

# HOW TO IMPLEMENT A VALUE CREATING DATA STRATEGY

## Data monetization along a practical Data Quality Management use case

### Data quality as a driver for growth

The banking industry needs to be compliant with ever more granular regulation as well as to meet increasing customer expectations regarding service levels. Therefore new initiatives like transactional analysis for predictive advisory are developed within ING, which requires that data (quality) management reaches a next level as well. This is a challenge, particularly in an area like wholesale banking, where products and services are heterogenous, and so is the underlying data. A standard lean approach and focus on uniform processing will get you only so far. Against this background we developed a tailored approach that align data quality closer to the business agenda through ownership and monetization.

**What are the benefits?** One of the advantages of having not only accountability but also day-to-day responsibility for data quality assigned in business, is the natural alignment with priority setting and the strategic agenda. ING is strategically moving towards a data driven bank. So data quality drives:

- Regulatory adherence (BCBS239, AnaCredit)
- Capital management (RWA, add-ons)
- Customer experience (need recognition through transaction pattern detection)

For a sustained interest in data quality the business case for data quality is important: 'What do we earn by having a data quality organization in place?' This angle will result in impact driven monitoring & steering on data issues. One of the first



### Overview

**Customer:** ING Wholesale Lending

**Industry:** Banking

**Location:** Netherlands, global

#### Client Challenges / Business Need:

- Realize cultural shift around data ownership in line with data driven strategy
- Implement a sustainable operational model that recognizes the pluriformity of the data involved, as well as the higher number of source systems

#### Results (Benefits):

- Data monetization via sustainable data quality management
- Designed an operational model that is dedicated to wholesale banking
- Initiated a data quality office to support the operational model
- Realize quick results and allow for finetuning of the operational model through proof-of-concepts

challenges to cope with, is than the level of aggregation. ING uses various source systems to capture data in the lending process, depending on country, product or agreement or counterparty data. The data quality baseline needs be captured for each business unit manager. This is a challenge in itself, as the slicing & dicing capabilities of reporting systems differ. But management will also require prioritization. And a business case is one of the best ways to do so. Talking Euro's foregone because of data quality is your best bet in the battle for 'hearts & minds' in day-to-day front-office operations.

### How are these benefits realized?

What is needed is a dedicated organization, blending data quality into the existing lending process, and technology to support data visualization & prioritizing.

### Integrating data quality organization into existing business processes

**Transfer data ownership to the main data producer,** Transfer data ownership to the main data producer, as business enters about 80% of the data through the regular deal making / reviewing process. More so, the heterogeneous nature of products and agreements requires expert knowledge to understand the data. As an outcome from our collaborative strategy sessions it was decided to have the data owner / data steward model closely attached to the existing organisation. As a role in the business, and not as a separate (staff) function. In that way the transfer of data ownership was facilitated, because it becomes part of regular management steering and data process improvement initiatives are decided upon by business. Securing the quick delivery of recognisable value. Through this chosen governance model, ING also benefits from senior management involvement. The focus on data quality coincided in time with a focus on non-financial risk and capital scrutiny. And these type of programs respond very well to improvements in data quality as it reduces capital add ons.

### Realize your governance model along the process chain.

The chosen governance model initially focused on data stewards needed at the front-office, to secure the appropriate level of expertise, access rights and ownership. But during the implementation we realized that business can't control and remediate the end-to-end lending process all by itself. The nature of the data issues is sometimes IT-system related, or for some type of data the central back-office plays a crucial role. Hence supplementary data stewards along process chains are needed who address for instance system related data issues to the data owner. This will enable data owners at business to have an unfiltered control on data issues.

Given the number of stakeholders involved, who all have prioritization issues themselves, a key lesson for data quality management organizations is to work on their own marketing as well. 'What is your return-on-investment on your data quality strategy?' Just like every other department the data quality department will have to make sure they can claim their success.

At ING we started out implementing our data quality program at a business unit that needed support to cope increased regulatory scrutiny. Initial management support was therefore quickly summoned. But the wider circle in the organization got to be enthusiastic when they saw sufficient RWA being saved to realize new deals and growth. Through data visualization techniques, data quality got far more attention. And data quality remediation became easier as outliers were easy to spot. A competitive element among countries helped to boost energy as well.

After the hard work to get the data quality baseline out of the source systems, the battle was won by applying a sound communication strategy. Hence data quality management is done as the song says 'It's not (only) what you do, it's (also) how you do it!'

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