

Title: Banking industry should aim at data governance to promote growth

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As the global banking industry and financial institutions are increasingly focusing on data management as a strategic asset of the enterprise, the latest PwC survey shows that the role of chief data officers (CDOs) is being gradually enhanced and they begin to take the first steps in data exploitation to serve the organisation's strategic business goals.

At the same time, the goal of data management to serve compliance reports and improve operational efficiency continues to be an emphasis.

According to this survey, more than two-thirds of CDOs play a role in data monetisation, through customer data analysis to provide 360-degree information about customers, developing new products, enhancing customer experience, or seizing new opportunities in operating cost savings.

Many CDOs have been constantly implementing ground-breaking initiatives to automate data management to achieve that goal. These activities range from developing new rules for data management through AI, machine learning, metadata discovery, and automated data lineage to the generation of automated data management reports and cloud data management tools.

Global perspectives on data governance

PwC Vietnam recently hosted an exclusive, closed workshop to nearly 40 senior representatives of banks on "Data Governance – powering control and growth of the data-enabled banking industry" on November 26, 2019 in Hanoi.

During this workshop, PwC's global experts shared results from PwC's CDOs 2019 survey as well as their experiences in implementing data governance projects for local and regional banks. This is part of PwC's Data Governance Series in Southeast Asia with the purpose of sharing global and regional experiences in implementing data governance in financial institutions.



Irene Lee, PwC Southeast Asia Risk and Compliance leader, sharing about highlights of data governance in the banking industry and spotlight of global chief data officers survey 2019

According to Irene Liu, deputy general director of PwC Singapore Consulting, PwC Southeast Asia Risk and Compliance Leader, "Data governance is usually approached by banks with two main objectives.

Some banks implement data governance to innovate and automate their business processes while others expect data governance helps them promote compliance, improve effectiveness, and efficiency.

Over the past two years, data governance capabilities have rapidly grown in many financial institutions across the globe. However, it is important to note that the evolution of data governance has recently commenced and we are at a starting point of this journey."

Main requirements for an overall data governance framework

When it comes to an overall data governance framework, David Yakowitz, global leader of BCBS 239 implementation and compliance, expressed, "The regulators increasingly focus on data governance in risk management and compliance reporting, reflected by the issuance of BCBS 239 in 2013. More importantly, the primary concentration in data governance is that critical data elements (CDEs) need to be managed on the foundation of developing consistent enterprise-wide standards about data definition, data ownership, data quality. Hence, these issues must be specifically regulated in data governance policies and procedures. This is the key point that allows data governance to be applied widely."



David Yakowitz, global leader of BCBS 239 implementation and compliance, sharing about drivers of data governance

Dinh Hong Hanh, leader of Financial Advisory Services, deputy general director of PwC Vietnam Consulting, agreed with this.

She also pointed out: "Data governance can be considered as an opportunity to build a well-controlled environment, creating tangible benefits of business, saving capital, facilitating the development of digital banks. Regarding banks in Vietnam, data governance is an important step to actualise the vision of becoming a leading data-driven bank using data as a development platform to meet the requirements of Circular 41 and Circular 13."

Data governance in Vietnam

PwC Consulting Vietnam also conducted a quick on-site survey with workshop participants to assess the maturity level of data governance with 33 bank's management representatives. 88 per cent of participants agreed that good data governance can help improve competitive capabilities through developing digital banking and advanced analytics. However, most banks are still in the early stages of their enterprise data governance implementation journey.

Less than 50 per cent of responses mentioned that their bank has implemented data governance or data governance policies and procedures as well as developed and determined the role of data stakeholders. Meanwhile, over 66 per cent answered that the bank has not operated the criteria established to measure data quality.

Only 18 per cent indicated that they have built a technology architecture (for instance platform or tools) to support the management of bank-wide data.



Dinh Hong Hanh, leader of Financial Advisory Services and deputy general director of PwC Vietnam Consulting

Hanh emphasised at the end of the workshop, “We strongly believe that Vietnamese banks have sufficient capabilities to become data-driven organisations. It can be said that as obtained from the specific case of ensuring data quality of risk reporting in the roadmap of implementing the Basel II framework, the banks will be able to realise that data governance is necessary for innovation activities such as digital banking development, customer segmentation, product improvement through advanced analysis.”

Tan Duong