How to NOT spend $8bn on BCBS239

It has been estimated that delivering compliance with BCBS239 will cost the industry a commercially unacceptable $8bn. This is probably a reasonable estimate given the many thousands of applications involved (in each large organisation!), and if the solutions are based on a continuation of past experience. Cleary a step change in approach is necessary if anything positive is to be achieved.

For the uninitiated, BCBS239 sets out the drivers and the need for an enterprise wide database containing aggregated exposures and data for risk reporting. It was published in Jan 2013 and determined that the principles should be in place by Jan 2016.

Given the prohibitive solution costs of traditional methods the expected outcomes must include push back, limited interpretations of the scope and generally minimum adherence.

1View is the necessary step change which will achieve the objectives with significantly less cost and project risk and will lead to revenue generation!

The stark differences between using 1View and not using 1View are indicated in the following graphic and in the headline actions laid out below:
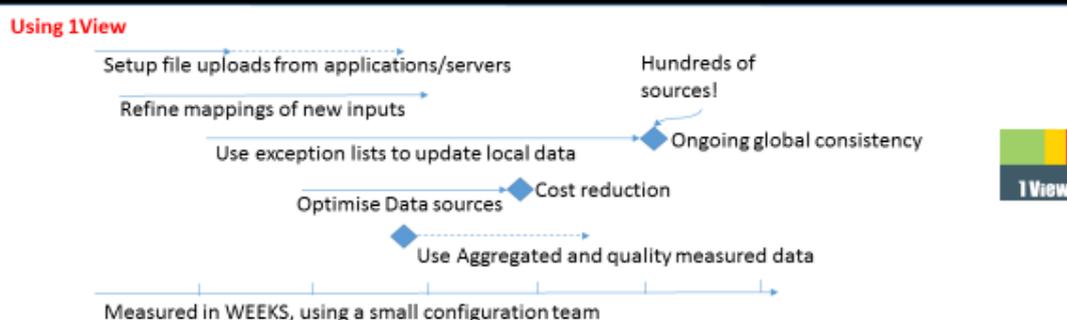
Without using 1View, the project activities are huge and necessarily include:

1. Identify and list the thousands of current internal applications. Determine their significance and data content with respect to the regulation.
2. Develop methods to analyse the data in each application and determine what data is necessary to be amalgamated, which is duplicated, etc. This is particularly difficult if you consider BCBS239 as being 'non-precise'.
3. Establish a global standard data definition for available and required data elements and map the data in each application to it. The optimum outcome will be the information and rules detailing the mapping between the new global standard and each application.
4. Publish and gain widespread agreement and understanding of the global data standards.
5. Seek the mandate and very large budget to deliver BCBS239

6. Define and develop a tool to facilitate the data aggregation (1View?) using the defined rules. It must be flexible enough to be adapted as details change/emerge, and scalable enough for thousands of files. The range of applications needs to include almost every application as the results will have to factor in for example:
   a. The 'Pairing-up' of the 'net zero' intercompany trades. (they are not always physically linked)
   b. Information on not only the booked trades but the settled trades, (e.g. include output from all reconciliation apps/accounting)
   c. The differing reference data coding of instruments & clients (needs the so far unachieved 'golden copy' and/or a comprehensive cross reference lookup)
   d. All common data (trades and reference) need to be reconciled together and repaired as necessary
   e. All data needs to be able to be corroborated and regularly proven against the G/L, accounting and other current risk reporting apps.
   f. The process needs to operate a continuous rolling global day model as there is no a point in time 'end-of-day'.
   g. Correlate the outputs of this solution with all the other concurrent developments.
7. Rollout and achieve implementation without impacting 'business as usual'!

The alternative approach using 1View technology means the actions are much simpler and will remain sufficiently flexible to cater for every data discovery:

Month 1:
1. Establish a small team and install 1View software on an internal cloud-based server.
2. Configure 1View to automatically 'grab a copy' all data files being input/output from all known Applications. Add in any new files as and when any 'new' Application is identified.
3. Use 1View UI to review each input in detail, confirm the mappings, discover and adapt for any data 'nuance' which is impacting the match rate/results. To get to a fully configured and automatic mapping for each file is unlikely to require more than 1 man-day per input.
4. Setup a feedback of information on data issues to each local app data management area, configure specific exception lists and make them available to local users all details on errors in their data. Note: this is likely to result in global data consistency improvements and earlier/more efficient data repair processes for each local area.

Month 2 onward:
5. Chase down remaining local data conflicts
6. Develop dashboards using the consolidated database, and refine consolidated data outputs for selected risk calculation engine(s) for focussed risk analysis. Harness the degree of corroboration of each exposure.

Month 4-6 onward:
7. Declare the full implementation of BCBS239 principles and the ability to easily adapt to new controls as they emerge.

8. Increasingly use the consolidated data in 1View to run the bank, safely shut down legacy apps starting with the reconciliations which will by now be fully paralleled.

Having achieved a single continuously corroborated exposure database, the associated huge efficiency savings and data quality will place the bank in a significant market leading position and its I.T. will be positioned for the safe transition, incorporation and efficient integration of blockchain technology…
For further information, please visit www.1View.net or www.openRefData.com