compliance a little easier in a diverse and disconnected environment.”

“

“Defining a strict flow of data so that we have enough time to work on compliance and remain compliant.”

“

“We are working with AI on making this a seamless procedure now. But creating a single platform of data is what we do otherwise.”

“

“We have established processes where data can find common ground and we can run common compliance rules across all of them.”

“

“We try to find a common ground or format to store data which does make it easy to manage compliance in a siloed environment.”

“Managed data means that it is governed, controlled, classified and protected and can be used with confidence and knowledge that it meets requirements. Managed data and standardisation across the organisation enables compliance to regulations across the enterprise seamlessly. It also supports business growth/development. It is a key component for digital transformation where new technologies are emerging to automate and predict patterns, themes and opportunities.”



Andrea Smith
Head of EMEA Data Strategy
BNY Mellon

Part Two:

Transforming Your Data Strategy to Provide a Better Customer Experience

We live in an era in which customer experience is now the DNA of business success. But its achievement is a reality to which the banking and capital markets sector has yet to fully live up to. In all other sectors, be it customer service, product quality or the way the customers feel about the companies they do business with, customer experience often determines whether a customer will decide to continue its relationship with a brand or organisation.

Over a quarter (27%) of our respondents said there had been no increase in the focus and investment on data and customer experience in their organisations in the past 12 months. Only 43% reported a small increase and just 26% cited a significant increase. But the only constant in the financial industry is change. With customer demands shifting and yield margins shrinking, the onus is on firms to step up in this area.

Digital transformation is forcing companies sector-wide to change their business models and adapt to a new customer-driven market reality. It is not the companies that are driving this change. It is customer expectations of speed, personalisation and better quality of service.

Customer experience in all consumer-facing companies has grown in importance. Businesses in other sectors are already using big data analytics to convert customer insights into genuine business advantage. In the retail banking space, for example, data is providing advanced customer profiling. In-depth analytics are helping enhance customer loyalty and experiences.

Capital markets are lagging behind. This may be because firms have traditionally been risk-averse and legacy encumbered. They have also up to now dealt mainly with structured data sets from limited and pre-defined sources. That said, big data strategies are beginning to emerge. An example is sentiment analysis for trading, risk analytics, and market surveillance.

Across the financial industry, organisations have begun investing in analytics to make smarter portfolio decisions, improve fraud detection, and streamline the customer experience. This could be making it easier for investors to access information or to minimise the friction that can arise during the trading process. But where disparate data sets remain siloed, they are harder to convert into actionable insights. Fragmentation of tools, data and development environments makes analytical integration, validation and governance activities more manual and onerous.

40% of our respondents said they still found it “difficult” or “somewhat difficult” to access the right data sets to gain insight into industry trends and customer behaviour. 43% attributed this difficulty to the data “coming from multiple sources and in different formats”. A forward-looking approach will be vital to overcome this challenge to retain clients and business for the future.

Across all financial services sectors, including banking, insurance, and trading and investment management, there has been a rise of challenger firms.

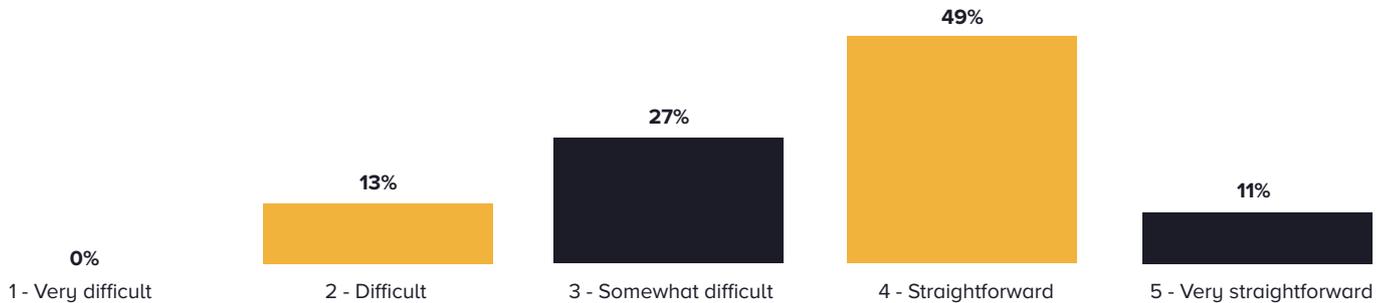
The global Fintech market is expanding. While it does not yet threaten the dominance of the big investment banks and firms, its growth looks unstoppable. Its focus on customer experience makes for a powerful differentiator. The risk ahead is that its technological superiority may gradually shift the balance of power.

Only 53% of our respondents felt “somewhat confident” that their organisations were actively leveraging data analytics and insights to improve customer experience. This fact screams opportunity. Firms should consider what a digital operating model might actually look like beyond the risk and control function. It is time to view it as an enabler for customer experience too.

The stakes are not just on new automated processes and operational efficiency. They are also on greater customer advantage and capital efficiency across lending and trading. This will only become more important in the years ahead as firms grapple with ongoing change and the global impact of the current pandemic.

IN GENERAL, HOW DIFFICULT IS IT FOR YOU TO ACCESS THE RIGHT DATA SETS TO GAIN INSIGHT INTO INDUSTRY TRENDS AND CUSTOMER BEHAVIOUR?

ACCORDING TO 60% OF OUR RESPONDENTS, THEIR ORGANISATIONS ARE FINDING IT EITHER STRAIGHTFORWARD OR VERY STRAIGHTFORWARD TO ACCESS THE RIGHT DATA SETS TO GAIN INSIGHT INTO INDUSTRY TRENDS AND CUSTOMER BEHAVIOUR.



“This data suggests that a majority of respondents are finding it easier to access the right data sets to get insights into new industry trends and how their customers are behaving. This is a positive development based on how the financial services industry was positioned five years ago. At that point a larger number of organisations were struggling with accessing the right data and even, in some instances, in finding successful ways to begin implementing foundation data management principles.

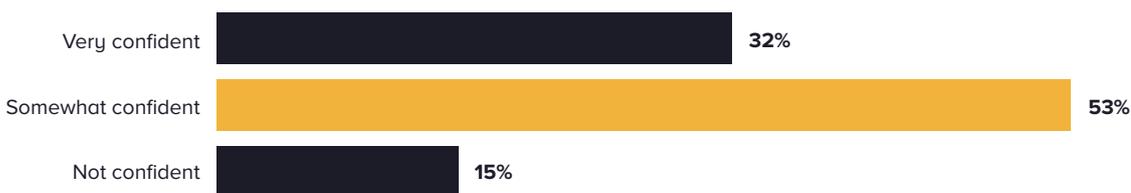
However, 40% of respondents still think it is difficult to access the data they need which indicates there is an opportunity for financial institutions and solution providers to collaborate on improving data access in the future. It will be interesting to understand more about why they are struggling with accessing data, whether it's to do with internal processes, culture, technology adoption or other factors”.



Tom Webber
 Conference Director
 FIMA Europe 2021

DO YOU FEEL YOUR ORGANISATION IS ACTIVELY LEVERAGING ITS DATA ANALYTICS AND INSIGHTS TO IMPROVE CUSTOMER EXPERIENCE?

53% OF RESPONDENTS FELT SOMEWHAT CONFIDENT THAT THEIR ORGANISATIONS ARE ACTIVELY LEVERAGING DATA ANALYTICS AND INSIGHTS TO IMPROVE CUSTOMER EXPERIENCE.



“This is a massive leap forward from previous FIMA benchmarking report results where banks and asset managers were investing in data analytics but not realising the ROI. What is really positive to see is that more than half of respondents say they are either very confident or somewhat confident with how their organisations are not only benefitting from that earlier investment but are also now making strides to actively leverage their data analytics and insights to improve their customer experience. This is clearly an area of growing importance and interest for us all to keep an eye on.”



Tom Webber
 Conference Director
 FIMA Europe 2021

“The breadth and depth of data held within financial service organisations provides significant opportunity to gain insights, enhance client experience through insights/efficiencies and to promote new products and services. However, without accurate data, the output can be flawed.

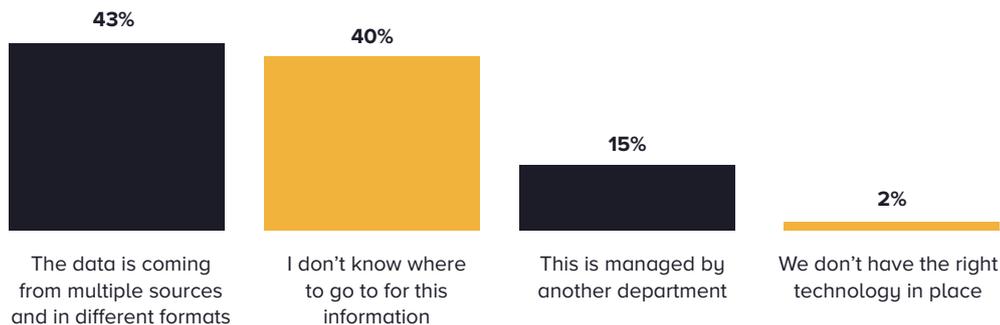
The need for managed and faster access to data is key to the success of data analytics and insights.”



Andrea Smith
 Head of EMEA Data Strategy
 BNY Mellon

WHAT IS YOUR GREATEST CHALLENGE TO ACCESS THE RIGHT DATA AND INSIGHTS TO IMPROVE CUSTOMER EXPERIENCE?

40% OF OUR RESPONDENTS SAID THEIR GREATEST CHALLENGE IN ACCESSING THE RIGHT DATA INSIGHTS FOR IMPROVING CUSTOMER EXPERIENCE WAS THAT THEY DO NOT KNOW WHERE TO GO TO GET THIS INFORMATION.



"The customer journey generates data at every stage, including onboarding data, data stored in the CRM and customer support data – all of which is spread across the organisation. If institutions want to enhance the overall customer experience by building a 360-degree view of their customers, they first have to better understand what sort of data exists. They also need to find out who owns it, how it can be extracted and how it can be combined to provide easily-digestible, meaningful insights that drive action. The Chief Data Officer plays a key role in organising and overseeing this whole process."



Bart Claeys
 Head of Data and Analytics Products, SWIFT

"For the 85% of respondents who are directly responsible for data access and insights, this result shows us that they are struggling with control and enterprise data management. Namely having the right tools and processes in place to identify, channel and manage data effectively and drive insights.

For those respondents who said they don't know where to go to or do not have the right technology in place when accessing the right data and insights to improve their customer experience, there is a clear opportunity for these organisations to address these requirements in their next data strategy and maybe also in the partnerships they are developing with solution providers."



Tom Webber
 Conference Director
 FIMA Europe 2021

HAS THERE BEEN AN INCREASE IN FOCUS AND INVESTMENT ON DATA AND CUSTOMER EXPERIENCE IN THE PAST 12 MONTHS?

46% OF RESPONDENTS SAID THERE WAS SOMEWHAT OF AN INCREASE IN THE FOCUS AND INVESTMENT ON DATA AND CUSTOMER EXPERIENCE IN THEIR ORGANISATIONS IN THE PAST 12 MONTHS.



"The emergence of fintech solutions, and the rise of eCommerce platforms looking to offer payment services to their customers, leads to a more competitive and crowded marketplace. Compared to financial institutions, many fintechs are able to operate on a more agile basis – they have a lower cost base, and can adapt more quickly to evolving customer expectations. As a result, financial institutions are becoming more focused on customer experience as they take steps to stay relevant compared to these other solutions. The key will be for financial institutions to adopt this agility and remove obstacles for digital transformation."



Bart Claeys,
 Head of Data and Analytics Products,
 SWIFT

"Perhaps unsurprisingly there is a clear movement towards leveraging data to improve customer experience for all financial institutions involved in this year's survey. It is also clear that there are a few leaders and an even greater number of followers.

However, for 27% of respondents there has been no discernible increase in the use of data to inform the design of customer engagement and experiences. This is a concerning statistic for these businesses and could mean a number of issues need to be addressed urgently including communication of the value of data in reshaping relationships with customers and the fact that ever more competitors are actively focusing on data-driven customer experience design thinking."



Tom Webber
 Conference Director
 FIMA Europe 2021

"Not at all surprised with the increased investment on data and customer experience. Data will continue to grow in importance as organisations unlock the value of data and fully leverage their data insights to improve the client experience which can often be a differentiator in their selection process."



Andrea Smith
 Head of EMEA Data Strategy
 BNY Mellon

Part Three:

Improved Decision-Making Through Having a Complete and Trusted View of Your Data: Its Origins and Destinations

The regulatory landscape is still in a phase of adjustment. Risk portfolios are expanding to include less familiar challenges, such as personal data privacy, cloud usage, Environmental, Social, and Corporate Governance (ESG), and climate risk. As a result, firms are now placing more attention on the need to review controls of automation tools (e.g. supervision of robotic process automation (RPA)) and evaluating quality control of digital processes.

Management of key data sets – by storing and managing them consistently – is now an operational priority for many. This begins with having data correct at source. This, in turn, means having in place an effective governance and stewardship structure.

The majority of our respondents (59%) said they had “a good level of trust in the accuracy, traceability and useability of their organisation’s data across their enterprise”, but a relatively high number (32%) are still citing only “a moderate or poor level of trust”.

Those in the latter group are likely to be firms still grappling with a fragmented technology environment – rather than a holistic or Cloud platform. Their data management teams may be struggling to aggregate data lineage and respond to internal business, client, and regulatory demands. Those still using such legacy risk technology infrastructure will continue to face difficulties in gaining access to timely, accurate, and aggregated risk data. They will also have to deal with the complexity and costs that go with it.

Regulatory reporting now requires many checks to be performed. Classifications must be applied to legal entity data to guarantee investor transparency for risk management obligations to be met. All this involves complex assessment of more data points and documentation checks, including at the fund level.

Technology’s power lies in its ability to reshape risk frameworks. AI is helping firms to automate back- and mid-office tasks and meet their regulatory compliance. We asked our respondents how their organisations were identifying and rectifying data risks from a regulatory compliance perspective.

It was clear that workflow automation is, for many, proving watertight, but not reducing all manual reconciliation.

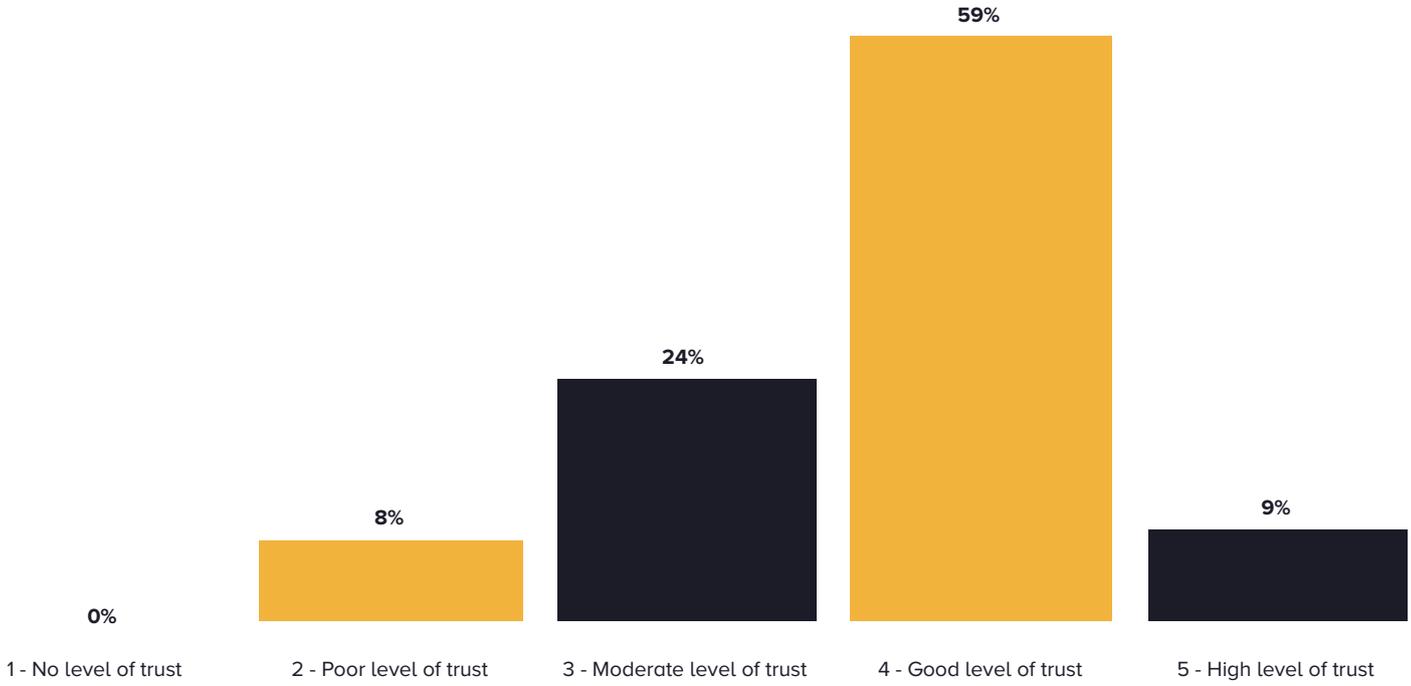
Our respondents told us: “All of this is now 80% managed by automations and the remaining 20% is part of the manual intervention of the data team”. Others said: “It’s a chain of actions, reactions and responses that data passes through which includes automated identification and some human intervention for the rectification process” and “Data risk identification is carried out by digitised and automated tools and semi-supported by digital rectification tools.”

The weakest link for data visibility occurs when developers and data consumers make manual changes. Problems arise when the data is put back into the flow without the knowledge of where the changes are coming from.

So it is encouraging to see that the majority (92%) of our respondents do have confidence in their enterprise-wide data management architecture. 98% (according to the graph on page 21) confirmed they had full knowledge of where their report data came from and the person with their organisation that had manipulated it. Most respondents (66%) said they were satisfied with the level of consistency of insight their organisation currently had on enterprise applications data flow.

WHAT LEVEL OF TRUST DO YOU HAVE IN THE ACCURACY, TRACEABILITY AND USEABILITY OF YOUR DATA ACROSS YOUR ENTERPRISE?

59% OF RESPONDENTS SAID THEY HAVE A GOOD LEVEL OF TRUST IN THE ACCURACY, TRACEABILITY AND USEABILITY OF THEIR ORGANISATIONS' DATA ACROSS THEIR ENTERPRISE.



“Compared to previous surveys where trust in data quality has been low and viewed as the biggest challenge facing all enterprises, this year’s survey suggests good progress is being made. So much so that over 50% of respondents believe there is a good level of data quality and trust in their data, which is encouraging to see.

However, there is still some way to go for respondents who say they have a moderate level of trust, just over 20%; these organisations will have more work to do over the coming months. For the nearly 10% of respondents who say there is a poor level of trust in data, this could indicate that an urgent cultural change needs to take place, which repositions data and the data organisation as unique value generators.”



Tom Webber
Conference Director
FIMA Europe 2021

WE ASKED OUR RESPONDENTS HOW THEIR ORGANISATIONS ARE IDENTIFYING AND RECTIFYING DATA RISKS FROM A REGULATORY COMPLIANCE PERSPECTIVE. HERE IS WHAT THEY TOLD US:

“

“We have been receiving a lot of benefits through automations in the identification process now. Certain rectification processes are still done manually for better accuracy.”

“

“All of this is now 80% managed by automations and the remaining 20% is part of the manual intervention of the data team.”

“

“It’s a chain of actions, reactions and responses that data passes through which includes automated identification and some human intervention for the rectification process.”

“

“There is a system that closely represents robotics for this process and is also assisted by AI and automations.”

“

“There are different stages through which data passes and there is a final assessment that is undertaken at the end of every process. This makes the process accurate to a greater extent.”

“

“Data risk identification is carried out by digitised and automated tools and semi-supported by digital rectification tools.”

“

“We are particularly strict about the data that we use. Data is thoroughly analysed before it enters the system in order to make compliance an easier process.”

“

“It’s a step by step process in which all the data passes through an initial funnel and then gets segregated into good and bad data and all the data then gets checked at every stage.”

“

“We don’t wait for a risk situation to unfold. Setting automated identifiers that can limit the damage and more importantly, identify data that can lead to risk situations.”

“

“Data is analysed before it hits the initial storage. Non-compliant data is rectified and the good data moves ahead smoothly until the next analysis procedure.”

“

“It’s a long list of procedures and events that include audits, analytics and even pre-set parameters for compliance and regulatory purposes.”

DO YOU KNOW WHERE YOUR REPORT DATA COMES FROM AND WHO'S MANIPULATED IT?

THE MAJORITY OF RESPONDENTS SAID THAT THEY DO KNOW WHERE THEIR REPORT DATA COMES FROM AND THE PERSON IN THEIR ORGANISATION THAT HAS MANIPULATED IT.



WE ASKED OUR RESPONDENTS TO EXPLAIN THEIR ANSWER FURTHER. HERE IS WHAT THEY TOLD US.

“

“With all the systems being so highly connected and compliance policies stricter than before, its easy to find out who has worked on any piece of data.”

“

“Not knowing where data comes from and who has worked on it is a step back in the past for us now. It's a well designed operational system that we work in.”

“

“Data and data streams are continuously monitored also all the reporting processes are regulated from an audit point of view.”

“

“There are dedicated sources for data and dedicated processes for reporting data that makes it easy to identify any changes.”

“

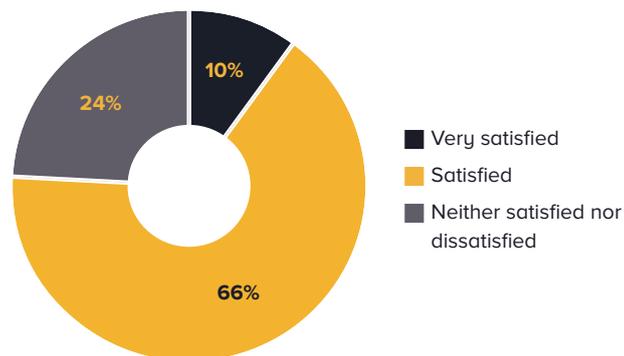
“Every stage of data transfer is stamped digitally for better convenience when required.”

“

“Under the current processes its easier to identify the movement of data in the past.”

HOW SATISFIED ARE YOU IN THE LEVEL AND CONSISTENCY OF INSIGHT YOUR ORGANISATION CURRENTLY HAS INTO YOUR ENTERPRISE APPLICATIONS DATA FLOW?

66% OF RESPONDENTS SAID THEY ARE SATISFIED IN THE LEVEL OF CONSISTENCY OF INSIGHT THEIR ORGANISATION CURRENTLY HAS ON ENTERPRISE APPLICATIONS DATA FLOW.



“Reviewing these results it is clear that there remains a lot of opportunity to move financial institutions to very satisfied in terms of insight into data flow. Equally there is still much work to be done for the 24% of respondents where satisfaction levels remain very low.

Overall the majority of respondents expressed high levels of satisfaction which indicate there is sufficient engagement in measuring data flows for continuous improvement to be made over the next year. I look forward to how far we can all move the dial by 2022.”



Tom Webber
Conference Director
FIMA Europe 2021

Conclusion

Following the financial repercussions of the 2008 crisis, COVID-19 is now accelerating digital adoption. The pandemic has served as an acid test for the robustness of firms' digital infrastructure.

Some of this transformation work was already underway. But the global health crisis is catalysing greater innovation and adoption of emerging technologies. Those such as AI, ML, and RPA, Blockchain, DLT and natural language processing promise both cost savings and efficiency gains.

Today's regulatory environment is in contrast to the past when regulators were responsible for identifying non-compliant behaviours and practices. It now places the onus on firms to transform their data analytics capabilities. This includes their ability to collect, store, and analyse data. It also requires the computing power to run a greater volume of calculations and to drive testing and quality assurance.

From reporting transactions under MiFID II and calculating market risk under the Fundamental Review of the Trading Book (FRTB) to risk reporting and aggregation under BCBS 239 and conducting stress tests to KYC processes, provision of accurate data as evidence of ongoing compliance is non-negotiable.

Today there are strong incentives for firms to transform how they manage risk compliantly and efficiently. Opportunities also abound related to strategy, people and technology – notably to the enhancement of customer experience.

Success requires the replacement of legacy systems, automation of manual tasks, adoption of Cloud strategies (proprietary or otherwise) and integration of artificial intelligence and advanced machine learning techniques in core business processes. Many firms are still on the journey in a process that is set to be transformational, not only in an operational sense but strategically too.

When implemented in its entirety, big data will help firms go well beyond improving their risk management, reporting compliance, and operational efficiency. It will help them in devising better pre-and post-trading methodologies and improving the client experience, front-office sales and client retention.

Strong data management will be foundational. But it offers exciting opportunity – to gain insight, drive client value, and growth in revenues.

ABOUT SWIFT



SWIFT is a global member owned cooperative and the world's leading provider of secure financial messaging services. We provide our community with a platform for messaging and standards for communicating, and we offer products and services to facilitate access and integration, identification, analysis and regulatory compliance.

Our messaging platform, products and services connect more than 11,000 banking and securities organisations, market infrastructures and corporate customers in more than 200 countries and territories. While SWIFT does not hold funds or manage accounts on behalf of customers, we enable our global community of users to communicate securely, exchanging standardised financial messages in a reliable way, thereby supporting global and local financial flows, as well as trade and commerce all around the world.

As their trusted provider, we relentlessly pursue operational excellence; we support our community in addressing cyber threats and we continually seek ways to lower costs, reduce risks and eliminate operational inefficiencies. Our products and services support our community's access and integration, business intelligence, reference data and financial crime compliance needs. SWIFT also brings the financial community together – at global, regional and local levels – to shape market practice, define standards and debate issues of mutual interest or concern.

Headquartered in Belgium, SWIFT's international governance and oversight reinforces the neutral, global character of its cooperative structure. SWIFT's global office network ensures an active presence in all the major financial centres.

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