Oracle's Enterprise Performance Management solutions to support your regulatory reporting

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PwC has experienced multiple successful implementations using Oracle's Enterprise Performance Management (EPM) technology to enhance financial institutions' regulatory reporting. With today's enhanced regulation standards, financial institutions now have to provide more granular detail in their regulatory reports and schedules of these reports. Timeline constraints are also increasing financial institutions' use of third party solutions to help meet deadlines. Leveraging Oracle's EPM technology can help you accomplish accurate, timely reporting.

Challenges in fulfilling regulatory reporting requirements

Interbank Holding Companies (IHCs) will be subject to the same regulatory reports as Bank Holding Companies (BHCs). We have seen successful uses of Oracle's EPM with both, but each come with challenges. Some of these challenges include:

- **Convergence of risk and finance:** Traditionally separated, risk and finance should become one. Keeping them separate causes many complications across people, process, and technology perspectives and creates gaps at the operational level causing duplicative efforts.
- **Organizational structure:** Foreign banking organizations (FBOs) historically have multiple entities in the US and each operates as a separate business unit with processes, general ledger (GL) systems, architecture, and IT infrastructure. Regulatory reporting requirements now need business process integration with FBOs and realignment with parent entities.
- **Data collection and consolidation:** Multiple GL systems and separate business units present unique challenges in the collection and consolidation of data to satisfy parent entities' regulatory reporting requirements. This will require more resources and new business and IT processes to get the data in a timely manner.
- **Granularity of data:** Traditional GLs and records to report processes are configured, built, and defined to satisfy SEC and management reporting requirements. It is important, after understanding the data requirements, to reassess and, if needed, enhance these systems and processes to satisfy the regulatory reporting requirements.
- **Source-to-target mapping:** After assessment and data collection, source-to-target mapping can present unique challenges, from GL systems where data resides to reporting systems, because of the volume of data and the creation of multiple reports.
- **Chart of accounts (COA):** An enhanced or brand new COA may be required to incorporate various line items of the reports needed for SEC or management reporting. New dimensions such as product, counterparty, and others should be created to satisfy regulatory reporting requirements.
- **Record to report process:** The existing business and governance process incorporates SEC and management reporting, and the realignment of this process to regulatory reporting is important.
- **Reporting infrastructure:** For successful implementation, investment in additional reporting infrastructure in terms of people, processes, software, hardware, and integration efforts is needed.

How we've seen Oracle EPM help tackle reporting challenges

Oracle's EPM applications are an integrated suite, designed to manage financial reporting, planning, consolidation, and master data and governance. While the entire suite deals with various financial performance management processes, some specific applications may help incorporate regulatory reports into the record to report the process of financial institutions.

Here are some of Oracle EPM's capabilities where we've seen success with financial institution regulatory reporting:

- **Unlimited dimensionality:** Regulatory reports may require more dimensions such as counterparty, etc. Both HFM (Hyperion Financial Management) and Essbase are capable of housing an unlimited number of dimensions based on business requirements. An audit trail, such as a book code, can also be created within the applications by creating an additional dimension through which supplemental data or additional details can be loaded and validated.
- **User-generated data:** Regulatory reports require granular data and often complex calculation to derive actual number, and GL systems may not have the capability. If this is the case for a financial institution, a web form can be created for the users to input and calculate data, which can be loaded in the database for that dimension member.
- **Reporting:** Oracle Hyperion Financial Reporting Enterprise Edition is a robust report writer where custom regulatory reports with predefined business logic and calculations can be built.
- **Consolidation features:** HFM provides the ability for intercompany eliminations, minority interest calculations, multicurrency translations, US - GAAP (generally accepted accounting principles), and IFRS (International Financial Reporting Standards) as out-of-the-box functionality.
- **Calculation manager:** Line items of many schedules of many regulatory reports may require complex calculations to derive the financial numbers. These calculations can be written within a calculation manager to build the final reports from HFM, Essbase and Hyperion Planning.
- **Process management:** HFM and Hyperion Planning have the out-of-the-box functionality to manage the review and approval process of financial data.
- **Integration:** Both HFM and Essbase provide an add-in for Microsoft Office, wherein you can retrieve and analyze data in Excel and leverage other Microsoft Office tools for multiple purposes. Also, HFM and Essbase can be completely integrated with other Oracle financial close suite tools.

Oracle EPM can create custom built regulatory reports

To assess the ability of a particular technology to achieve the desired business objective, it is important to map the capabilities of that technology with the capabilities required to achieve the business goal, or, in our case, to map the EPM applications capabilities to capabilities required to produce the regulatory reports.

This capability matrix can help:

Capabilities	Regulatory reports	Oracle EPM suite of applications
Dimensions	Reports may require multiple dimensions, beyond traditional dimensions such as account and cost center. For example, it may require product and counterparty dimensions.	While HFM provides eight system standard dimensions, namely scenario, rear, period, entity, value, account, intercompany, and view, Essbase and HFM also provide the ability to create unlimited custom dimensions.

Capabilities	Regulatory reports	Oracle EPM suite of applications
Data and supplemental data	Data for reports can be very granular, so it may or may not be in the GL. This means that either an additional configuration of the GL system is required or a placeholder is needed to get this data.	A web form can be built for the users to input the data if the GL system cannot provide the data, and this can be through the review process for governance and audit purposes.
Calculations	Many line items of different schedules of reports may require complex calculations.	A calculation manager inside the HFM and Essbase can be leveraged to build custom rules/logic to derive the financial data.
Footnotes	All of the reports will have footnotes.	An HFR application that comes with HFM and Essbase can be leveraged to manage, place, and define the footnotes.
Integration with GL systems	Financial data may arrive from GL systems.	FDMEE (Financial Data Management Enterprise Edition) applications can be leveraged to extract, transform, load, and map the data to line items of different schedules to these reports.
Standard custom reports	Most of the reports are standard, with a predefined structure and built-in rules and logic.	The HFR application can produce the custom reports; the calculation and consolidation process can be managed in HFM, and data can be managed in FDMEE.

How can PwC help?

We bring strategy, business, and technology backgrounds to help solve complex business problems. Our project management, regulatory, infrastructure, and Oracle EPM teams come together to successfully assist with reporting strategies to build a robust platform that covers your financial institution's regulatory requirements.

Our proven expertise in employing Oracle's EPM solutions for regulatory reports can help you in achieving your desired objective.

For a deeper conversation, please contact

Jeffrey Spector
Partner, PwC Financial Services
Oracle Leader
(267) 330-2645
jeffrey.spector@pwc.com

Tapan Nagori
Partner, PwC Financial Services
Oracle EPM Leader
(312) 298-3574
tapan.nagori@pwc.com

Pasquale Buffolino
Director, Financial Services
(646) 471-3334
pasquale.f.buffolino@pwc.com

Nitish Mahajan
Manager, Financial Services
(214) 756-1707
nitish.mahajan@pwc.com

Vasu Vats
Manager, Financial Services
(214) 979-8623
vasu.vats@pwc.com

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