

THRIVING IN THE AGE OF DATA

HOW SKYSPARC CAN HELP YOU RAISE YOUR DATA QUALITY AND ACCELERATE YOUR DATA FLOWS

THE RISE OF DATA

Data quality has never been more integral to efficient financial management. Access to accurate, timely and comprehensive data helps large corporates and financial institutions to reduce risks and costs, as well as increase efficiency and performance. High data quality also supports deeper insights, better forecasts and sharper decision making. So what's new? Over the past decade, rapid and far-reaching changes in the regulatory, technological and competitive landscape have steeply increased levels of automation and digitization in financial management processes, heightening the importance of frictionless data flows. Unsurprisingly perhaps, 63% of all large companies now have a chief data officer, expected to rise to 90% by 2019, according to NewVantage Partners. Combined, the 'mega-trends' listed below have helped to raise the importance of data quality exponentially:

- Reporting requirements** : All financial market participants – including large corporates – are increasing the frequency, volume and detail of transaction reporting delivered to regulators, under threat of large fines. In addition, financial crime compliance obligations have stiffened significantly. As such, automated methods of populating reports accurately and quickly are a priority;
- Regulatory reform** : In parallel, financial regulators have looked to reduce systemic risk by mandating more automated processes (e.g. in bond and swap trading), shorter transaction process windows, and capital constraints. These reforms collectively incentivize automation throughout the transaction lifecycle, only achievable if data is easily transferable between systems and counterparties;
- Budget constraints** : In an unpredictable and rapidly changing business environment, all firms are looking to manage financial and human resources more cautiously. Seamless processes and accurate forecasting and analysis are at a premium, meaning a low tolerance for operational delays, breaks and risks that compromise efficiency;
- Technology innovation** : Like all sectors, the financial markets are more highly integrated and interoperable than ever before, leveraging cloud, AI, APIs and other digital technology innovations to accelerate processes, connect counterparties and improve services. When 'data is the new oil', firms that cannot capture, transfer and analyze data efficiently will inevitably lag.

All firms need to ensure data can be integrated and enriched upstream and downstream along the value chain, carrying information and enabling insight. But specific sectors face particular challenges, which often serve to further emphasize the need for improvements in data management, governance and quality.

- Central banks**: The investment operations of central banks have experienced significant change in the past decade, adapting processes to accommodate new asset classes and markets, due both to innovative new policies, such as quantitative easing, and expanding investment mandates. For many, bespoke in-house processes and controls procedures have been re-engineered, with new transaction and data flows established to enable new functions to be carried out efficiently;
- Corporate treasuries**: Whilst adopting more automated and standardized processes for transacting and reporting, corporate treasuries are also improving process efficiency and data management as they centralize tasks from local offices and exert greater control and visibility over cash flows. As reporting and processing windows shorten, all firms are looking to reduce exceptions and failures to allow hard-pressed treasury teams to focus on value-add risk, liquidity and working capital management activities.

CHALLENGE

Missing and incorrect market data inputs, resulting in inaccurate reporting, incomplete generation of transactions / payment instructions and over-/under utilization of limits due to bad valuations.



Errors encountered in downstream system, following transfer of month-end accounting data from the trading, treasury and investment management system to client ERP system, requiring manual and extremely time-consuming resolution by staff.



Client requires daily checks of bank statement quality, used for audit reasons, following project to centralize the treasury function. Client needs automated solution as has over 3,500 bank accounts.



SOLUTION

Implementation of regular, automated checks to ensure external market feeds are running correctly, including 'sanity check' on rates, plus data completeness checks to ensure instrument setup contains all relevant fields. This includes analysis and automated exception reporting when market data or other mandatory information is missing or potentially incorrect.

Automated data completeness check to ensure transaction deal entry is correct and downstream systems are in synch. Mapping tables deployed to successfully export data to client ERP system. When a deal entry is made where mapping tables are not yet updated, an exception report notifies the user.

Fully-automated report, set-up in OmniFi, quickly identifies incorrect or missing statements so staff can follow-up. Report also checks received balances to confirm that previous day closing equals following opening balance, as well as checking that the difference between opening and closing correspond to movement in the day.

EXECUTIVE SUMMARY

- Access to accurate, timely and comprehensive data helps large corporates and financial institutions to **reduce risks and costs**, while **increasing efficiency and performance**.
- For organizations operating in the financial markets, reporting requirements, regulatory reforms, budget constraints and technology innovation are raising the profile of **effective data management, governance and quality**.
- Sector-specific challenges include the adaption of central bank investment operations to new asset classes and markets (due to policy innovation and expanding mandates) and the need for corporate treasuries to use more **automated and standardized processes** to **improve efficiency and control**.
- SkySparc offers **two key services** to help clients enjoy the system flexibility and configurability of market-leading trading, treasury and investment management systems, whilst enabling smooth and efficient data flows across multiple platforms and processes:
 - **Quality assurance on data flows** – Support on configuration, migration, interfacing and testing, leveraging OmniFi’s data management and process efficiency capabilities to set up and optimize formats, reports and information flows; and
 - **OmniFi operations reports** – By improving and standardizing data extraction, formatting and distribution, OmniFi can improve data quality and consistency, and monitor performance via both standardized and custom-built checks.

HOW SKYSPARC CAN HELP

The core processes of any organization reflect its unique mix of counterparties, systems, controls, portfolios, cash flows and legal entities. Indeed, many blue-chip corporates and large financial institutions use front-to-back / all-encompassing trading, treasury and investment management systems precisely because of their flexibility, i.e. the ability to configure its modules and functionality to meet precise, bespoke needs.

But system flexibility and configurability can lead to data quality issues and low STP rates if not deployed carefully and methodically. In today’s environment, few can afford the cost, time and risk issues that occur when transaction and data flows grind to a halt between systems. Problems commonly arise from incorrectly formatting static data used to meet regulatory reporting requirements, or failing to include the necessary ISIN code or accounting classification when setting up a new instrument type, leading to settlement or reporting failure. However, it is possible to improve process efficiency and data completeness, while still meeting existing internal policies and objectives.

Through SkySparc’s deep and extensive consulting experience and the unique process and data management capabilities of OmniFi, we can help clients to improve data quality and ensure transaction and information flows adapt efficiently to present and future challenges. Although SkySparc offers a variety of flexible, customizable service models for consulting projects and outsourced support, we typically support clients’ data quality needs in two main ways:

- Drawing on deep system expertise, SkySparc’s consultants can provide configuration, migration, interfacing and testing support, often leveraging the capabilities of our OmniFi data management and process efficiency tool to set up and optimize

formats, reports and information flows, either on a project or ongoing outsourced support service basis, providing quality assurance on data flows into and out of your trading, treasury and investment management system.

- A high proportion of OmniFi users have already created reports that flag problems with data flows, such as missing fields in transaction reports, or unexpected variations in data, in order to prevent downstream failures. By improving and standardizing data extraction, formatting and distribution, OmniFi can help clients to ensure a high level of data consistency; moreover, it can monitor performance over time via standardized and custom-built checks, which can vary in detail, focus and frequency.

THE NEXT STEPS TO A DATA-DRIVEN FUTURE

The future pace of change is hard to predict but is already rapid. AI and related technologies are increasingly being deployed to automate and manage back-office processes, with robots quickly and efficiently identifying and resolving exceptions. Human staff are already spending much less time on manual, routine processing tasks. They are responding to technology-generated alerts if there is a problem, but otherwise are focusing more on intuitive, value-added skills that contribute more meaningfully to strategic objectives, such as risk analysis, decision-making and relationship-building.

Individual firms will be on their own journey to this highly automated state, dictated by their own priorities. Whether reducing reliance on manual processing to achieve incremental efficiency gains or meet regulatory compliance requirements, or refining data flows as part of a larger strategic project, SkySparc has the expertise and resources to help clients achieve their data quality objectives.

ABOUT SKYSPARC

SkySparc, an independent solutions provider trusted by banks, central banks, Fortune 100 corporate treasuries and asset managers, offers complementary software, outsourced support and a wide range of financial and technical consulting services. Outsourced support enables our customers to focus on their core business and benefit from attentive service from our financial and technical experts. SkySparc OmniFi delivers sustainable business value to customer through advanced management reporting, process automation, system integration and fully automated testing. SkySparc is a four-time winner of *Dagens Industri’s* Gazelle award for fast-growing companies, and has also won both *Central Banking’s* Consultancy and Advisory Award and *Treasury Today’s* Adam Smith Award for Best Risk Management Solution.

