

COMPLIANT RISK DATA MANAGEMENT MADE EASY

with Data Virtuality

In the aftermath of the financial crisis, a revised regulatory approach to capital adequacy and risk management has created an increasingly intricate environment for financial institutions around the globe. Financial institutions face numerous jurisdictional challenges: from the global BCBS239 to the revised internal capital/liquidity reporting provisions (ICAAP/ILAAP), from the newly published SFTR to the upcoming FRTB, from the Dodd-Frank Wall Street Reform Act in the US to the latest MaRisk requirements in Germany as well as similar regulations in many other countries. However, satisfying supervisory as well as internal compliance expectations is only the beginning! In the digital future of the financial industry, transparency, accountability, timeliness, and auditability are the backbone to ensure a flexible data supply chain for compliant risk data management.

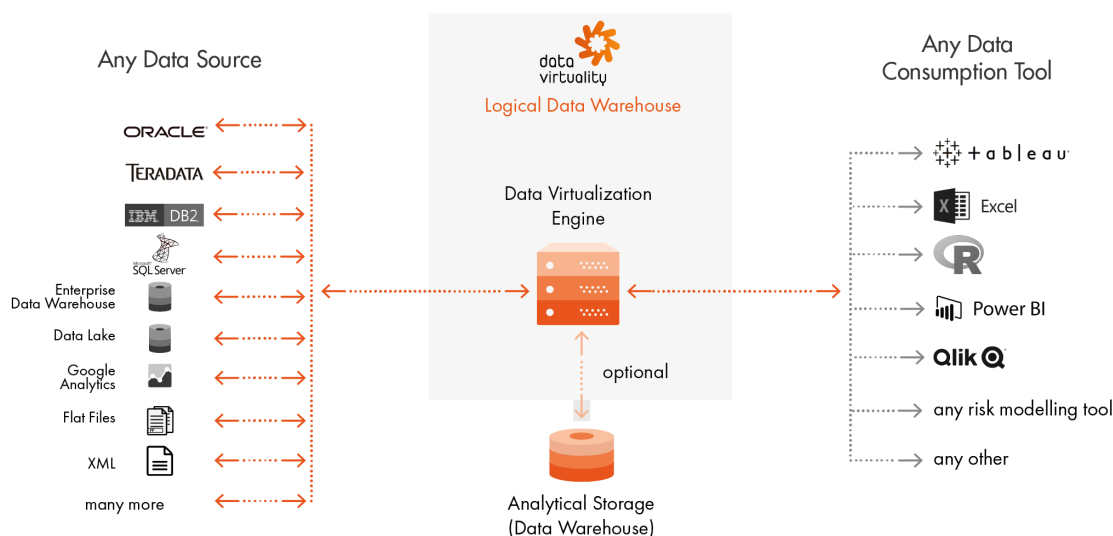
Challenges

The heavy implications of these compliance requirements are particularly keenly felt when it comes to ad-hoc risk reporting. According to principle 6 of the BCBS 239, a company should be able to generate aggregated risk data to meet a broad range of on-demand, ad-hoc risk management reporting requests, including requests during stress/crisis situations, requests due to changing internal needs or requests to meet supervisory queries. Put simply, financial institutions are expected to produce consistently accurate and tailored reports for the respective audience. At least, that's the theory.

In practice, however, financial institutions have to wrestle with numerous challenges while collecting all of the data necessary to meet the ever-changing and increasingly stringent compliance and regulatory requirements. These hurdles lead to error-prone and time-consuming processes which, in turn, challenge a company's ability to produce reports quickly, e.g. for special requests or crisis situations. The biggest challenges:

- Legacy systems – An overreliance on manual processes, such as spreadsheets, that are too chaotic, i.e. non-transparent, inflexible and error-prone, time-/resource consuming and expensive.
- Scattered data sources – Data sources are spread across internal and external systems which makes it difficult to consolidate them.
- Different data formats – Data formats vary between source systems and industry standard identifiers.
- Incomplete and unprocessed data – Missing, invalid, inaccurate or unutilized data slows down analytical processes.
- Limited access to sensitive data – Data access is restricted depending on the type of user to increase security governance of sensitive data.

LOGICAL DATA WAREHOUSE - THE SOLUTION FOR COMPLIANT RISK DATA MANAGEMENT



How Data Virtuality Logical Warehouse Works

In order to meet the various compliance requirements for ad-hoc risk reporting, financial institutions need a highly flexible, transparent, and sustainable platform. That's where the Data Virtuality Logical Data Warehouse comes in. With the Logical Data Warehouse, Data Virtuality provides the technological answer to the challenge of building a flexible and compliant risk data management architecture. Combining a virtual data lake and next generation ETL, Data Virtuality Logical Data Warehouse marries two distinct technologies to create an entirely new manner of data integration that enables financial institutions to successfully navigate the complex risk data environment. And all that by using only one standard data language: SQL. Further benefits and key features of the Logical Data Warehouse:

- A single source of data truth, Data Virtuality maintains a central data model which is highly flexible as it can be instantly accessed and used by business users without the help of the IT and adapted to changing regulatory requirements.
- More than 200 connectors, and the option to develop new ones in little to no time, enables companies to instantly connect to all different data sources in real-time for data completeness.
- Data governance features and automatic data lineage ensure increased transparency, accountability, and auditability of the data - resulting in better data quality.
- With Data Virtuality, financial institutions can analyze large and complex data sets combining real-time and historical data as well as various data structures in a timely manner -- high performance of calculations and timeliness of reporting are ensured.
- Since very sensitive data is involved in regulatory reporting and compliances, Data Virtuality enables restricted data access depending on the type of the user of sensitive data.

SUMMARY

Due to evolving regulatory requirements and tightened supervisory expectations, the financial industry has to deal with increased ad-hoc requests that cannot be handled with the traditional enterprise data warehouse / data mart and ETL tools approach anymore. Faced with numerous challenges, from outdated manual approaches to large quantities of disparate data, they need an architecture that is robust and performant while ensuring flexible data supply chain with transparency, accountability, timeliness, and auditability. The Data Virtuality Logical Data Warehouse provides central data governance and unparalleled connectivity to all data in a real-time that meets the different regulatory requirements so business users can instantly access data for compliant ad-hoc risk reports without the help of IT. In short, Data Virtuality's flexible data management architecture enables financial institutions to meet today's and tomorrow's compliance needs.