

# Teradata Master Data Management for Enterprise Risk Management

## Challenges for Mastering Data at Financial Institutions

Master data management (MDM), or reference data, is the DNA of key decision-support reporting. It is what enables the Chief Risk Officer of a financial institution to run reports horizontally across all lines of businesses. Examples of these reports include a bank-wide concentration risk analysis or the information on the bank's total exposure by counterparty. Reference data is the bedrock of compliance reporting and audit requirements for data transparency and granularity for a number of regulatory legislations such as Basel II, SOX, IAS39, and the Patriot Act.

Banks face considerable challenges when seeking to implement an effective master data management solution. These challenges include process-oriented issues and the proclivity for "data fiefdoms." Data fiefdoms occur because lines of businesses (LoBs) look to safeguard their ability to function by hoarding data, and they view the sharing of data as a risk to "their" data's integrity (and therefore, revenue). This contributes greatly to data discrepancy and data reconciliation burdens as each LoB, though using the same data item and value, will customize it with little



thought of the financial institution's need for data governance and reporting.

This data hoarding and mistrust of data centralization stems from repeated occurrences of the pace of the business outstripping the ability of non-local IT to keep up in creating, capturing, and distributing new data across the financial institution. A classic example is the speed with which new clients can be added. Client data, of course, is a critical source of reference data for business users. Frequently, the LoB users do not have time to request that IT creates a new counterparty or check for the current existence of a counterparty in the central counterparty (CCID) records as per LoBs requirements. They wish to "do the deal" and won't wait for any delays. But what causes these delays?

The motivation of the data fiefdoms is enabled and supported by the very architecture that prohibits effective enterprise-wide data synchronization – the fact that each LoB has its own cluster of data marts in which to "silo" the data. The traditional

## Teradata Master Data Management

Teradata Corporation is the global leader in enterprise data warehousing and enterprise analytic technologies and services. Teradata gives companies a single, integrated view of their businesses so they can make better, faster decisions that drive growth and profitability.

Teradata® Master Data Management supports rapid reconfiguration of business processes across the enterprise and provides data synchronization while leveraging existing data integration platforms and legacy applications. Teradata Master Data Management is designed for use in key business processes of major industries such as retail, manufacturing, financial services, telecommunications, and healthcare.

Teradata Master Data Management can:

- > provide accurate, current data across information systems
- > give access to data spanning multiple systems
- > maintain a single, trusted data thesaurus across the enterprise
- > reduce total cost of ownership of IT systems

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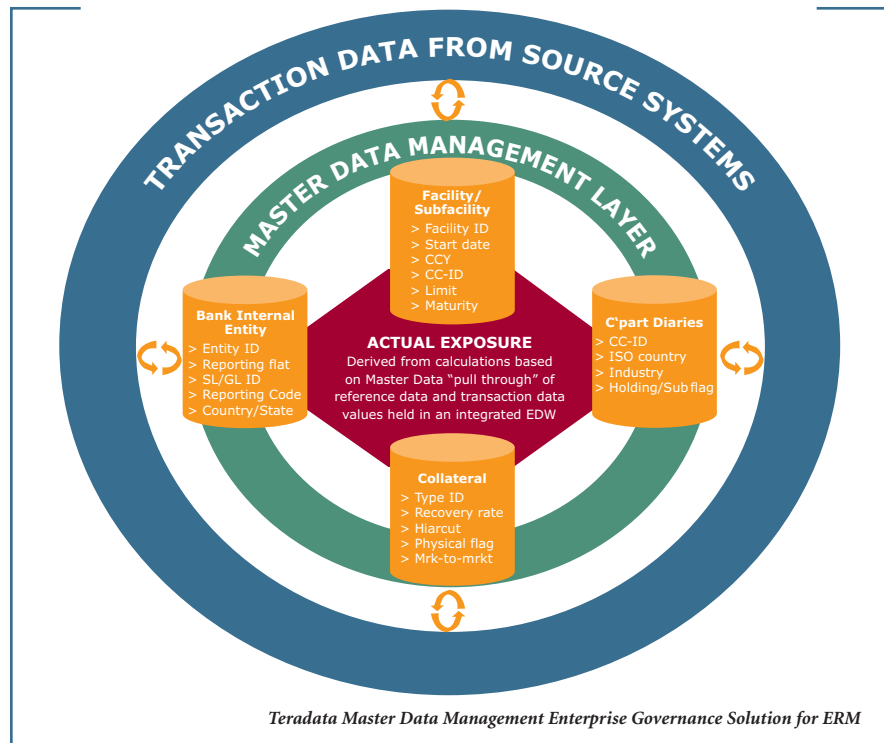
“hub-and-spoke” architecture therefore prohibits effective master data management while encouraging data fiefdoms. And, until recently, there has been no reliable, automated alternative for jointly centralizing and synchronizing the reference data horizontally against an enterprise governance framework.

These fiefdoms can be united into a greater and cohesive whole, and effective risk master data management governance can be achieved, if the business trusts the group data infrastructure to be authoritative and comprehensive. Success is defined by business users having direct and analytical access to the data as per the demands of their business processes.

Combining the Teradata system with Teradata Master Data Management helps companies meet demanding data challenges. Together, they provide a truly viable, automated enterprise-class master data management solution for the enterprise risk management (ERM) needs of financial institutions.

## The MDM Enterprise Governance Solution for ERM

Teradata’s mission in enterprise risk management is to become the leading enterprise risk data infrastructure and analytic platform for global financial services institutions, by serving not only their Basel II and other compliance needs,



but also their complete enterprise risk management data requirements. The ERM offering leverages the capabilities of active data warehousing from Teradata along with MDM tools and utilities, providing next-generation risk management and breakthrough business capabilities.

The solution for enterprise risk management establishes a single authoritative data environment to ensure accuracy, consistency, and auditability in risk data across business lines. At the same time, it creates a dynamic and scalable analytical environment serving the broad and deep

analytical needs of thousands of simultaneous end users without compromise.

Teradata Master Data Management, coupled with our Teradata system is designed to be a keystone data services solution offering enabling financial institutions to take command of and fully functionalize their data in order to realize competitively advantageous breakthrough capabilities.

To learn more about Teradata Master Data Management, contact your local Teradata representative or visit [Teradata.com](http://Teradata.com).

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