Analytical Credit Dataset

A BearingPoint Accelerator

We are neutral advisors for the entire implementation process of regulation requirements – the ECB requests a high degree of data granularity, as well as consistent data delivery, which leads to enormous costs for banks in regards to regulation and implementation.
BearingPoint seeks to keep these costs down and jumps right in, from the beginning, in order to provide support throughout the planning, implementation and "maintenance" phases.

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Market Drivers

Growing challenges due to enormous / emerging data volumes

Data requirements for AnaCredit cannot be processed entirely with current available reporting data tools

- Information is **not** at hand at banks' data management/household
- Information is available but in different, separate systems and has to be brought in line/made consistent for AnaCredit
- Information is already available at regulatory reporting, but lacks sufficient/ necessary **quality and granularity**

Trends in regulatory reporting

Harmonization - (FinRep/CoRep)
- International alignment of regulatory requirements reporting

Benchmarking
- EBA-Stress-Test / CRR Benchmarking of internal models

Regulatory Datamining – Supervision facility increases investments in BI-Tools (Hypercube)
- Automated processing of reports

Regulatory Management – Derivation of control pulse/triggers

Improvement of data quality (e.g. BCBS 239)

Implications / impact

Early analysis of gaps in data management and organization of measures for adequate data acquisition

AnaCredit has a strong impact on institute-specific processes, as well as in areas outside of regulatory reporting. Focus is set on the consistent delivery of reporting data

Aspects such as competition and protection of data privacy/data protection have to be considered and to brought in line with national standards and laws

> **Early and thorough alignment/adjustment compliance is crucial**

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Our Approach
Regulatory Requirements

Snapshot

Recently there have been plenty of changes in the regulatory reporting requirements that banks need to tackle. It is essential that institutions comply to the requirements set by the national and international regulators to the highest degree possible. The challenges that result from regulatory requirements seem to be constantly increasing. Who can you turn to for the necessary granularity, high quality and cost-effective tailored solution you need? We can help you.

Goal

Collection of granular data on credit exposures based on harmonized reporting requirements in order to forward these to the ECB.

Phase 1 - by mid-2017 the structure of
- **national** granular credit databases
- with a common granular database at ECB shall be carried out.

Phase 2 – 07.2019 by group

Phase 3 – 09.2020 by individuals

Our Services

- We have extensive knowledge/expertise in regulatory reporting and we provide solutions for both functional, as well as technical challenges

- Over 60% of the Top 40 German banks trust us and our services

- We can support you from the very beginning in order to ensure successful implementation

BearingPoint provides customized solutions for your particular needs during the implementation of the new AnaCredit requirements

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Our Approach

Whom can you turn to for the necessary granularity, high quality and cost-effective tailored solution you need?
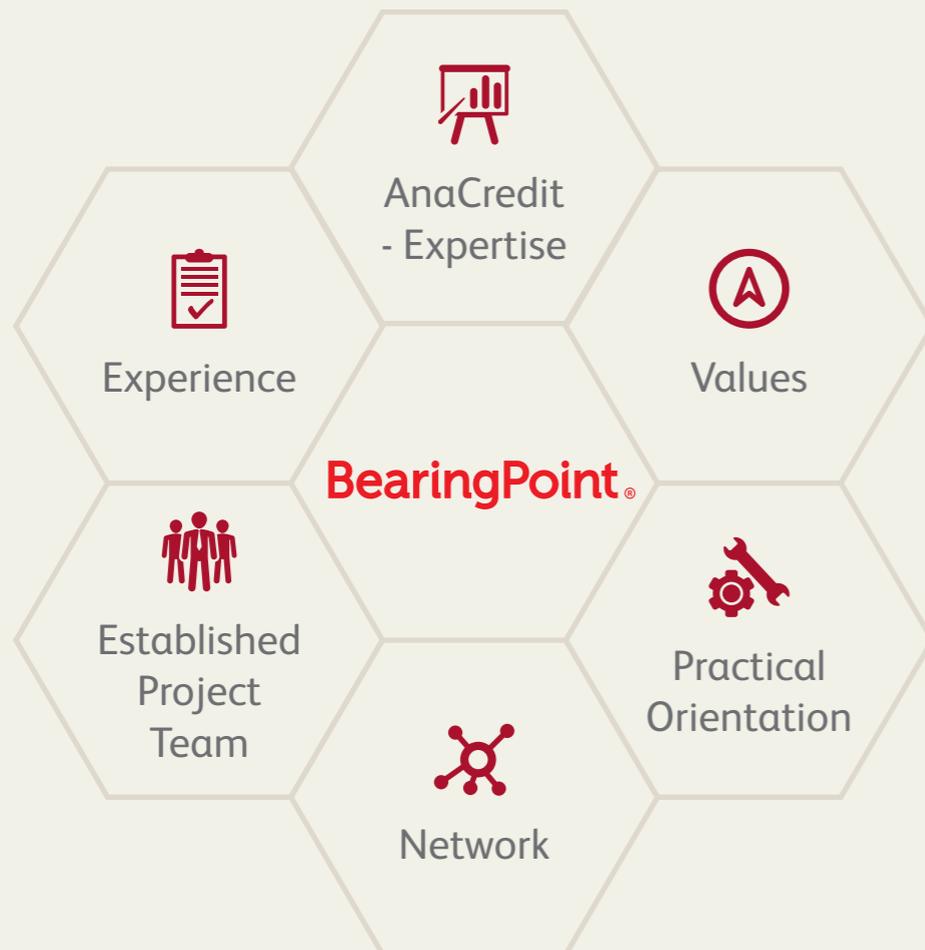
AnaCredit - Competence
- AnaCredit-experience from projects at other banks
- Numerous projects in data - integration / connection with respect to regulatory requirements

Experience
- Experience with data based transformation projects, Abacus suite project experience
- Experience in data mining solutions
- Both professional and technical expertise

Practical Orientation
- Systems, products and processes
- Status quo of data management and requirements
- Competence in successful implementation
- End-to-end project solutions (planning, conceptual development, implementation, testing)

Network
- Thorough knowledge of banking sector
- Close cooperation with the ECB
- Very good positioning in all relevant areas

Values
- Consequent goal-orientation
- Reliability
- Transparency and Openness

Established Project Team
- Extensive ABACUS-know-how
- Established processes and clear procedures

Hexagon diagram labels
- AnaCredit - Expertise
- Experience
- Values
- **BearingPoint**®
- Established Project Team
- Practical Orientation
- Network

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Client Benefits
Empowering our clients to focus on their core business...
...support them setting the ground for regulatory reporting

Added Value

- **Set the right focus: WE help YOU** focus on your **core business** by taking over the setup and preparation of the implementation of new regulations, **while accelerating** the entire process

- **Saving potential:** exploit synergies through our **integrated approach** and save costs of receiving reporting services for several existing reporting metrics in combination with AnaCredit Solution Suite within the next years

- We assure **sustained conformance** of AnaCredit regulatory requirements by **preparing/training your employees** in a thorough manner

- **Efficiency improvements:** We accelerate the whole regulatory reporting process at high quality

- **Improvement of databases** allows for a better analysis in the context of analyzes

- **Ability to react to errors** in a decentralized/ad-hoc and flexible manner

- **Identify key challenges** for technical or conceptual issues including the implementation measures needed

- Consideration of **individual customer specifics** throughout the project life cycle

- **Change requests** announced by ECB/EBA can be taken into account in an ad-hoc fashion

- **Easy access** to highly scalable **world-class reporting tools**, regardless of the client organization's size.

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References
BearingPoint provides assistance in performing a preliminary study respective to AnaCredit

Top tier retail bank

Business needs

- Identify relevant position-keeping systems and data
- Establish transparency about required data and data that is already available
- Make procedural adjustments to develop data availability and adequate feeder systems required by AnaCredit

Our approach

- Assessment of AnaCredit requirements and their relevance for the client
- Implementation of a data availability analysis
- Identification of departments and systems held responsible for the data supply in the bank
- Compiling actions needed to close prevalent gaps
- Composition of an implementation project (including roadmap, cost estimate and project organization)

Client's results

- Transparency of required feeder systems and data
- Identification of adjustment requirements in position-keeping systems and processes of data supply
- Establishment of an implementation project
- Project plan and cost estimate for the implementation project and elimination of gaps
- Advance cooperation of regulatory reporting, accounting, credit risk, etc.

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Top tier asset manager

Business needs

- Based on internal research, the client ranks the efforts to implement AnaCredit as 'very high'

- Three areas were identified that needed further research and demanded a deeper analysis in the context of a pre-study

- Implementation of data availability and data quality for 124 attributes from the areas of regulatory reporting, back office, risk managment and controlling ,that are demanded by the supervisor

- Identification of processes (professional and technical) that are covered by these challenges including post acquisition of missing data

- Illustration of system-specific adjustments and needs for action

- As a result, extensive and concise project management for the next years is needed

Our approach

- We analyzed different data sources using a top-down approach to identify data quality (dispositive systems first, followed by the operative systems)

- By using a pre-defined analysis scheme, we created data profiles that identify data gaps and considerable adjustments in data quality managment

- The results were coordinated in different workshops with the affected departments

- In addition, the requirements for technical functionality were defined in a rough concept in cooperation with IT

- Different alternatives to close gaps became the focus of a deeper analysis and were evaluated with respect to cost efficiency and aspects of utility

- The necessary actions to overcome current gaps were laid within a framework of an implementation plan

Client's results

- Documentation of gaps

- Creation of a common ground (functional and IT) for the realization of AnaCredit requirements

- Measure catalog including validated efforts

- Cost/benefit analysis to ensure budget savings

- Coordination with other regulatory projects, e.g. BCBS 239

- Quorum document for management

- Decision on the implementation of AnaCredit in the next years

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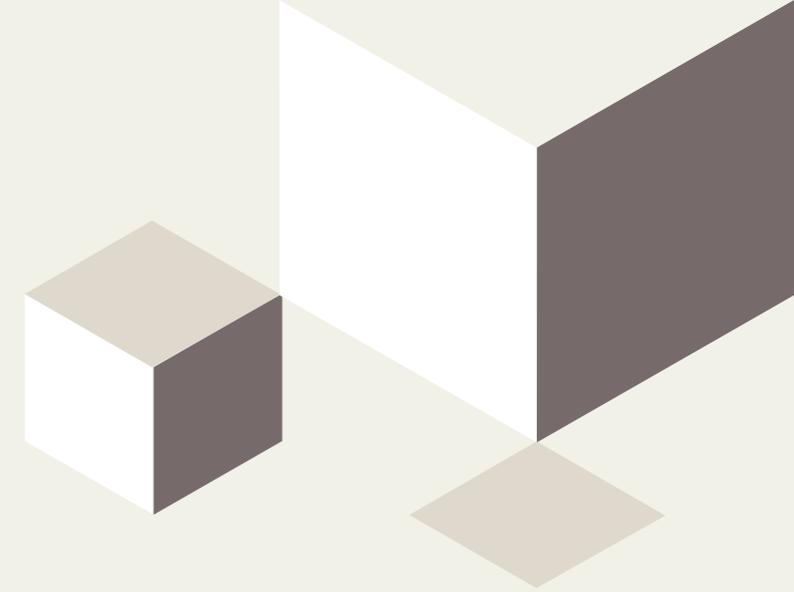**Thomas Steiner**
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About BearingPoint

BearingPoint consultants understand that the world of business changes constantly and that the resulting complexities demand intelligent and adaptive solutions. Our clients, whether in commercial or financial industries or in government, experience real results when they work with us. We combine industry, operational and technology skills with relevant proprietary and other assets in order to tailor solutions for each client's individual challenges. This adaptive approach is at the heart of our culture and has led to long-standing relationships with many of the world's leading companies and organizations. Our global consulting network of 9,700 people serves clients in more than 70 countries and engages with them for measurable results and long-lasting success.

For more information, please visit: www.bearingpoint.com

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