



# DATA GOVERNANCE

Realize Business Benefits and reduce Enterprise Risk



## ABSTRACT

Data Governance enables the organizations to harness the right data fit for purpose. This assists in raising an organization's confidence and trust in the data used for several operations and Insights. There is a definite value associated by leveraging the right data for business functions.

Tejasvi Addagada



## **The need for Data Governance in the Financial Service Industry**

Data Governance enables us to harness the right data fit for an organization. This assists in raising an organization's confidence and trust in the data used for several operations and Insights. Data Governance formalizes management of data quality, meaning, architecture and privacy across the entire organization. There is a definite value as well as risk related to data and operations. This risk is a business risk and should be business owned, as is the value. While value realization is the end objective, a balance between realizations of benefits along with effective management of risks is possible with Data Governance Operations.

## **Drivers to formalize Data Management using Data Governance**

The stakeholders' needs are rapidly evolving like the need for regulatory preparedness, in financial institutions. The business environment including strategic changes, business model changes, advancements in technology, regulations are some primary drivers for these evolving needs. Data Governance is already a new normal in most enterprises as is demanded by regulations like BCBS 239, GDPR, EU No 1024/2013, EMIR, MiFID2, etc.

## **Understanding Data Governance better**

In medieval times, horses were trained to pull carriages from London to Farringdon regularly. The trained horses transferring people to places, is an active process. The process needs to be managed, so that the people reach their destination on time, with the horses being managed properly enroute. This is where the driver plays an active role managing the horses. This also ensures that the passengers enjoy the actual benefits of reaching on time, safely and securely rather than just reaching a destination. There needs to be Governance in place, an oversight over all horses, drivers and carriages owned or the third party sourced, by the company. This is to manage the risks such as passengers not reaching on time, safely and securely which impacts profitability.

Likewise, with the analogy just described, governance is akin to evaluating, monitoring and directing all the aspects of data management: planning, acquiring capabilities, building the service, and then implementing and supporting the service or enterprise.



## Differentiating Data Management from Data Governance

*Data Governance* is an oversight on data management activities to ensure that policy and ownership of data is enforced in the organization. The emphasis is on formalizing the data management function along with the associated data ownership

roles and responsibilities. In addition, governance also ensures that data management as a service is sustainable as a function thereby enabling active management of data.

*Data Management* is the science of actively managing data definitions, quality, privacy, architecture, and data lifecycle along with the value and risk associated with data. It also entails the process of obtaining people, process, and technology capabilities to managed actively across Enterprise.

### Usability of Data Governance and realizing benefits

Quoting an example; what does a 10% increase in the accuracy of the leads dataset mean to your marketing division and organization? It directly impacts the ROI. The division efficiently utilizes the budget allocated to the campaign and embraces high conversion rate which leads to revenue increase.

Quoting another example; what does de-duplication of the customer primary accounts mean to the organization? Less time is spent by the service executive on call with customer to get to the right customer account by not having to struggle with duplicate accounts. This directly impacts your customer satisfaction score, cross sell ratio while also reducing operating costs with maintaining duplicate accounts and time spent in getting the right account.

### Synopsis

Over the past decade, organizations have started to realize the importance of managing their data as an enterprise asset, though some organizations are far from embracing this data driven cultural change. With



the advent of pervasive disruptors such as Internet of Things (IOT), machine learning, semantics and bigdata, organizations have started to realize that fit-for-purpose and trustworthy data is required to derive powerful insights for business growth. 33% of such firms are actively governing their data today, based on a recent survey. Most of these firms are also getting to directly align themselves to the corporate governance principles which is a two-pronged benefit.