

Is Your Company Active or Reactive In The Data Governance Journey?

Meradia recently held a well-attended roundtable: a collaborative conversation on the topics of data management, data governance, and data protection.

In attendance were a variety of senior individuals with roles that included a chief data steward, performance and analytics SVP, risk management data SVP, and a mutual fund operations manager. All of whom were from leading financial services firms in core banking, fund administration, investment banking, insurance, and institutional asset management.

THE ROUNDTABLE DISCUSSION COVERED THE FULL LIFE CYCLE OF DATA MANAGEMENT AND GOVERNANCE PROGRAMS FROM CREATION THROUGH ONGOING MAINTENANCE. SPECIFIC TOPICS INCLUDED:



“What drives an organization to embark on a data governance journey?”



“What are the key drivers keeping the initiatives focused and moving forward?”



“What governance models are being used and are they effective?”



“What are the impacts of the global and regional data protection regulations on the programs?”

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MANY OF THE COMMENTS AND MUCH OF THE DISCUSSION REINFORCED WHAT MERADIA HAS OBSERVED AMONGST THE MAJORITY OF OUR CLIENTS. KEY POINTS INCLUDED:

- Overall, it's important to see Data Governance as a journey...not a sprint.
- Initiatives typically start based on data errors that cause financial or reputational impact.
- Maintain focus on targeted initiatives that will have a positive business impact.
- Utilizing experienced support during the journey is very valuable to realizing success.
- Data stewardship models will differ based on goals, scope and organizational embrace.

Specific use cases highlighted during the roundtable illuminated the need for data governance solutions to provide consistent and accurate data when satisfying regulatory requirements and consolidating data across operating entities.

One private bank began their data management initiative as a reaction to a loss that was caused by incorrect or un-validated data. The bank has many counter-parties and significant regulatory obligations, which provide focus for their data delivery strategy. The experience reinforced the value of focusing on understanding data lineage and tracing the data's journey with an emphasis on whether it is modified along the way.

Another firm in attendance is currently experiencing a period of rapid growth through acquisition and migration away from their former parent. To support the integration of acquisitions and a growing operational infrastructure, their current data management strategy is to focus on the consolidation of data in order to provide accurate overall AUM reporting and other consolidated business reporting needs.

For a retail bank at the roundtable data strategy is focused on meeting their regulatory reporting requirements. Their data storage solutions and tools are mostly from IBM. Their Data Management team has grown organically, and they have made an investment in a broad technology platform that includes a data lake and a clear path to cloud-based data tools. To maintain focus and efficiency from an organizational perspective, they have two Chief Data Officers, one who covers technology and another who covers the investment business.



The general discussion highlighted the fact that firms use a mix of data governance organizational models that include data quality measurement, risk management and data security. The majority of firms were exploring whether cloud based solutions offered any efficiencies for data management and governance.

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Most firms at the roundtable utilize a centralized data management and data governance approach, meaning that one group is responsible for data quality and data stewardship across all the institution's operational silos. However there were firms represented that prefer a federated approach or a distributed model around data governance. In the distributed model, discussion evolved around the challenges of data ownership beyond a silo approach. In a federated model, data stewards are managing the same or similar data sets within silos with an overarching stewardship role at the enterprise level.

Data quality metrics and other measurement criteria and ROI evaluation were not used by most firms participating in the roundtable. Most companies were considering a reduction in data redundancy, and operational efficiency as success criteria, but couldn't identify many metrics to measure success.

Regulatory reporting and risk management were the primary drivers for the move toward a structured data management platform. The requirement for quality data and the ability to trace its lineage to source systems was seen as particularly necessary to be confident in compliance reporting.

Also discussed were the issues of data protection and data security. Whilst most firms represented were considering data security and cyber security risks as complimentary functions, none had fully embraced these issues as part of their structured data management / process platform. There was one notable exception however, that being client data which is getting extra attention due to regulations in Europe (GDPR), Australia, New York and California.

The discussion around migration to the cloud for the support of data security and data management was mostly theoretical. Whilst this topic generates a lot of conversation in the market and at trade shows, the reality is that not many of the participants had fully embraced plans.

The evening brought together a diverse group of firms, all at different levels of data management and governance maturity. It was a great opportunity to listen to where our clients had concerns, how they were addressing data management problems and what their focus is going into the end of the year and 2018.

The main take away from the evening was that data governance as a discipline within Financial Services is still nascent. Many firms are only just beginning to understand how a strong governance model can bring significant returns by harnessing the value of high quality data. Protecting their data and understanding the importance of having strong multi-layered processes in place is the next governance element to be implemented. Meradia's position is that firms must take a holistic approach. One that incorporates governance and data protection as part and parcel of a strong data management capability to protect not only data, but reputation and client satisfaction.

Do you have questions about your firm's Data Governance approach?

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