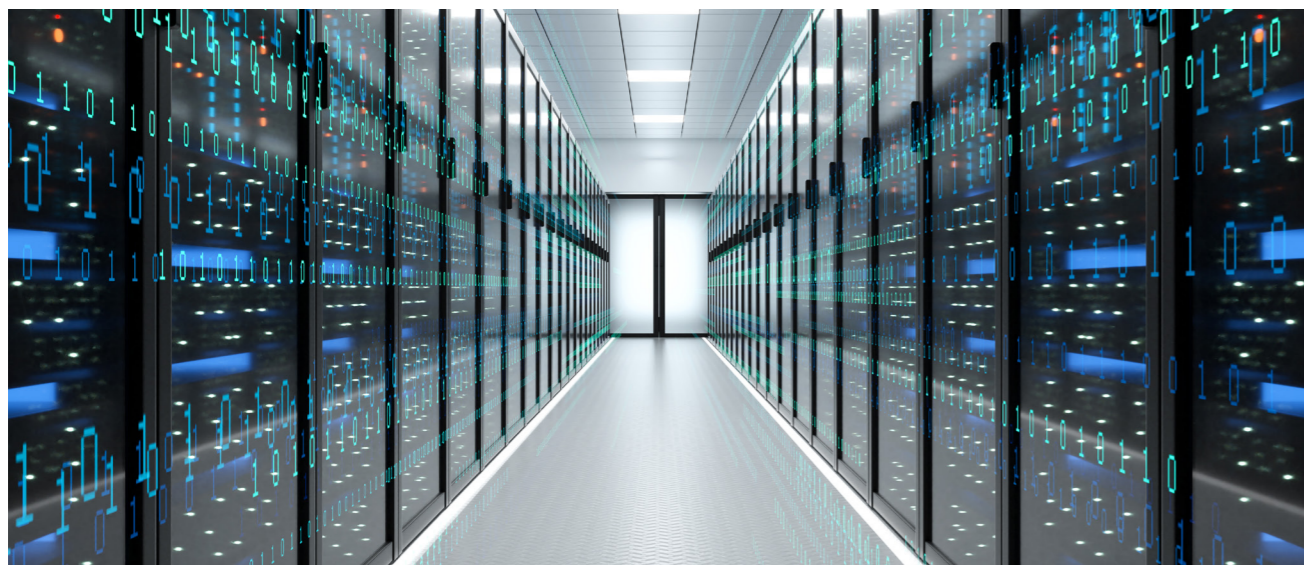# Building robust data management strategies

Information is a major driver of business value for the financial industry. More data can provide more insights and give an edge over the competition. Although that has always been the case, the new element in this equation is the amount of relevant data that is available, which needs to be kept secure, accurate, and available for analysis to offer a competitive advantage.

In addition to offering superior customer experience, data management is at the forefront of risk mitigation and regulatory compliance for banks. Now nearly a decade ago, the Basel Committee on Banking Supervision issued eleven principles for effective risk data aggregation and risk reporting (BCBS 239), to address the weakness that led to the financial crisis, which centers around the inability to understand quickly and accurately their overall exposures and other key risk metrics influencing the risk decisions of the bank.[20]

Building a proper data management foundation is essential for addressing the challenges of regulatory compliance as well as risk mitigation, investment, sustainability, and automation.

Saudi Arabia's data regulatory environment

In Saudi Arabia, the National Data Management Office (NDMO), which is the regulatory arm of the Saudi Data and Artificial Intelligence Authority (SDAIA), has released Interim Regulations in June 2020 for data protection that address open data, data classification,

data sharing, freedom of information, and personal data protection.[21] More recently, in September 2021, Saudi Arabia's new Personal Data Protection Law was published.[22]

These new regulations will provide a structure and environment in which individual banks can build robust data management strategies. However, regulations alone will not fulfil Vision 2030's ambitious goals around data. It is up to individual banks to develop their own data management practices, tailor-made to the type and quality of their data, to drive business value. This will pave the way to a successful future since AI is expected to contribute an estimated SAR500 billion (US$133 billion) to the Kingdom's gross domestic product by 2030, according to the SDAIA.[23] Also, around 70% percent of 96 strategic goals under Saudi Arabia's Vision 2030 reform plan are closely related to data and AI.[24]

Data management for banks

Banks must embrace digital transformation to protect their business. They must address a variety of challenges to become the data-driven enterprises they need to be. This transformation will enable them to deal with compliance, risk management, operating efficiencies, effective client relationships, and marketing, which all rely on the accuracy of data for effective decision making. Banks will also require a fast, secure, and robust exchange of data with external parties, such as rating agencies and the central bank.

> **The appropriate data infrastructure, including governance and management, is the foundational building block of a strong data culture.**

This exchange can be used to assess the credit of customers and avoid black-listed individuals, since credit risk is a major concern for commercial banks.

In December 2021, Saudi Arabia's SNB Capital and BNY Mellon, the oldest bank in the US, launched a new data service for big investors in the Kingdom to manage complex investment assets efficiently. The agreement will allow SNB Capital to use BNY Mellon's data platform within its IT infrastructure in the Kingdom and will link local and foreign assets across the front, middle, and back financial offices around the world.[25] This will allow clients to use their own data in new ways and to use more services online.

The data management plan

Data governance has an important role to play in an organization's data gathering and management strategy. It is a set of rules that lay out an organization's strategy for using, processing and storing data. It defines data owners, data policy and metrics and helps an organization to stay compliant, minimize risk, improve security and set standards for data quality.

Data management is the implementation of the standards and policies of the data governance

framework. It can include taking measures to minimize risks, setting protocols for storing sensitive data and creating access rights for individuals.

There are embedded risks when Saudi banks seek only manual approvals by the compliance and risk management teams, since they may not have the right tools in place to understand the data controls set by NDMO. Information may need to be shared with consultants offshore, the bank branch outside the country, or even with other banks for due diligence before merger/acquisition. Proper data management can offset these risks and ensure the correct protocols are in place.

A successful data strategy must have business buy-in throughout the organization with data becoming a 'single source of truth' to everyone.

The most important part of putting in place effective data management is to build solid foundations. The four steps below form part of KPMG's methodology for data management and are the basis for good data management practices:

1. Setting up a data strategy
2. Data management and governance
3. Metadata management and data classification
4. Data quality and master data management

To make this happen, an organization needs to instill a data culture, which has to be nurtured, from the top down and from the bottom up. This requires a data team with the right skills, training, accessibility, and management. The appropriate data infrastructure, including governance and management, is the foundational building block of a strong data culture.

Download our publication From data management to data transformation for more insights.

From data management to data transformation

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