



Meeting the compliance deadline for Basel II through an enterprise-wide data quality initiative

FAST FACTS

Customer

M&S Money

Challenge

Enable one of the UK's leading financial services companies to achieve Basel II legislative compliance, and in doing so create an environment for assuring the quality of account data held on its customers

Informatica Solution

Informatica Data Quality

Benefits

- Completion of Basel II legislative initiative for customer data management ahead of the 1 January, 2007 deadline
- Clear procedures for assuring the highest levels of data quality, enabling the business to engage confidently in business development with customers

Nuts and Bolts

- Data Quality: Informatica
- Sources: Various multiple format feeds from insurance and other business partners; 'Lifestyle' data from Experian applications to aid buying pattern prediction; Product-specific customer data and credit history feeds; Flat files from billing systems and credit card accounts
- Target: Oracle datawarehouse
- Platform: IBM RS6000 hardware, various platforms

“We completed our Data Quality initiative for Basel II well before the industry deadline by enhancing our data management across the organisation. Using Informatica to introduce a new approach to managing data quality has given us total faith in the accuracy of our information and reduces business analysis time.”

— Neil Hershaw, Information Management Officer,
M&S Money

M&S Money is a leading UK financial services company. A wholly owned subsidiary of global banking leader HSBC, it retains a close working partnership with UK-based Marks & Spencer, has a very similar customer profile and collaborates on customer activities.

Like all financial services providers, M&S Money had the challenge of readying its information environment to comply with the Basel II Capital Accord by 1 January 2007.

In doing so, the company wished to accomplish a number of operational benefits, namely the assurance of customer data accuracy, reduction of time taken to complete business analysis and increase assuredness in the quality of data from which Business Intelligence is created.

M&S Money therefore planned and delivered a data quality project to ensure compliance with Basel II, which necessitates the tracking and reporting of ongoing exposure to credit, market and operational risks, and introduced improved data management practices across the company. Headquartered in Chester, M&S Money offers a wide range of financial products including the &More credit card, travel money and various insurance policies. It needed to meet Basel II's requirements in order to ensure that its credit risk management practices met internationally recognised levels of consistency and therefore enabled measurement of the adequacy of its capital.

Besides the compliance requirements, there were broader data management benefits that the company wished to accomplish. These centred on the need to avoid potential customer frustration caused by inaccurate data, enabling the company to undertake business analysis and, therefore, sales activities with greater confidence. In the company's own words, it wanted to ensure that customers were given "no surprises" when approached about new products and services. M&S Money's attitude to selling to Marks and Spencer customers has always been that if it was not completely confident about data accuracy, and therefore a customer's likely interest, it would not approach them at all, rather than risk any frustration. Enhancing data quality would therefore drive improved business analysis and sales practices.

The Challenge

M&S Money has grown significantly since it was founded in 1985 and has a longstanding reputation for the quality and reliability of its products. Compliance with Basel II therefore represented a special challenge for M&S Money as the changes needed to its information environment also had to provide a platform for optimum levels of customer service and management.

Basel II is a demanding piece of legislation that requires extensive expertise and sophisticated data management capabilities if the quality and integrity of data is to be consistently assured. M&S Money therefore needed to deliver a data quality initiative that ensured data was managed according to a set specification throughout the whole information environment, imposing quality controls at many points throughout the architecture while retaining centralised control and management.

"We cannot ever risk upsetting a customer because of problems with our data," said Neil Hershaw, Information Management Officer for M&S Money. "Basel II's compliance deadline presented us with both a challenge and an opportunity – delivering high quality data to ensure successful risk management, but also improving our data to drive improvements in many other areas of our operations."

The Solution

M&S Money chose the Informatica PowerCenter data integration solution as the cornerstone of its project. Informatica Data Quality was specifically selected to assure the quality of data input and extraction from its Oracle datawarehouse.

Given the impending Basel II deadline, M&S Money created a specification in mid-2004 for a data quality initiative that would meet the regulatory requirements and the Financial Services Authority (FSA) mandates upon it, as well as delivering a platform for enhanced organisation-wide data quality management. Informatica was chosen because of PowerCenter's technical attributes, its scope for customisation and its ability to integrate a multitude of disparate data feeds. Moreover, the Informatica team demonstrated a wealth of knowledge of how

"Basel II sets the bar high on required data management practices. Compliance dictates the ability to correlate a significant history of consistent, accurate and granular data. Equally, as an organisation we wanted to ensure we could always undertake quantitative measurement of our data to be utterly assured of its accuracy."

— Neil Hershaw, Information Management Officer, M&S Money

best to achieve the level of data quality required for Basel II compliance and brought the experience of managing similar scales of assignments for major banks and financial institutions.

“There was obviously the need to satisfy the data quality elements of Basel II, but also taking this enhanced overall approach to data management would give us greater confidence in our activities to create sales and therefore help drive competitive advantage in the market,” said Mr Hershaw.

The primary operational driver was that M&S Money needed to be constantly ‘aware’ that its data was of the appropriate quality and that it could always demonstrate clear management of the data. Informatica Data Quality was deployed as a data quality management platform alongside the datawarehouse to ensure that data feeds comply with the required quality levels ensuring that BI data remains wholly accurate. Equally, the solution had to support M&S Money’s new data management procedures that were introduced as part of the project, so that any changes which could negatively impact quality would be immediately addressed and nullified. In creating this calibre of data quality management platform, the company also had to consider the need to assure the sustained accuracy of data derived from third party feeds, such as those from insurance policy providers. Again, Informatica Data Quality provided the required support for these disparate data feeds and therefore enabled all data quality to be managed within a single framework.

The methodology for the project began with defining data quality rules for the relevant files and tables, coding those rules, running the data, then analysing the data and creating an action plan for quality

“We evaluated several potential solutions and chose Informatica because it has vast experience in Basel II compliance and was the right solution for our needs. Informatica PowerCenter offered ease of use, support for our existing IT environment and the ability to be customised to meet our precise requirements. We needed to ensure that all data feeds, be they internal or external in origin, were in line with our quality specifications.

The Informatica platform has given us the ability to provide that assurance to our business and to enable our analysts to create rules for how the data should be treated, without having to consult a programme or make changes to our systems.”

— Neil Hershaw, Information Management Officer, M&S Money

assurance. Having now completed the project, data quality levels are evaluated formally on a quarterly basis.

The Results

The main driver for the business was compliance with Basel II’s stipulations, which was completed successfully a year ahead of the deadline. In doing so, the company has created an assured level of data quality that has enabled it to undertake business analysis and financial reporting with greater confidence. A further gain has been the reduction of the analysis cycle by up to 40 per cent, meaning faster comprehension and validation of information through less time needing to be spent assessing the accuracy of the data.





M&S Money's IT team is now able to provide quantitative measurement of the data held by the organisation, which was a broader goal of the initiative. For a financial services company, that resource has proven to be invaluable in providing the 'engine room' that drives business development.

Once Informatica Data Quality went live, it took business analysts just four days to develop 20 Basel II business rules on the fly, deliver a data accuracy scorecard, create profiles on account history tables and develop other business rules that were then added to the scorecard.

"Basel II has been a blessing in disguise. Improved data quality and the ability to measure that quality has impacted our business for the better in several areas," said Mr Hershaw. "It is clear that business analysis has benefited, but also there are factors such as how we evaluate our sales and marketing. We are now able to ascertain with confidence what activities have caused a sale.

"We live by the mantra that customers must be presented with no surprises, but we also experienced no surprises of our own in meeting the requirements of Basel II. It was a tough assignment but the detailed planning and execution enabled us to minimise the scale of the challenge. We're now even more confident that we will always deliver on our commitments to customers and can assure high levels of data quality to assist in running our business," he said.

INFORMATICA[®] Informatica Software Limited, 6 Waltham Park, White Waltham, Maidenhead, SL6 3TN United Kingdom
The Data Integration Company™ tel: +44 (0) 1628 511 311 fax: +44 (0) 1628 511 411 www.informatica.com/uk

Informatica Offices Around The Globe: Australia • Belgium • Canada • China • France • Germany • Japan • Korea • the Netherlands • Singapore • Switzerland • United Kingdom • USA

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