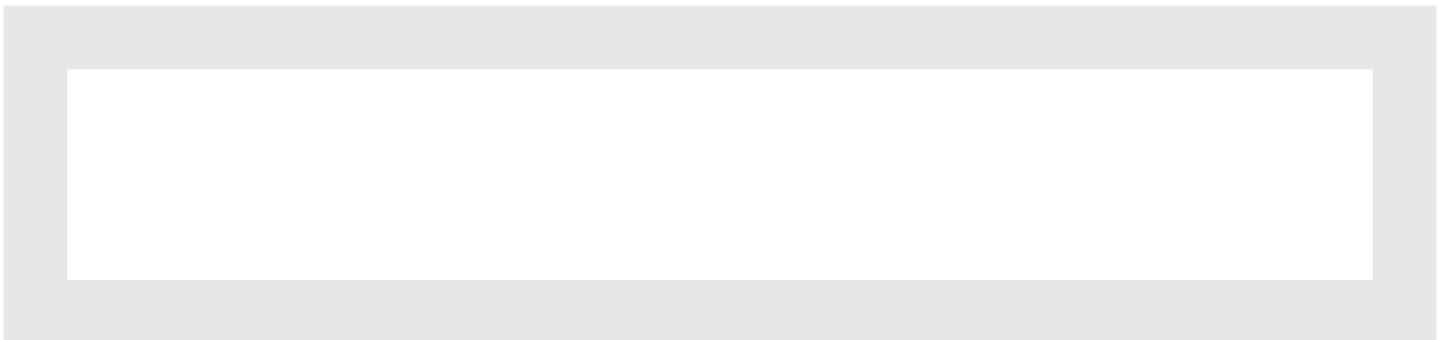
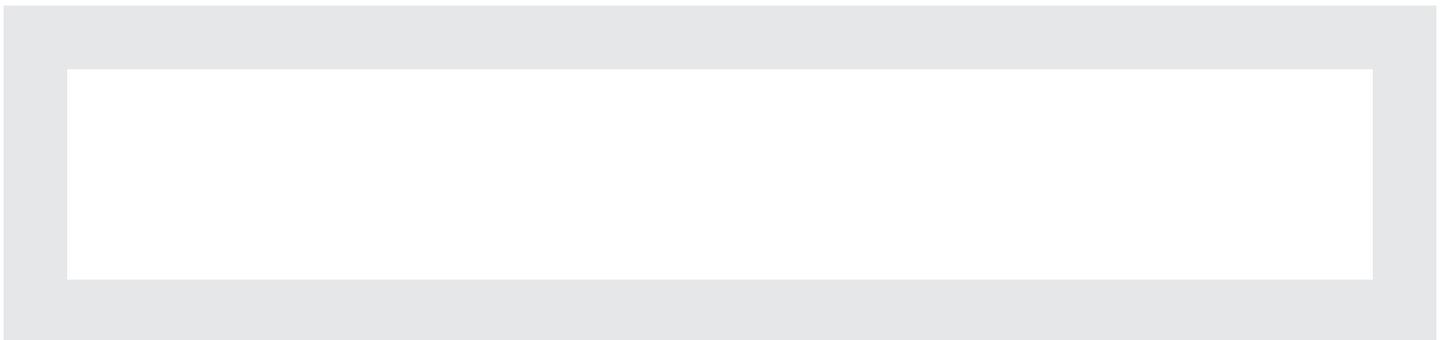
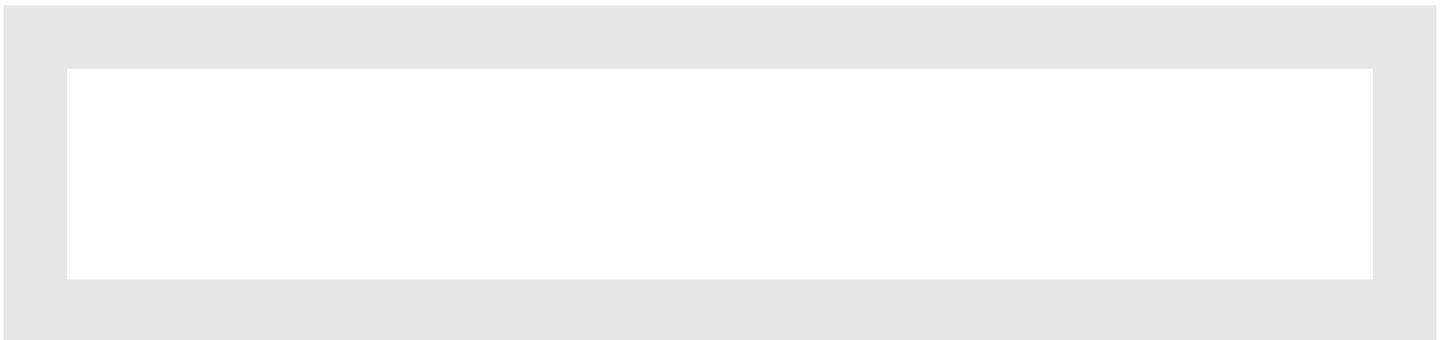




Bridging the top three information governance gaps in financial services



The pace of change in the financial services industry and regulatory environment has accelerated rapidly since the global financial recession. Demand for mobile apps, deposits, and transactions are rising, and financial services marketers are looking for Big Data solutions to expand business opportunities. At the same time, increasing regulatory and compliance obligations are intensifying the pressure for effective information governance.

In the face of a sea change, daunting technical and operational challenges can present opportunities for financial organizations that understand the complexities and are equipped to implement effective solutions for managing Big Data in financial services industry. Those that fail to adapt will fall behind.

Information governance presents challenges on multiple levels

Financial services, banking, and accounting organizations face challenges in several dimensions, and the solution for most cases has roots in effective information governance:

- Growing demand from customers for greater transparency, personalized service, and around-the-clock access to information and transactions.
- Increasing complexity and scope of regulations at all levels of government in the wake of the recession further complicate compliance efforts. Increased regulatory obligations stemming from Dodd-Frank, Comprehensive Capital Analysis and Review (CCAR 2015) and Financial Industry Regulatory Authority (FINRA), and Consumer Financial Protection Bureau (CFPB) requirements are just a few examples of federal regulations—state and local regulations also abound.
- Increasing pressure to secure data and prevent data-related crime. In the age of escalating financial fraud and risk of cybercrime, regulatory agencies increasingly look to banks to help identify and prevent potential fraud and financial crime.
- Effective business management in this competitive environment requires the ability to make strategic decisions based on metrics and trends. Relentless pressure to improve business efficiency and profitability creates a sense of urgency around improving effectiveness in extracting value from volumes of stored data.

State of the industry

Financial services organizations must focus on supporting legal and regulatory compliance, mitigating risk, and improving efficiency and cost control through effective use of technology for information governance in order to meet these challenges. In a recent industry survey conducted by ALM Legal Intelligence, financial industry executives identified three important gaps requiring attention.

The Information Governance Policy Gap: 35 percent of respondents report a need for significant improvement in their organization's information governance structures, and 41 percent rank the improvement of information governance within their top five priorities. Detailed responses revealed that:

- Compliance policies and procedures in many organizations are inadequate or need improvement.
- Most organizations responding to the survey report regulatory sanctions, fines, and increased legal costs that often occur due to shortcomings in information governance policies and procedures.

The Information Governance Technology Gap: While financial organization executives understand and appreciate the importance of effective information governance, the vision is difficult to implement successfully. For most organizations, existing systems and structures don't yet fully deliver on the information governance vision. Two key reasons are cited:

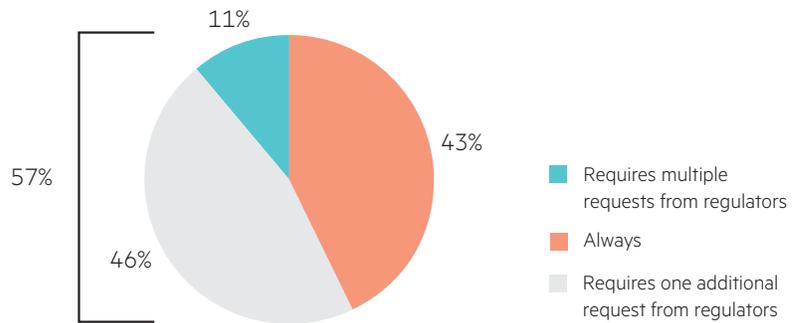
- IT structures and technology are aging. As organizations shift toward outsourcing IT services and infrastructure, the rationale for traditional data centers is fading.

- The large number of applications that don't play well together challenges organizations. In particular, legacy applications restrict the ability of IT teams to integrate data with other silos, making the organization less nimble.

The Data-driven Decision-making Gap: Survey respondents also express the need to derive greater business insight and value from their data, which their systems are not always able to deliver:

- 57 percent say that, for any given inquiry, multiple requests from regulators are typically necessary to satisfy requirements. In part, this delay is attributed to the existing assortment of suboptimal tools for categorizing, searching, and accessing data.

57 percent say that more than one information request is needed to satisfy regulators



Note: "Survey of Highly Regulated Industries," ALM Legal Intelligence, 2015

Figure 1: Is your organization able to provide regulators with all the information they need the first time with full context?

- Survey respondents report that the key challenges in drawing business information from data are significant lost time, lost revenue opportunities, and the inability to support important business decisions. As a result, 38 percent expect to invest in analytics in the next two years.

The majority has lost time searching for information

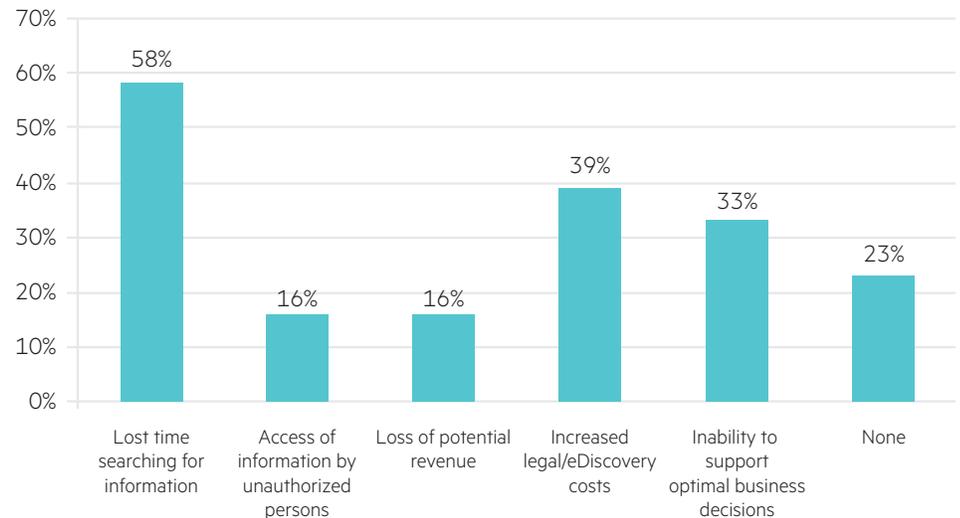


Figure 2: Has your organization experienced any of the following issues due to an inability to access, govern, or gain insight to information?

2016 and beyond: key elements of a successful information governance system

While some larger organizations in the financial services industry have made significant progress on information governance initiatives, most have not achieved all of the goals they have set out for themselves. Information governance effectiveness is an ongoing process. The key is to define the vision at a high level and then prioritize implementation in phases. Successful implementations seem to show a similar set of characteristics that can be applied to your organization:

They take a holistic approach

Recognize that intelligent business decisions, compliance efforts, and efficiency all rest on effective governance of underlying data. Implement a unified strategy that enables you to proactively control and understand your information from creation to disposition and removes data silos with a set of integrated, modular solutions that can deliver greater value. Work with a trusted enterprise technology and service provider for innovative solutions.

They mitigate risk through effective information governance

Upgrade information archiving: centralize data from key information sources (e.g., email, IM, social media, voice, and video, plus structured data) across the enterprise. Consider a policy-based governance solution to help govern data more effectively and meet regulatory requirements through consistent and repeatable application and enforcement of policies.

They enhance solutions for legal and regulatory compliance

Assess existing eDiscovery capabilities. Upgrade if needed, to better prepare for and react to legal matters involving large amounts of data. Improvements may include an enterprise legal hold system, early case assessment tools, or technology-assisted review. Develop methodical systems for tracking and adhering to multilevel regulations to reduce fines and sanctions.

They empower a data-driven organization

An effective information governance solution will help decision-makers access, understand, and use all the data in the organization, regardless of source. Well-designed systems for managing Big Data in financial services industry can bridge the gaps between legacy and new applications and allow financial organizations to:

- Understand the lifetime value of customers, increase cross sales, and manage customer attrition
- Meet regulatory requirements and improve information governance
- Quickly respond to investigations with the right information
- Increase visibility and understanding about the organization's data

With the ability to access, interpret, and analyze the relevant human, machine, and business data across the enterprise, financial services organizations can attract new customers, enhance business processes, operate more efficiently, and create new revenue streams.

Read the executive summary of the ALM Legal Intelligence [2015 Information Governance Survey](#).



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