

# A Roadmap for Source Data Navigation

## Risk Data Gap Assessment

It's easy to lose your way in the maze of today's risk regulatory and best practice demands. Too many financial institutions have rushed to get projects, such as Basel, IAS39, and SarBox, out of the way so they



can get back to business. This rush has usually manifested itself with the selection of any one of the many risk and regulatory related front-end applications, with the impression that once the tool is implemented, the requirements have been met automatically. This is a false impression that often leads to a rude and expensive awakening. Institutions who take this approach miss a golden opportunity to enhance their ability to do business, as well as meet their regulatory requirements effectively. In some cases, they fail on both counts. The fault is not in the application, but in the data requirements capture, sourcing, quality, and delivery strategy deployed.

The scope and depth of the data projects and infrastructure that have been used to implement risk solutions are not commensurate with the enterprise scale of the regulations or the rise of risk management as a vital tool for enterprise governance and performance. Tactical approaches cannot deliver on strategic objectives.

You can't report on Basel II effectively with stovepiped data sets and aggregated values with no data providence. You can't assess the true risk of the enterprise against a specific counterparty or event without a high degree of confidence of data completeness or accuracy. You can't deploy risk-based pricing when no two individuals agree on the numbers.

You can achieve risk regulatory compliance and risk management excellence if you have control and confidence over your data at the granular level across your enterprise. The Risk Data Gap Assessment from Teradata is designed to deliver just such a capability by assessing what you've identified and are sourcing already against what you actually need and should be sourcing from (and maintaining into the future).

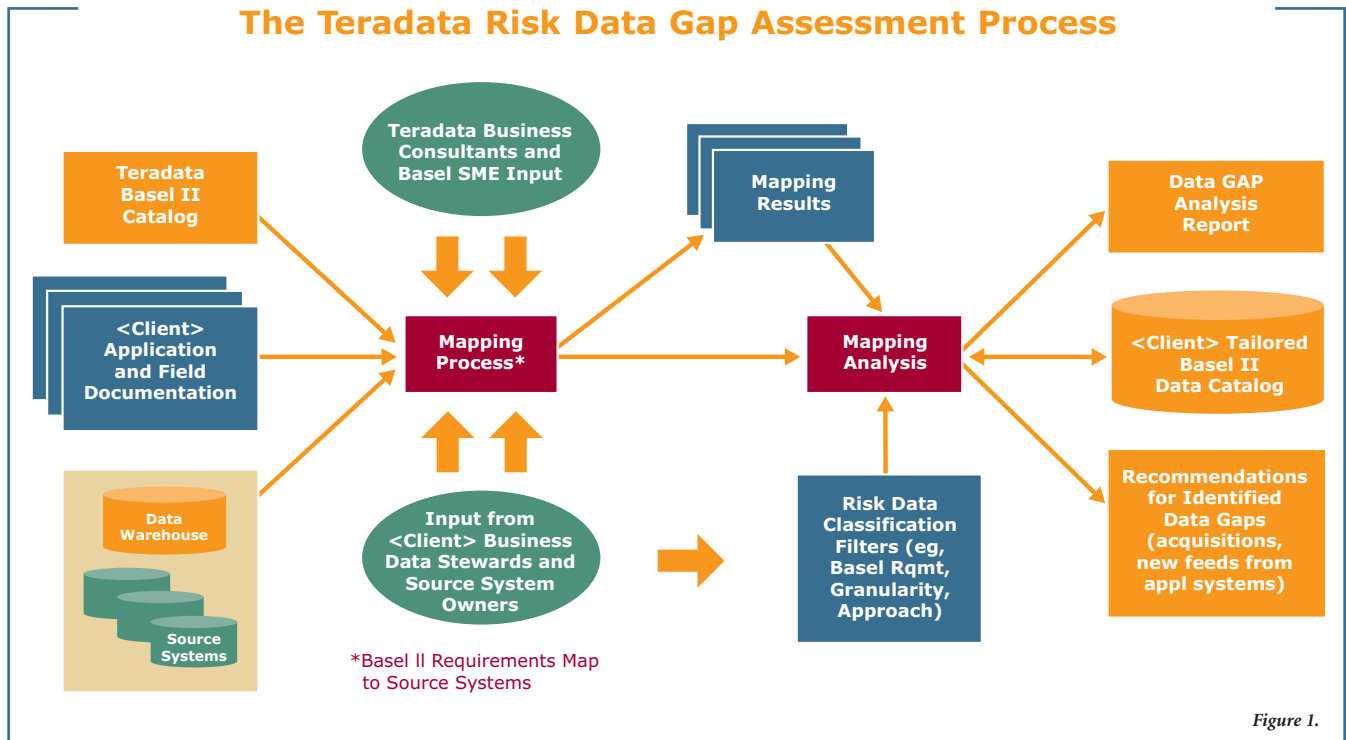
The Teradata® Risk Data Gap Assessment guides you to face and overcome an array of data and systems challenges that you must meet simultaneously. It helps you

to determine what you need, and if it's available (data requirements and gap analysis), and then whether it's coming from the right systems (systems sourcing) based on the business-users' needs for that data element. Only when this is complete can you set about the practical aspect of capturing, storing, and delivering. Therefore, you will be able to accurately determine and store your organization's data requirements against, for example, the Basel Accord and their eventual sourcing from your own systems of record and reference in a single repository. Simply, you begin defining and understanding your data in their most granular and *useful* forms.

### Expedite Your Data Gap and Mapping Activities

The Teradata Risk Data Gap Assessment brings you a proven and extensive Catalog Database/Tool and Data Mapping Methodology. The tool is based on Basel II data needs, as Basel provides an excellent, enterprise-wide risk view of the institution, and is easily extendable for more customized risk data needs. The Catalog Database/Tool is both a database – developed on the Microsoft® Access 2003 platform – and a tool containing built-in Access forms and reports that expedite your data mapping activities. The tool's primary purpose is to help you navigate the Basel II business and data elements that are embedded in the catalog database metadata structures.

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Teradata Corporation developed the catalog for analyzing Basel Accord requirements on a line-by-line basis. It lists specific data requirements used in the identification, mapping, and gap analysis process (using the detailed categorizations of each data item). The catalog not only simplifies a first-pass data gap analysis across your data enterprise, but its intuitive design makes it user-friendly for both the business and technical departments.

As a result, the Risk Data Gap Assessment service can be used to provide you with a clear roadmap for data identification and sourcing data for both the Basel data

warehouse and an ERM solution. Once the assessment is complete, you will be well positioned to begin any number of data centric projects, such as data modeling and data quality assurance.

Figure 1 provides a quick overview of the Risk Data Gap Assessment and mapping methodology using Basel II as a template project. At the far left are some of the key inputs to the mapping process: Basel catalog, application, and field documentation to assist with understanding and analyzing source systems.

Moving left to right are Mapping Process, Mapping Results, and Mapping Analysis

activity boxes that represent a series of tasks performed in successive iterations. As each business subject area is researched, all relevant source systems are analyzed for their role in delivering data to the enterprise data warehouse, as well as the level of data quality and governance present in each system and its surrounding governance/stewardship organizations and processes. Once mapping results are obtained for each of these subject area/source system combinations, they're entered into your specific Data Catalog tool for tracking and ongoing data gap analysis purposes. Recommendations are then given for data gaps that are identified.

# A Roadmap for Source Data Navigation

Accord Version	Basel Approach	June 2004	Business Data Item	Basel Requirement	FS-LDM Entity	FS-LDM Attribute	Explanatory Notes
Quantitative Impact Study 3 - QIS3	Standardized Level	53	Credit Assessment Rating	Standardized Approach Individual Claims on Sovereigns And Central Banks	PARTY RISK GRADE	Party Risk Rating Num	The risk weight of each of the above categories is linked to its CAR
Quantitative Impact Study 3 - QIS3	Standardized Level	55	ECGD Country Risk Score	Standardized Approach Individual Claims on Sovereigns And Central Banks	GEOGRAPHY RISK GRADE	Geography Risk Rating Num	This score is linked to a risk weighting
Quantitative Impact Study 3 - QIS3	Standardized Level	55	ECGD Country Risk Score	Standardized Approach Individual Claims on Sovereigns And Central Banks	GEOGRAPHY RISK GRADE	Geography Risk Rating Num	This score is linked to a risk weighting
Consultative Paper Number 3 - CP3	Standardized Level	55	ECGD Country Risk Score	Standardized Approach Individual Claims on Sovereigns And Central Banks	GEOGRAPHY RISK GRADE	Geography Risk Rating Num	This score is linked to a risk weighting
Consultative Paper Number 3 - CP3	Standardized Level	55	ECGD Country Risk Score	Standardized Approach Individual Claims on Sovereigns And Central Banks	GEOGRAPHY RISK GRADE	Geography Risk Rating Num	This score is linked to a risk weighting
Consultative Paper Number 3 - CP3	Standardized Level	53-56	Basel Risk Weighting	Standardized Approach Individual Claims on Sovereigns And Central Banks	ACCOUNT RISK GRADE	Account Risk Rating Num	Mapping from Credit assessment ratings or overriden by national supervisory authority

June 2004 Accord Para Number

Business Data Item

Teradata FSLDM Mapping

Figure 2. Sample screen from Teradata Risk Data Gap Assessment.

## Complete, Comprehensive Control

The Teradata Risk Data Gap Assessment brings you more control than ever in meeting your data sourcing challenges, including:

### Detailed Gap Analysis

- > Presented in a report format that describes the results of the Risk Data Gap Assessment.

- > Data Assessment results reported by business line and by system within that business (in report format).
- > Includes companion document describing the detailed methodology used to perform the gap analysis.

### High-Level Gap Analysis

- > Data requirements are typically classified into data categories/classes that represent a rollup of the mapping results within each specific subject area.

- > The high-level gap analysis report facilitates management review of the gaps in logical, understandable groupings (e.g. Collateral, Retail Pools, Product, Customer Demographics/ characteristics).

You can also make remediation recommendations concerning data quality improvements and future capture of missing data (e.g. through acquisition of new sources, or new elements added to operational system transactions).

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In Figure 2, we show an example of one row for each data item/Basel requirement combination:

- > Data Item Name: Business name of the data element (e.g. SIC Code or Spot End Period Balance (repeats for each asset class/product)
  - > Granularity: What this element describes (e.g. Account, Customer)
  - > Business Data Item Number: A unique reference number assigned to the data element
  - > Basel Requirement and Reference Fields: Section names from the Accord (e.g. IRB Approach for Purchased Receivables)
  - > June 2004 Accord Paragraph Number
- > Teradata FS-LDM Entity and Attribute: Cross-reference to the Teradata FS-LDM data model entity and attribute names
  - > Basel Approach: Standardized, Advanced, Foundation, etc.
  - > Lifecycle Phase: A code and description used to identify types of systems in which this data item might be found (e.g. loan origination, loan servicing, impaired loan mgmt).
  - > Ability to query Catalog by major asset class/function:
    - All Asset Classes
    - Corporate, Commercial, Retail
    - Equity
    - Trading Book
    - Securitization

## Why Teradata?

Teradata has been leading the technological evolution of data warehousing and decision support for 25 years. We have a long, successful track record of helping organizations – in industries as diverse as retail, transportation logistics, financial services, telecommunications, travel, government, and e-commerce – build better solutions that help solve an organization's problems. Teradata has a heritage of industry knowledge, global support services, and world-leading hardware technology unmatched in the industry.

## For More Information

To learn more about how a Teradata Risk Data Gap Assessment can help you meet your compliance challenges and make better, faster decisions, contact your Teradata representative or visit [Teradata.com](http://Teradata.com).

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