

# Fortify BCBS 239 Compliance With SAS® Risk Solutions



## Business Impact

Many banks struggle to comply with BCBS 239 principles. Those that achieve compliance see improvements in data timeliness, completeness and accuracy, which enables them to operate their risk and finance functions more effectively in both benign and stressed market conditions.

## Challenges

- **Organizational inconsistency.** Fragmented data, processes and systems complicate integration across the enterprise.
- **Process inefficiencies.** Process silos and over-reliance on spreadsheets hinder production and curtail enhanced reporting.
- **Inflexibility.** Static reporting and lack of granular data limits analysis using alternative or ad hoc aggregations.
- **Insufficient data robustness.** Opaque processes and manual validation procedures mean that decisions may rely on inaccurate data.
- **Limited crisis response capabilities.** Banks need timely access to reliable data and processes that can adapt to rapidly evolving requirements and remain well-controlled under pressure.
- **New demands.** With regulatory expectations intensifying, banks need increased focus on BCBS 239 Principles, while new accounting standards require more data, increasingly complex calculations and deeper levels of reporting.

## The Issue

The BCBS 239 standard – codified in *Principles for effective risk data aggregation and risk reporting* – was created to strengthen banks' risk assessment capabilities. By adopting its principles, banks can better manage their risks and respond more effectively to crises.

While the BCBS 239 standard was published in 2013, many banks still struggle with compliance for various reasons. Most notably, the scope of the principles is broad. And recent, large-scale programs supporting IFRS 9, CECL and stress testing requirements have strained the data aggregation and reporting capabilities of many banks, further hindering full compliance.

Complicating matters further, many banks continue to manage their data and risk processes in functional or regional silos, resulting in ongoing issues with enterprise-level risk analytics. For example, suboptimal and manual processes make timely assessments of data completeness, accuracy and integrity difficult, if not impossible. And inflexible data aggregation and reporting capabilities can prevent banks from gaining insights from their rich enterprise data.

Unless banks modernize their risk analytics architecture, they will continue to struggle with BCBS 239 compliance.

## Our Approach

SAS offers proven, auditable, configurable and scalable financial risk analytics solutions that incorporate broad industry expertise to consolidate, integrate and automate systems and processes. By empowering banks with effective risk aggregation and risk reporting capabilities, SAS helps them achieve and maintain compliance with BCBS 239 principles. Together, our software and professional services help you:

- Streamline the production of risk data using highly automated risk reporting processes.
- Ensure data accuracy and completeness is understood and maintained through a transparent and controlled data lineage.
- Establish a single source of truth for risk analytics, which greatly reduces reconciliation effort and improves comparability across risk functions and organizational areas.
- Improve the overall effectiveness of risk management by enabling clearer and more timely analytics that adapt to changing circumstances and business needs.

Built on SAS' proven, powerful analytics platform and incorporating decades of industry expertise, SAS risk solutions support sound data governance and management practices:

- **Automated data management.** Now you can integrate data from multiple sources, easily define and apply rules to cleanse and transform data for analysis and maintain data lineage with full transparency.
- **Data quality monitoring.** Because business decisions rely on the robustness of growing volumes of granular data, SAS provides ready access to summary metrics for assessing data accuracy and completeness.
- **High-performance architecture.** Easily maintain data granularity throughout the analytics process while enjoying rapid throughput of parallel processing and in-memory analytics.
- **Flexible visualization and reporting.** Quickly assess the drivers of your results so you can better understand outcomes and focus your attention on material areas of concern.

### Situation

A large multinational banking group sought an efficient platform to quickly address the new IFRS 9 accounting requirements and modernize its overall risk management capabilities. This demanded a powerful, flexible analytics infrastructure – one that provides a controlled environment to process massive amounts of granular data and summarize it in multiple ways to serve the needs of diverse end users.

### Solution

The SAS solution enabled the bank to:

- Centralize relevant data from 60-70 systems across the organization using a comprehensive risk and finance data model.
- Ensure ongoing data integrity through configured business rules and summary quality dashboards.
- Achieve greater data transparency with fully auditable workflows and embedded controls.
- Apply its investment in data and processes for IFRS 9 to efficiently elevate the capabilities of their enterprisewide stress testing program.

### Results

Using the SAS solution, the bank created a robust architecture for IFRS 9 compliance that is adaptable to evolving requirements and expandable to accommodate other risk and finance use cases. By establishing a structured, controlled and transparent environment, the bank is better able to satisfy any concerns of auditors or regulators, and the analytical staff now has more time to focus on strategic business activities.

- **Ensure** – What if you could quickly understand the quality and uncertainty of data used to drive your business?
- **Respond** – What if you could consistently rely on clear, robust enterprise data to drive timely, data-driven decisions in a crisis?
- **Focus** – What if you could spend less time preparing and evaluating data and more time understanding its implications on your strategy?
- **Adapt** – What if you could stay in step with evolving regulatory and business demands with minimal disruption?

### SAS Facts

- SAS is consistently recognized by industry experts as a best-in-class provider of financial risk solutions.
- Hundreds of financial institutions worldwide rely on SAS solutions to modernize and transform their financial risk infrastructure.
- SAS provides decades of industry expertise to ensure each solution is properly sized and implemented efficiently.