Are you fully exploiting the power of data in your risk strategies?

Five steps to bolster risk management and enhance decision making

Efficient, data-driven risk strategies the need of the hour

Data-driven risk strategies are changing the game for banks. Integrating data analytics into risk management can help resolve risks before they crystalize into bigger issues that impact performance and require substantial investments of time and resources to resolve.

Risk-management strategies empowered by data analytics can identify, prioritize and manage material risks in real time, providing impactful view for first-line risk owners, risk and compliance departments, board members, and other key constituencies.

In today's complex and competitive marketplace, these capabilities can be the difference between strategic success or failure. Yet, in our experience working with large banks, only a few are using data in risk management to maximum effectiveness. To gauge progress, we advise banks to ask themselves the following questions:

- Have you re-assessed your risk-management capabilities in the context of expanding compliance reporting obligations and increasing complexity for international banks?

- Do you have adequate staff and infrastructure resources to manage increased regulatory obligations?

- Do your risk-management frameworks trigger timely action, or is your staff paralysed by the information being presented?

- Do your board members have access to real-time risk data to update them on the latest regulatory and key operational requirements so that they can discharge their accountabilities responsibly?

- Have you designed a mechanism for linking risk data to your organisational strategy in the medium and long term?

- Have you considered the potential consequences of not managing your risk data effectively in terms of regulatory censure, financial loss and reputational damage?

Five steps to bolster your risk strategy

Link your risk framework and data strategy

Leverage your risk-management framework tools and processes (e.g., risk appetite, taxonomy, risk registers, and action plans) when defining a data strategy and vision for the short and long term.

Have measurable stage gates and milestones to track progress against your data strategy and roadmap. Connect data goals to the risk landscape, ensuring scalability and flexibility to futureproof your strategy.

Determine your key data

Understand your organisational processes, determine what data is key, and identify the drivers of that data set (e.g., system-generated, external, internal, and manual).

Some data may need to be tested independently or re-calibrated to improve confidence levels to determine whether data controls are adequate and operating effectively.

Address gaps to further enhance data reliability. This step might highlight the need for additional action, such as further cleansing of data, re-calibration of data, or sourcing of new data mined from different areas of the bank.

Ensure your data source is reliable

Understand and map your data lifecycle at both the process-specific and entity levels. Identify existing and/or establish new golden-source data points with clear data lineage demonstrating data flows, processes, and controls across the data lifecycle.

Test the accuracy and effectiveness based on critical data elements.
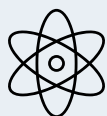
Predetermine what you want to report, to which committee, and when

Understand the needs of your organisational Board and committee structures and assess reporting frequency and regulatory timelines.

Integrate these key drivers into reporting metrics and rationalise key performance indicators within the reporting structure to ensure consistency, accuracy and standardisation in regulatory report generation.

Leverage technology for real-time visibility, monitoring and management

Set aside budget to streamline and automate your critical risk-identification processes, alongside data observability features to monitor and flag issues that arise in real time.

The benefits of this step far outweigh the cost of investment.

Want to explore further?

Our experts are available to meet with banks anywhere in the world to assist with data design and implementation to proactively mitigate threats and keep you ahead of the curve with enhanced data-driven risk strategies.
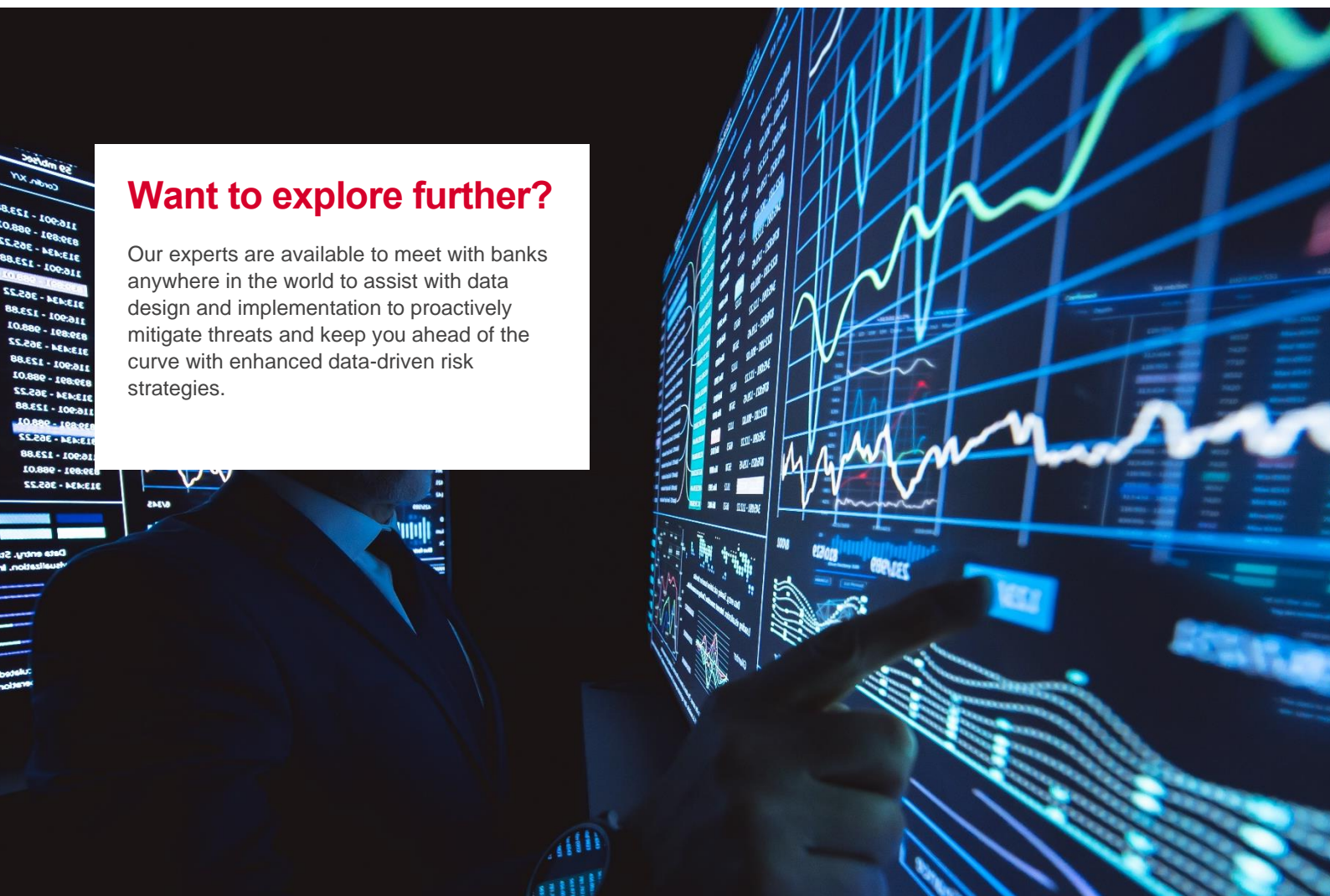
Enquiries

US

Alex Paladino
Head of Business Development, Americas
CRISIL Global Research & Risk Solutions
alexandra.paladino@crisil.com

UK/Europe

Maninder Singh
Head of Business Development, Europe
CRISIL Global Research & Risk Solutions
maninder.singh@crisil.com

Asia-Pacific

Jose Ordonez
Head of Business Development, Asia Pacific
CRISIL Global Research & Risk Solutions
jose.ordonez@crisil.com

Analytical contacts

Mohit Modi
Global Head of Data & Analytics
Global Research & Risk Solutions
mohit.modi@crisil.com

Farhana Majid
Associate Director, Non-Financial Risk Services
CRISIL Global Research & Risk Solutions
farhana.majid1@crisil.com

Warren Moore
Associate Director, Data & Analytics Services
Global Research & Risk Solutions
warren.moore@crisil.com

About CRISIL Limited
CRISIL is a leading, agile and innovative global analytics company driven by its mission of making markets function better.
It is India's foremost provider of ratings, data, research, analytics and solutions with a strong track record of growth, culture of innovation, and global footprint.
It has delivered independent opinions, actionable insights, and efficient solutions to over 100,000 customers through businesses that operate from India, the US, the UK, Argentina, Poland, China, Hong Kong and Singapore.
It is majority owned by S&P Global Inc, a leading provider of transparent and independent ratings, benchmarks, analytics and data to the capital and commodity markets worldwide.

About Global Research & Risk Solutions
Global Research & Risk Solutions is the world's largest and top-ranked provider of high-end research and analytics services. We are the world's largest provider of equity and fixed income research support to banks, and the foremost provider of end-to-end risk and analytics services to trading and risk management functions at world's leading financial institutions. We provide corporate research and analytics solutions to operations, strategy, and sales and marketing teams of corporations globally. Coalition provides analytics and business intelligence to 14 leading global investment banks. We operate from 8 research centers in Argentina, China, India and Poland, working with clients across time zones and languages. Being part of CRISIL enables us to attract and retain top quality talent. We have over 2,300 employees, 75% of whom hold advanced degrees in finance, accounting and management. We employ the largest number of CFAs and CFA aspirants in India. We have won top honours at the World HR Congress on Talent Management and HR Project for the year 2015. We have also won the NASSCOM Exemplary Talent Practices Award (NExT Practices) for skill development for two years in succession in 2011 and 2012. The award recognizes us as a firm that has the vision to proactively invest in its people and get them future-ready.
We are committed to delivering cutting-edge analysis, opinions, and solutions. This underscores our proposition of being the best people to work with.

CRISIL Privacy Notice
CRISIL respects your privacy. We may use your contact information, such as your name, address, and email id to fulfil your request and service your account and to provide you with additional information from CRISIL. For further information on CRISIL's privacy policy please visit www.crisil.com.

Argentina | Australia | China | Hong Kong | **India** | Japan | Poland | Singapore | Switzerland | UAE | UK | USA
CRISIL Limited: CRISIL House, Central Avenue, Hiranandani Business Park, Powai, Mumbai – 400076. India
Phone: + 91 22 3342 3000 | Fax: + 91 22 3342 3001 | www.crisil.com
in /company/crisil @CRISILLimited f /CRISILLimited /user/CRISILLimited /lifeatcrisil

CRISIL
An S&P Global Company