

Client	The client is a leading UK central bancassurance group.
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Project Name	Data quality improvement initiative supporting a reduction in RWA buffer.
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Project Start Date	November 2011	Project End Date	December 2011
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Industry	<input checked="" type="checkbox"/> Commercial banking	<input type="checkbox"/> Insurance
	<input type="checkbox"/> Fund Custody & Investment Services	<input checked="" type="checkbox"/> Investment banking
	<input type="checkbox"/> Private banking	<input type="checkbox"/> Asset and wealth management
	<input type="checkbox"/> Retail banking	<input checked="" type="checkbox"/> Corporate
	<input type="checkbox"/> Broker / Dealer	

Category of Service	<input checked="" type="checkbox"/> Performance measurement and monitoring	<input checked="" type="checkbox"/> Regulatory compliance and reporting
	<input checked="" type="checkbox"/> Portfolio risk management	<input checked="" type="checkbox"/> Business process improvement
	<input type="checkbox"/> Specialised risks	<input checked="" type="checkbox"/> Training and people change
	<input checked="" type="checkbox"/> Data Quality	<input type="checkbox"/> System selection and implementation

The Challenge	<p>The client had previously calculated and adopted a buffer in excess of the mandated RWA calculation – providing an additional level of comfort for observed deficiencies in data quality. A year on and senior management were seeking an independent view of whether the buffer was still needed, and if so, then what level of buffer would be appropriate.</p> <p>In addition, senior management were seeking recommendations of how to improve the management information and exception reporting highlighting data quality issues and whether these supported early issue identification and resolution.</p>
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Approach and Solution	<p>avantage joined the Client team to provide subject matter expertise in the calculation of RWA, and of how to optimise the RWA calculations.</p> <p>Effort initially focused on reviewing and better understanding the prior year’s calculation which was not sufficiently granular to inform the “as is” assessment. From this step we reviewed the most recent exception reports and discussed with business and risk personnel what steps could reasonably be taken to address data quality deficiencies to stem any further deterioration in rag reporting at year end. Individual cases were identified, investigated, and agreed.</p> <p>In addition, the results of substantive tests conducted by Finance were monitored with the outcomes of preliminary results used to inform gap closing recommendations for business and risk to implement with immediate effect.</p> <p>Existing Exception Reports were reviewed and discussed with representatives from business, risk and finance. The initial “as is” assessment was validated with</p>
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	these persons and a broader group of Stakeholders. Recommendations for improvement, with an assessment of the priority and effort to implement these, were developed.
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Results and Benefits	<p>The highlights of our work included:</p> <ul style="list-style-type: none"> • An improved understanding of existing RWA data quality buffer; • Additional data quality issues were identified and addressed in the interim period; • A calculation and recommendations for a revised RWA data quality buffer were agreed with Stakeholders; and • Agreement was reached on ways to improve existing exception reporting <p>The outcome is a refocused effort to address priority data quality issues that result in the removal of the data quality buffer and will, by extension, result in a permanent reduction in RWA. The improved understanding provides the foundation for the subsequent stage of optimising RWA usage.</p>
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Software used	No specialised software used.
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