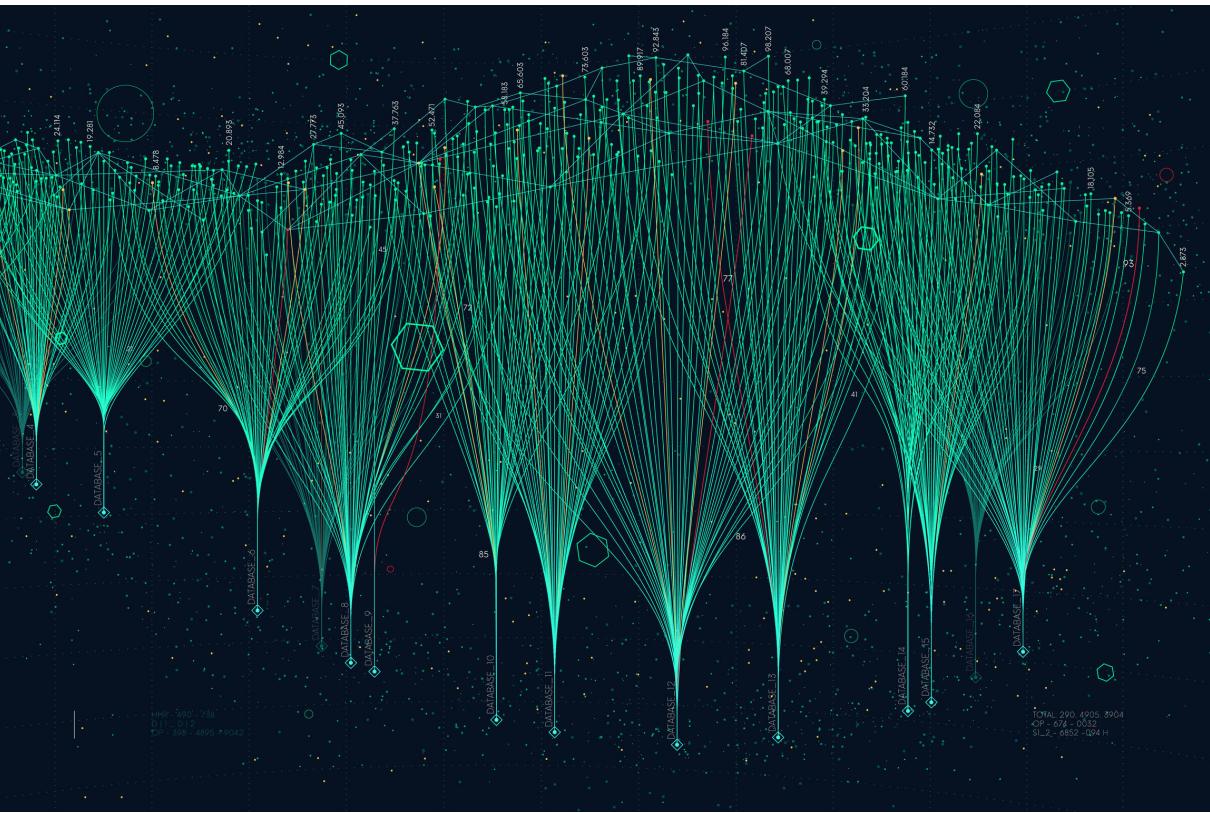




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From Data Governance to Data Culture: BCBS 239 and Beyond

Asian firms need to look beyond regulatory compliance with respect to data to ensure the most effective use of their data resources

Whitepaper

 Regulation Asia

From Data Governance to Data Culture: BCBS 239 and Beyond

Asian firms need to look beyond regulatory compliance with respect to data to ensure the most effective use of their data resources.

IRegulators and firms globally have taken note of the importance of data governance, formalised by the release of BCBS 239. In Asia, Singapore, Japan, Hong Kong and Australia have taken a lead in data governance within the region.

Other jurisdictions in Asia are also developing a keen interest in data governance as they open up more to digital banking and payments in order to stay competitive and increase the volume and sophistication of data analytics.

Even as data governance rules evolve, the focus on data culture within firms continues to be nascent. According to Irene Liu, Partner at PwC in Singapore, Asian jurisdictions can do more to catch up with their counterparts in Europe and North America.

While there is increasing interest in this topic, most firms continue to be focused on the technical policies around data governance as opposed to the "softer aspects of culture," says PwC's Liu.

The importance of data culture

"A strong data culture can help decrease defensiveness among leaders when symptoms of poor data quality emerge, providing a more constructive platform for effective action."

- Irene Liu, Partner, PwC

Data culture is at the core of organisational culture today, given the high value of data in the knowledge-based economy. A strong data culture can help employees achieve deeper business engagement, inculcate a sense of purpose and improve the speed and effectiveness of decision making which can lead to greater employee engagement and loyalty.

According to PwC's Liu, a strong data culture can help firms develop a strategy that prioritises the management of high-risk cultural issues and create a proactive mindset focused on preventing data issues from developing.

"A strong data culture can help decrease defensiveness among leaders when symptoms of poor data quality emerge, providing a more constructive platform for effective action," she adds.

Even as data is an increasingly important asset for firms, the volume of data available can expose institutions to operational and reputational risk from potential breaches. Such breaches can create distrust among customers and result in regulatory scrutiny.

It is therefore important for firms to develop a data-focused culture that goes beyond regulatory compliance. According to findings from PwC's Katzenbach Center, organisations with "distinctive and aligned cultures" are twice as likely to report superior execution, better results and higher growth rates.

In 2018, the Center conducted its Global Culture Survey with over 2,000 respondents across 50 countries. It found that 80 percent of the respondents believe that their organisations' culture needed to change markedly for the company to meet its goals. This was up from 51 percent five years earlier.

The same survey also found that 71 percent of C-suite and board members saw culture as a critical strategic area, compared to 64 percent five years earlier.

Data governance regulation

80 percent of the respondents believe that their organisations' culture needed to change notably for the company to meet its goals. This was up from 51 percent five years ago.

The conversation around data culture stems in part from a regulatory push towards data governance and management through global rules like Europe's General Data Protection Regulation (GDPR) and the BCBS 239 principles for effective risk data aggregation and reporting.

The latter imposed crucial requirements on firms to develop their infrastructure for data management, data quality, and to enable an understanding of the data lineage for elements used in critical risk reports.

"All of these are key components of data management. Banks which had previously not established a data governance office leveraged the opportunity to establish an enterprise wide data governance office, with a focus on piloting their efforts on risk reports," said Liu.

Banks that already had a data governance office took the opportunity to revisit and complete the execution of their roles and responsibilities within the office.

As an example, Liu cites a data governance office that took its compliance of BCBS 239 as an opportunity to enforce data quality rules and monitoring.

Some others, she adds, took the opportunity to document data lineage, which had previously been viewed as a time-consuming and costly process.

PwC at the Regulation Asia Awards

PwC won the award for Outstanding Project for BCBS 239 Implementation and was highly commended in the Consulting Firm of the Year category in the inaugural Regulation Asia Awards for Excellence 2018. The firm has supported six out of seven D-SIBs in Singapore and more than half of the world's G-SIBs in meeting these requirements, setting itself apart from other consultants in this space.

PwC is the only external consultant in Singapore providing end-to-end support through the BCBS 239 compliance process, from strategy to execution. Through a well-defined 'capability model', the firm translates the BCBS 239 principles and their associated requirements into specific business capabilities and has devised an innovative approach to data lineage that minimises maintenance efforts and reduces implementation and complexity costs.

Get in touch

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