

Data Governance Compliance for BCBS 239, DFAST, and CCAR with Collibra Data Governance and Regulations

(BCBS 239, DFAST & CCAR)

Data is becoming a much greater asset than ever, and companies are using much more sophisticated data analytics to drive their daily business decisions. Due to this increased sophistication and a lack of transparency on how the data is being used, the U.S. government has started to regulate industries like banks and financial institutions under the Basel Committee on Banking Supervision (BCBS 239), Dodd-Frank Act Stress Testing (DFAST), and Comprehensive Capital Analysis and Review (CCAR) regimes. They ensure financial institutions possess enough capital to survive a crashing market, stabilize, and prevent a severe depression like the financial crisis of 2008.

What is BCBS 239?

BCBS 239 is a regulation set forth by the Basel Committee on Banking Supervision to effectively measure banks' performance. Banks need to develop key risk modeling metrics, including advanced measurement approaches for operational risks. BCBS 239 aims to enhance data infrastructure in order to improve decision-making processes and timeliness. Ultimately, it reduces the probability of loss and regulates banks to strategically plan new products.

What is DFAST?

Dodd-Frank Act Stress Testing (DFAST) is a forecasting exercise requiring banks and bank holding companies with over \$10 billion in consolidated assets to annually evaluate and report their capital position under baseline, adverse, and severely adverse scenarios. The test collects quantitative projections of balance sheet assets and liabilities, income, losses, and capital across a range of macroeconomic scenarios, as well as qualitative information on methodologies used to develop internal projections of capital across scenarios. The scenarios are created by the regulators, which are presented to banks at the start of the stress testing.

What is CCAR?

Comprehensive Capital Analysis and Review (CCAR) is required by the Federal Reserve. Large banks are evaluated annually to ensure that they have robust, progressive capital planning processes that account for risks, as well as sufficient capital to continue operations throughout times of economic and financial stress. The Federal Reserve will test the institutions' proposed capital action plans, including changes to the dividends, stock buybacks, etc. The regulators then assess if the bank is able to maintain minimum regulatory capital ratios with the proposed capital action plans under both adverse and severely adverse macroeconomic scenarios. The plans cannot be made public until approved, and plans that are rejected must be resubmitted.

Integrating regulation into data governance

Instituting data governance practices is a key factor to support compliance with regulations such as BCBS 239, DFAST and CCAR. Using tools such as Collibra can help inventory your models, input variables, business rules, technical rules, and so forth. Item inventories facilitate creation of Critical Data Elements, Data SLAs, and Data Sharing Agreements and assigning stewards to support those daily functions. Collibra creates roles for stewards, who oversee daily functions to ensure the business is aligned with BCBS 239, DFAST and CCAR. Stewards need not be regulatory experts, but facilitate bringing the right people together to discuss and align plans. Model governance workflows can support the entire regulatory process as well.

Figure 1.1 shows how business terms, technical metadata, and regulations can have a relationship in Collibra, providing easy solutions to the functional and technical needs of your organization. A line item in a DFAST report on the right can be traced all the way back to Critical Data Elements, risk models, data quality rules, and source data that has been brought into Collibra from a metadata tool with the help of Collibra Connect.

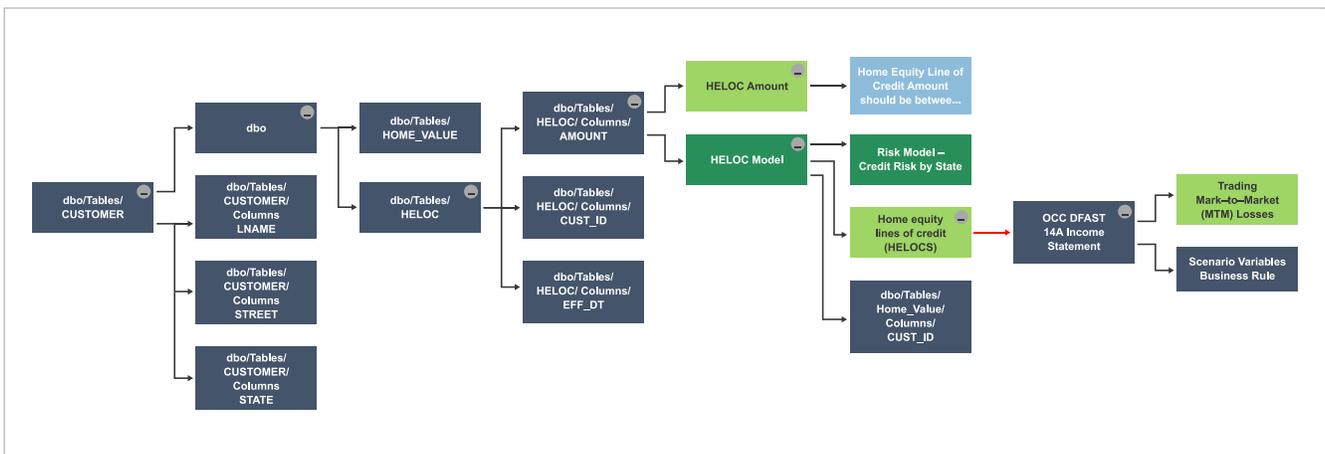


Figure 1.1: Traceability Lineage captured in Collibra. Information Asset's approach

Information Asset expertly guides you through the entire data governance process, including supporting your BCBS 239, DFAST and CCAR compliance with Collibra. We assess, test, implement, and audit in order to set up a stable data governance foundation, incorporating BCBS 239, DFAST and CCAR requirements.

Figure 2.1 shows the 16-step process we use to help organizations set up their data governance foundation, take data governance from a niche organizational function, and bring it to enterprise-wide relevance. We tailor a plan specifically to your business.



Figure 2.1: Data Governance In a Box for BCBS 239, DFAST, & CCAR with Collibra.

Next steps

If you'd like to explore how to lay out Collibra-based data governance plans for BCBS 239, DFAST and CCAR compliance in your organization, please contact sales@information-asset.com.



Want to learn more? Please visit us at www.information-asset.com.
Contact us today at sales@information-asset.com.