

# ACHIEVING THE "GOLDEN RECORD"

*How Kenway Consulting Improved Risk Rating and Regulatory Compliance processes through an Enterprise-Wide Data Governance Operating Structure*

## CLIENT PROFILE

**Industry:** Financial Services

**Solution:** Data Governance Operating Structure

**Client:** Fortune 500 Global Financial Services Provider

A global financial services provider lacked visibility into their client risk rating due to inconsistent client records. The organization had incomplete and disjointed client information across their customer relationship management (CRM) system and their separate banking service platforms (e.g. wealth management, asset

management, tax, etc.). Due to these shortcomings, the organization was unable to accurately aggregate client holdings, understand risk exposure at a client or portfolio level, or identify potential compliance risks. Compounding the operational challenges this posed was impending regulation — the financial services provider was subject to federal Anti-Money Laundering (AML) and Know-Your-Client (KYC) regulations that would also require standardized and consistent client information.

To address these issues, Kenway collaborated with the client on an enterprise-wide Data Governance framework to properly oversee the creation, ingestion, maintenance and consumption of its client information.

## WHAT IS DATA GOVERNANCE?

Data Governance consists of the policies & standards, procedures, and resource roles & responsibilities necessary to ensure that an organization's data is accurate, timely and of high quality.

**Policies & Standards:** Clearly defined rules that dictate how data must be entered, transformed and connected

**Procedures:** Actions required to cleanse historical data, update systems, and deploy operational processes to adhere to policies

**Roles & Responsibilities:** Resource alignment and management frameworks to provide sponsorship, direction and operational support for Data Governance procedures

***A Data Governance program enforces the integration of company strategy, standards, policies and communication.***

# THE PROBLEM

*The lack of an effective Data Governance framework around client data resulted in incomplete risk ratings and the inability to meet upcoming regulatory compliance requirements.*

## Common Data Challenges Faced by Organizations

Not being able to consistently define data attributes across business areas



Not being able to accurately respond to regulatory requirements



Not being able to fully understand the depth of customer relationships



Not being able to assess the profitability of specific business areas, product lines, and customer relationships



Not being able to provide executive scorecards and dashboards in a timely manner due to manual processes

## INCONSISTENT & INCOMPLETE CLIENT DATA

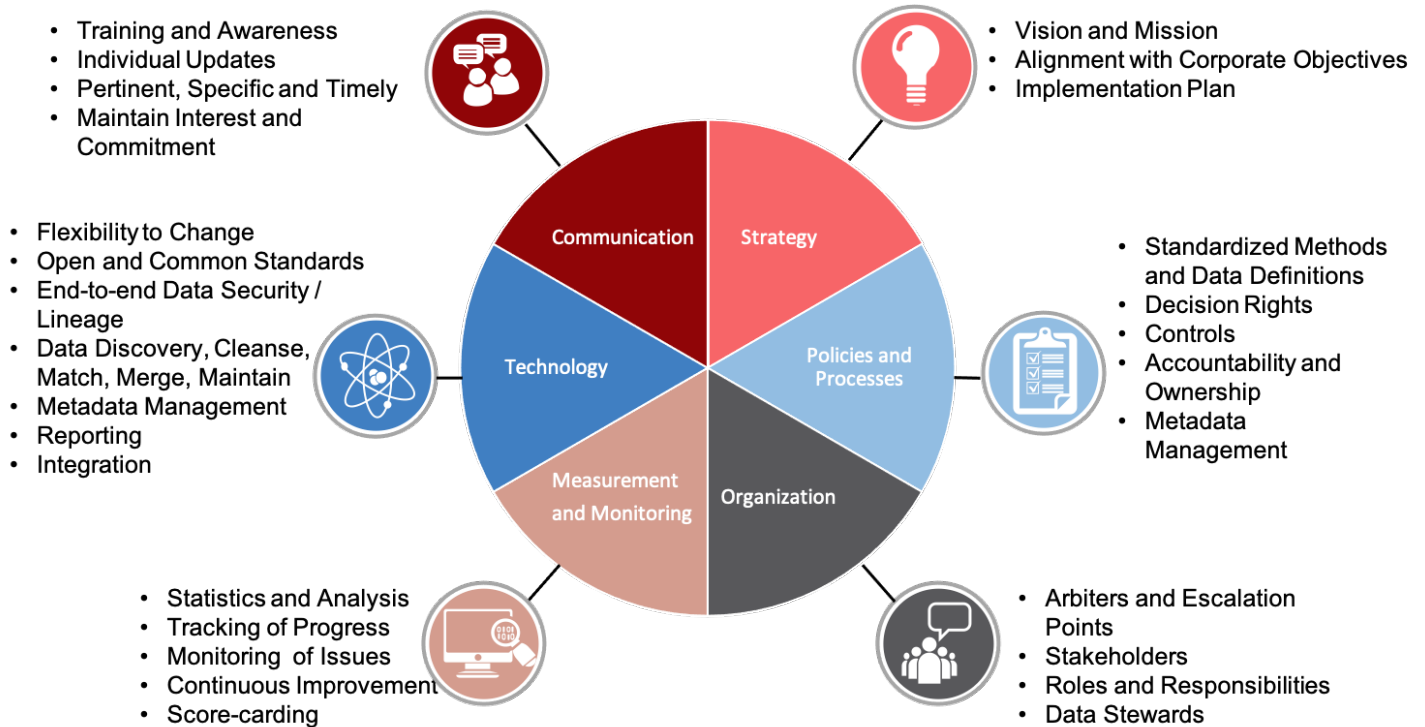
Historically, the financial services client had leveraged separate systems to address individual banking services. Each system had different required fields, different definitions of a client, and did not share unique identifiers to match data across systems. The organization's inability to connect client records impeded their ability to accurately aggregate holdings across products, allocate revenue and profitability, and, ultimately, understand their risk exposure at individual client and portfolio levels.

In addition, these same shortcomings in client Data Governance across the organization's systems made it difficult to comply with KYC regulations to verify customer identities, and with AML regulations to ensure that their credit and deposit activity did not aid money laundering. Without a consistent, holistic view of customer information, these reports would be both inaccurate and time consuming to generate.

# THE SOLUTION

*In order to build a Data Governance Operating Structure, Kenway guided the client through their Data Governance methodology to design, instantiate and operationalize organizational Data Governance.*

## IDENTIFY THE BUSINESS PROBLEM & KEY OBJECTIVES



*Kenway's Data Governance assessments look to analyze the above domains.*

In order to properly perform the client risk rating process, regulators require specific data with precise definitions. Through a series of workshops, interviews, data analysis investigations, and data journey mappings from creation to user consumption, Kenway guided stakeholders across the organization to determine the underlying issues preventing them from effectively complying with data regulations.

Through this analysis, Kenway found that the root cause of the organization's client data issues was a result of multiple versions and definitions of "party" data stored in its CRM and account opening systems. These systems served a diverse set of use cases from customer relationship management to account servicing. As each business unit employed its unique requirements to these client- and account-centric systems, several unique views of "client" resulted. The fragmented requirements around client data meant that:

- Key client identifiers (tax ID, contact information, etc.) were not consistently populated.
- Matching exercises did not link all of the systems, nor did they provide proper visibility into client hierarchies.
- Risk ratings would require significant manual effort, and still may not have met regulatory requirements.



From a Data Governance perspective, this required the organization to determine the operating model to uniquely identify clients and deploy a unique identifier policy. Kenway worked with the organization to identify a definition and policy for legal entity, along with the associated requirements for source systems enhancements. Additionally, Kenway determined that a centralized data store of mastered client data had to be created to address these gaps.

## DEFINE THE POLICIES NEEDED TO ACHIEVE THE REQUIRED OUTCOMES

Kenway developed a Legal Entity Identifier Policy for the client through collaboration with a variety of stakeholders across the organization. This policy defined the unique identifiers required for each legal entity record in the account opening systems and the CRM platform, creating consistency and alignment for client information across all of the platforms. This provided the necessary standards to ensure that client records had complete and accurate sets of data. Additionally, this enabled the matching and merging of legal entity records across all platforms, as each record included the information required to map legal entity records across systems.

## IMPLEMENT A DATA GOVERNANCE OPERATING STRUCTURE

### Additional Benefits to Data Governance

- Streamline client onboarding processes, leveraging core client information across the organization
- Improve customer service by providing a holistic view in client portals and to client servicing teams
- Identify new revenue streams through cross-sell and upsell opportunities based on client holdings

Once the Legal Entity Identifier Policy was finalized, Kenway defined the necessary procedures to ensure proper implementation and long-term success. Kenway and client stakeholders mapped out the plan to remediate existing client data issues, and designed process and technology changes to proactively address future data needs. This covered understanding processes surrounding the creation of client data to the definition of legal entity roles and relationships, through the high-level design of a client and account data hub that enabled downstream systems to accurately utilize the mastered client data. From a functional perspective, Kenway defined these activities and the roles and responsibilities needed to properly enter, review and modify data throughout its lifecycle, which provided clear accountability for ongoing data quality.

# WHAT WE DELIVERED

## OUR DELIVERABLES

- ▶ Legal Entity Identifier Policy
- ▶ Data Governance Operating Structure
- ▶ Master Data Management Business Case

## THE MASTER DATA MANAGEMENT SOLUTION

Kenway helped the client develop the business case to implement a Master Data Management (MDM) solution which would manage key client and account data — in the required form, with the required attribution — in order to satisfy the client's regulatory requirements. The business case highlighted that the MDM solution would deliver significant return on investment by streamlining processes with a centralized, accurate and complete set of client and account data. Furthermore, the establishment of a data stewardship function to profile and cleanse data on an ongoing basis ensured that these efficiencies would permeate into the future. This initiative relied on the policies and procedures aligned with the Data Governance operating structure, using it as the foundation for the technical and process modifications to actively manage data moving forward.

## CLIENT AND ACCOUNT DATA STRATEGY

### DATA GOVERNANCE ORGANIZATION

Continuous Process of Establishing Data Strategy, Data Policies & Procedures, Data Standards, Quality Metrics, Communication

#### Sources of Legal Entity Data

CRM

Trust

Brokerage

Funds

Add'l Sources

#### Legal Entity Definition

Legal Entity

#### Legal Entity Roles

##### Legal Entity

- Owner
- Trust
- Child
- Custodian
- Referral
- ...

#### Legal Entity-Account Relationships

Legal Entity

Owner

Advisor

Referral

Account 1

Account 2

Account 3

#### Legal Entity Relationships

Legal Entity

Legal Entity

- Spouse
- Parent
- Child
- Subsidiary
- Affiliate
- ...

Client & Account Data Hub

- Capture, store, cleanse, and transform data
- Define relationships
- Provide data in valid groupings for business use cases (reporting, compliance, etc.)

# THE RESULT

## MASTER DATA MANAGEMENT BENEFITS



**Reduced** manual data reconciliation activities across 23 target systems



**Reduced** duplicative data entry and maintenance of 40+ critical data fields across three core systems (two CRM, one Data Management)



**Reduced** technology costs by leveraging a centralized client data repository, and related match/merge and data clean-up activities



**Improved** operational effectiveness by eliminating errors from out-of-sync data



**Improved** ability to meet regulatory needs for client risk rating, operational decisions, and KYC compliance



**Improved** customer satisfaction resulting from holistic data at relationship manager's fingertips

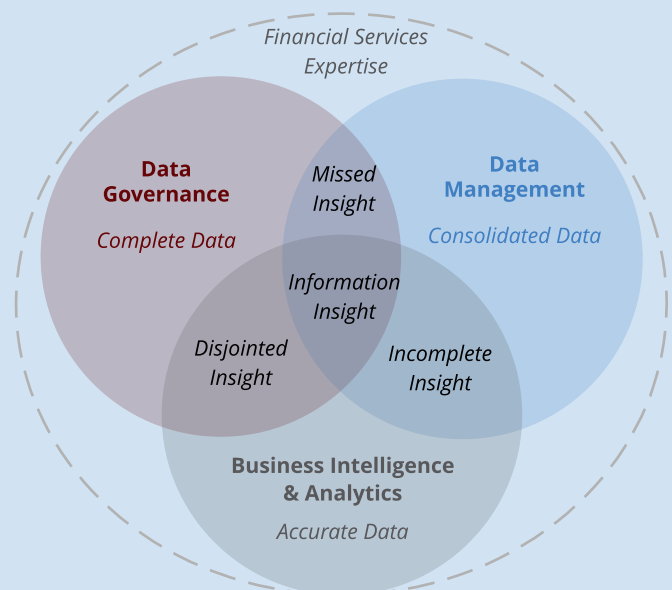
## HOW CAN KENWAY HELP YOUR ORGANIZATION?

Kenway focuses on the people, processes and technology surrounding your data ecosystem to create the best solution for your organization.

Kenway's capabilities focus on defining and implementing processes to help you govern your data from the point of origin to the point of consumption, and to the point of retirement. By taking this approach, we believe that data can be managed in a way that minimizes cost while maximizing the organization's ability to ensure data quality.

Kenway's Data Governance framework will:

- Enable you to pinpoint key problem areas across your business processes
- Create a tactical approach for addressing issues through Data Governance principles
- Provide insight from your data to drive key strategies and business decisions
- Ensure your data meets Data Governance policies
- Ensure your data is accessible



Contact us today to get the most out of your data!