

Strengthening Risk Management and Regulatory Compliance in Financial Services

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Increase Sustainability, Resiliency, and Efficiency With Data Governance

Every year brings a new set of challenges to the financial sector. Going forward, financial services providers will face increasing market pressures fueled by rapidly emerging technologies, global interconnectedness, changing economic and jurisdictional factors, competition, and consumer demands. According to the Federal Reserve Board, 40% of large financial institutions are rated “less than satisfactory” for risk governance and controls to satisfy the Dodd Frank Act, BCBS 239, CCAR, CECL, KYC, and Customer Due Diligence regulations. Across the insurance industry, firms have similar hurdles to overcome related to ongoing solvency requirements set forth by federal and state insurance regulators.

Data Challenges and Business Impacts

Across the industry, firms of all sectors and sizes have implemented data governance and controls within their risk management frameworks for sustainability, resiliency, and efficiency. Unfortunately, many have relied on throwing bodies at the data problems or on existing tools to address MRA (matters that require attention) requests from industry regulators and avoid financial penalties. In the chart on the next page, you can see the top financial services data management challenges and their associated business impact.

Top Data Management and Governance Challenges in Financial Services

Top Data Challenges	Business Impact
Persistent and ineffective data quality processes that result in data being unfit for use to manage risk and deal with ongoing regulations	<ul style="list-style-type: none"> • Unwanted audits and fines due to: • Miscalculated risk scores • Underfunded capital reserves • Regulator reporting errors
Limited visibility into existing data lineage processes for data used to manage risk and regulatory reporting	Higher costs for: <ul style="list-style-type: none"> • Compliance • Data management

Top Data Management and Governance Challenges in Financial Services (continued)

Lack of accurate and comprehensive legal entity/counterparty data due to the lack of a central trusted source of the information used for risk management	<ul style="list-style-type: none"> • Higher risk management costs • Increased risk of counterparty risk and credit risk reporting errors to industry regulators • Underfunded capital reserves • Increased risk of financial exposure stemming from regulatory fines and penalties
Slow to execute and extremely labor intensive processes for data governance oversight	<ul style="list-style-type: none"> • Policies are not adequately enforced • Processes are not consistent • Data governance costs are higher than expected • Business users are not getting the right answers to their data questions at the right time

Informatica Intelligent Data Platform for Risk Management and Regulatory Compliance

Informatica® helps financial services organizations access, process, and leverage data to better understand their risk exposures, reduce the cost of managing risk and ongoing compliance, and help reduce the cost of managing and governing data across the enterprise. We provide insights into where data comes from, what happens to it, who uses it, and for what purpose. We enable CDOs and data governance teams to operationalize the practice of data governance in support of managing risk and complying with industry regulations.

The Informatica Intelligent Data Platform™ supports new and existing investments to manage risk and comply with industry regulations by enabling you to:

- **Improve business trust in your data:** Accurately identify errors, build and execute data quality rules to fix those errors, monitor exceptions, and deliver data quality reports and scorecards to improve business confidence in your data.
- **Gain transparency into your data lineage:** Discover, inventory, and organize data assets with an AI-powered data catalog. Get a unified view of enterprise metadata to add context to your data. And use collaborative, self-service data preparation, AI, and machine learning to rapidly turn data into trusted business insights.
- **Identify and lower your risk exposures:** Manage and relate legal and non-legal entities in a single, authoritative, and trusted source for Know Your Customer (KYC), Customer Due Diligence (CDD), Credit Risk Management, and more.
- **Operationalize and democratize data governance:** Enable data stewards to scale their duties across the enterprise, automate policy oversight, help business users get access to their data questions quickly and accurately.

About Informatica

Digital transformation changes expectations: better service, faster delivery, with less cost. Businesses must transform to stay relevant and data holds the answers. As the world's leader in Enterprise Cloud Data Management, we're prepared to help you intelligently lead—in any sector, category, or niche. Informatica provides you with the foresight to become more agile, realize new growth opportunities, or create new inventions. With 100% focus on everything data, we offer the versatility needed to succeed.

We invite you to explore all that Informatica has to offer—and unleash the power of data to drive your next intelligent disruption.

Putting Risk Management and Regulatory Compliance Into Action

RaboBank, a multinational banking and financial services company that is the second-largest bank in the Netherlands, sought to automate manual, spreadsheet-based processes around risk data aggregation and reporting as defined by the Basel Committee on Banking Supervision regulation 239 (BCBS 239) and other regulators. The company also needed to better understand data lineage across the bank to create business value and growth opportunities while driving digital transformation.

By adopting Informatica's Intelligent Data Catalog, RaboBank was able to inventory and catalog data for end-to-end data lineage and complete tracking of data movement, giving employees an easy-to-use interface and simple search to quickly discover data and its lineage for auditors or for internal projects. As a result, they benefited by strengthening their ongoing compliance with BCBS 239, as well as with an array of rules—ranging from KYC to due diligence and beneficial ownership regulations to anti-money laundering and anti-bribery legislation and other regulatory reporting—by making it easier to give auditors the transparency they require.

In another example, a global specialty insurer and reinsurer headquartered in the US that offers insurance for equipment breakdown, cyber risk, data breach, identity recovery, and employment practices liability wanted to improve customer experiences. In order to mitigate losses and process claims faster, the company wanted to accurately match the location of insured equipment to claims and policies. It also wanted to enable more effective, data-driven business decision-making by feeding accurate data to risk management and pricing models, as well as provide a consistent source of business context to identify trends.

The insurer achieved these goals by leveraging Informatica Multidomain MDM to master carriers, customers, equipment locations, and policies while cleansing data with Informatica Data Quality. The company also manages reference data with Informatica Reference Data Management and used Axon™ Data Governance to develop a common data dictionary and collaborative business glossary. As a result, the company benefited from faster claims processing by matching locations to claims within 24 hours at over 90% accuracy, improving customer service and the accuracy of risk exposure analysis and risk-based pricing.

Next Steps

For over 25 years, Informatica has helped financial services companies leverage data as a strategic business asset with trusted, governed, relevant, and accessible data to improve customer experience, increase wallet share, operationalize data governance for risk management and regulatory compliance, combat fraud and financial crimes, and accelerate time to value from past and future mergers and acquisitions.

Learn more at www.informatica.com/financialservices.



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