



# Finance Data Strategy



# ***Finance Data Strategy***

Let Finance create a single source of truth and increase data efficiency

## ***Data supplier / IT***



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## ***Data consumer / Business***



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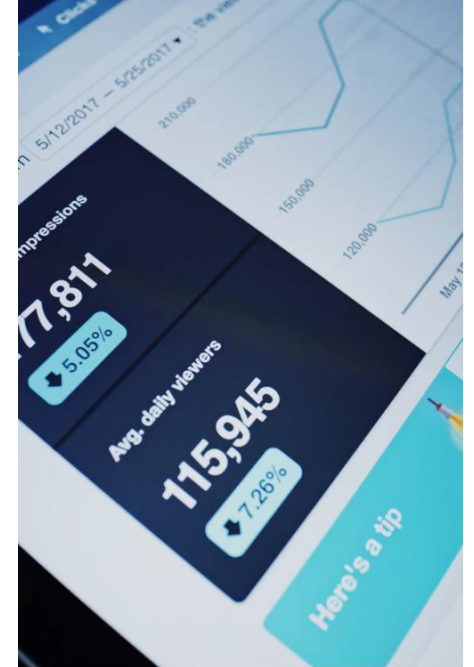
Områdedirektør

Økonomi

# Finance Data Strategy

Let Finance create a single source of truth and increase data efficiency

- Finance as the natural Data Steward
- How can finance data make value?
- Is a common data foundation really needed or just better tools?
- How to make make the IT-Business cooperation work



## Financial reporting in a bank:

- Requires a high level of data detail and multiple data points.
- Involves multiple calculations and business interpretations - especially due to regulatory requirements.
- Data resides in different systems that must be consolidated for reporting.



# PwC Finance Digital Day

## *Finance Data Strategy*

Thursday, March 21st, 2019

Version 1.1

Chosen by 120 Nordic banks

**SDC**

# Agenda

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- 1 SDC Highlights**
- 2 The Challenge**
- 3 The Solution**
- 4 Lessons Learned**



# 1. SDC Highlights

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- SDC is a full-service IT service partner for the financial sector in the Nordic countries.
- Our core services is development and operations of bank applications. As the only service provider on the Nordic market, SDC delivers a cross Nordic platform tailored to the individual countries legislation and languages.
- SDC's Nordic strategy with shared solutions gives clear economic benefits to our Nordic banks since the business requirements and compliance requirements are to a large extent the same across the region.
- SDC has been on the financial arena for more that 50 years and has in depth knowledge about development and operation of financial systems.
- SDC is owned by its customers, a customer portfolio of more than 120 banks in Denmark, Faroe Islands, Norway and Sweden.
- SDC has more than 500 employees at the headquarter in Ballerup, Denmark

## 2. The Challenge

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### **Characteristics:**

- Every year compliance projects take a larger portion of the IT budgets
- Compliance projects are often perceived as not creating business value and are just "something we do to keep our banking license"
- There is an increasing focus on consistency between different regulatory reporting
- Increased focus in the banks to monitor and control the financial situation from day to day (Intra day)



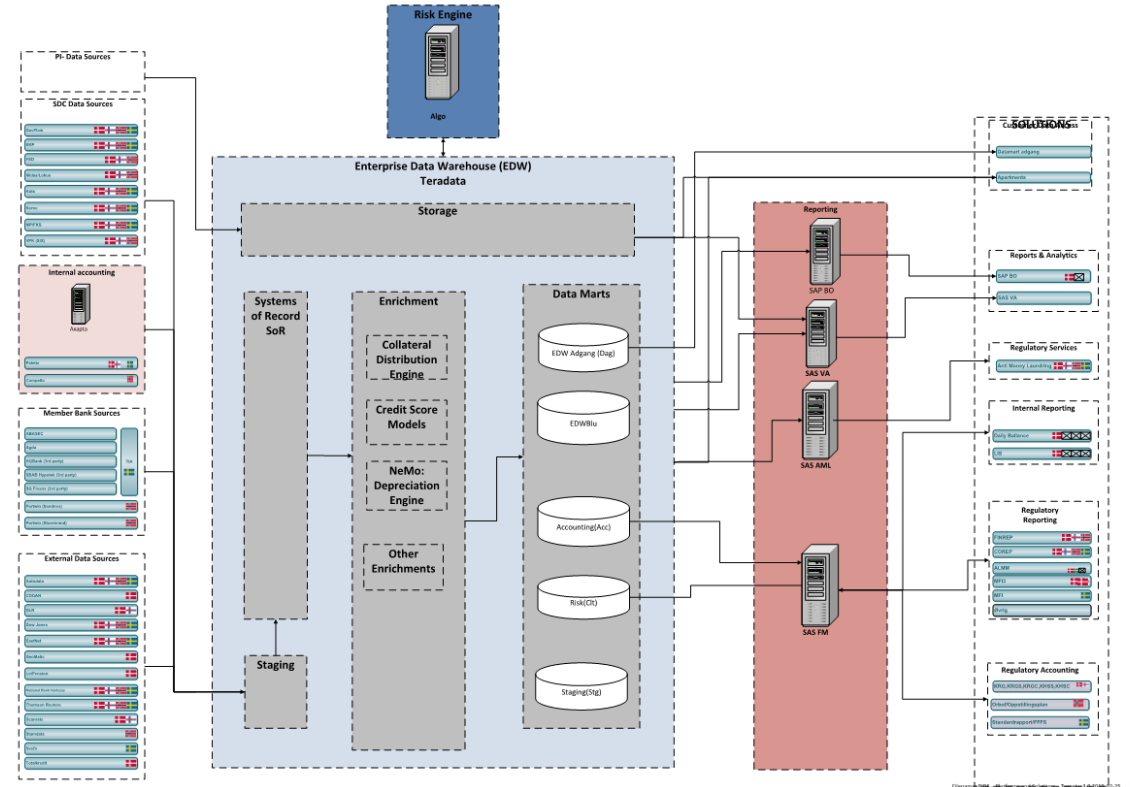
### **Challenge:**

*How to make consistent regulatory reporting and at the same time deliver business value*

Chosen by 120 Nordic banks

### 3. The Solution

- All financial data is collected from source systems
- All financial data is loaded into one data mart (Database) called **Chart of Account (CoA)**
- All regulatory reporting are just different views on the CoA mart. That way consistency is ensured
- The CoA mart is loaded daily and data is ready 07.00
- Our banks can download the data for own Business Analysis
- Our banks can analyze data via SDC systems
- A set of add on services are exposed based on the CoA mart (Daily Balance, LIS Budget)





## 4. Lessons Learned

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- Do not underestimate the customer involvement
- Focusing on doing the *right thing* might lead to over engineering (*Watch out for too much theory*)
- Business people with technical skills are better than technical people with limited business knowledge
- When you create the data model for the output data mart (Database) understand who the real users are
- Avoid long waterfall projects and embrace agile development and frequent deliverables



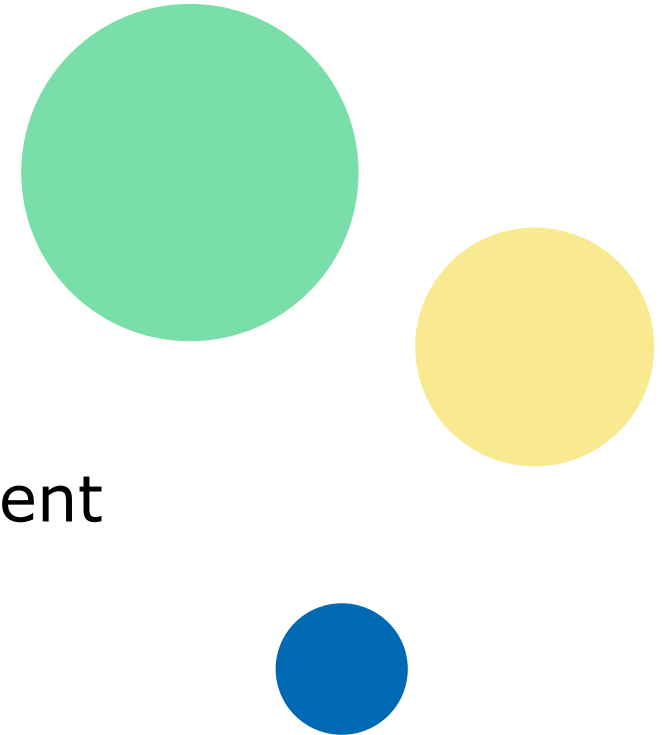
# PwC Finance Digital Day

March 21st, 2019

Lån & Spar

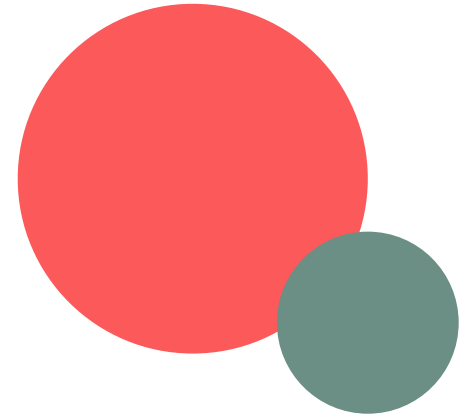
# Lån & Spar

- Danish bank est. 1880
- Loans to the public, DKK 13bn
- Total balance, DKK 22bn
- 400+ FTE
- Activities: Retail, small business, asset management
- Branch in Sweden
- Listed on Nasdaq Copenhagen
- Shareholders: Mainly unions



# Why is it so complicated?

- Lots of different regulatory reporting
- Very detailed reporting
- Frequent reporting
- Frequent changes to reporting framework
- We use five different business systems
- Activities in several countries

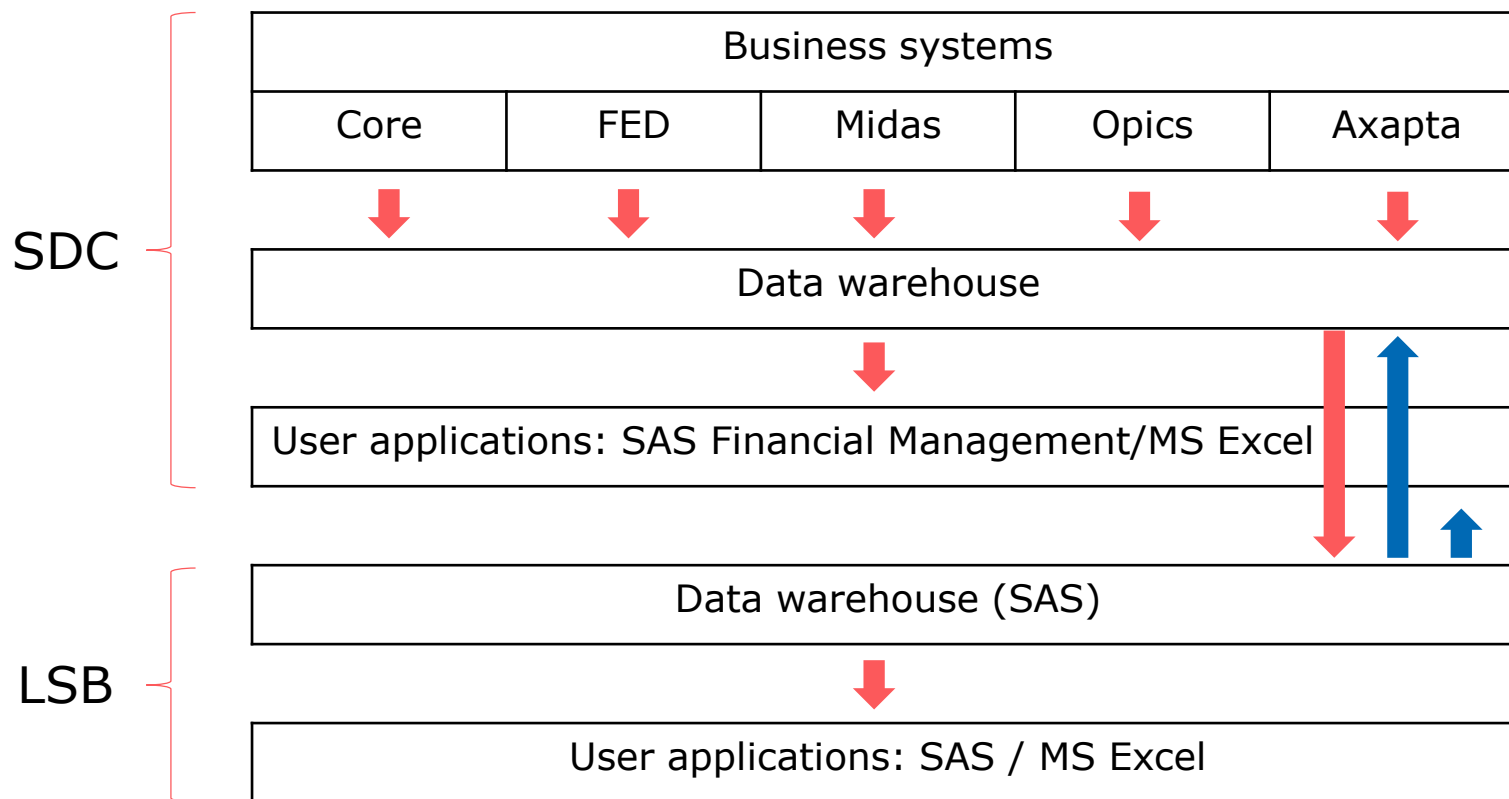


# Besides regulatory reporting

- Internal financial reporting / Performance management
- Risk management
  - Credit score, retail customers
- Budget, forecasting and stress test
- Analyses and business cases
- Customer relationship management
- Anti money laundering

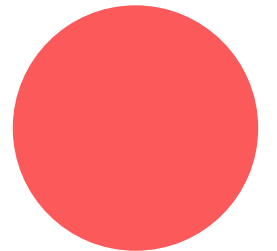
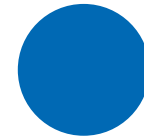


# Our setup



# The main pains

- Time consuming to validate and adjust data across reports and carry adjustments forward
- Errors are identified too late
- Long reporting cycles
- Not enough resources to manage the business
- Employees demotivated

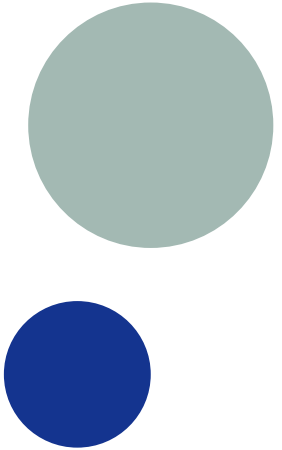


# ... and the reasons why

- Lack of flexibility in the data model
  - In the short run cheaper/faster to support new data requirements with new “buckets” of data instead of adjusting the existing data model
  - Only end-of-month data
  - Rerun of data – all systems for all banks
  - Not all adjustments can be saved in the data warehouse
  - Rerun of data from Axapta only once a day
- Double-entry bookkeeping and IT-developers
- Audit trail and IT-developers
- Financial accounting and risk management are closely linked

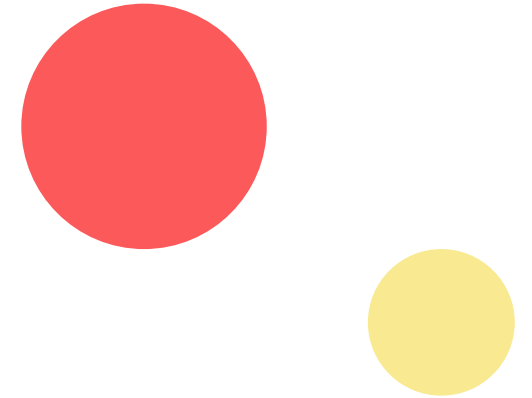
# New data model - a huge leap forward

- New Enterprise Data Warehouse from SDC
  - Based on the same chart of accounts across countries
  - Supports multiple reporting requirements
  - Complete financial accounts on a daily basis
  - Greater flexibility
  - Data updated with adjustments within 2 hours (in progress)
  - Translate financial accounts for the Swedish branch to reporting currency (in progress)



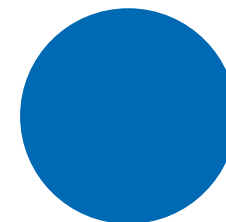
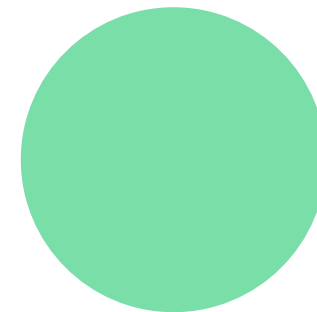
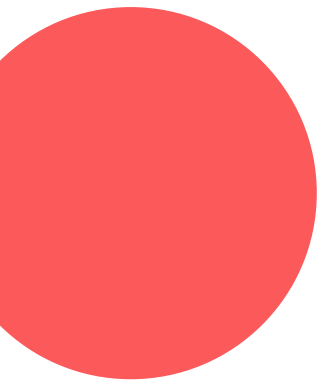
# Considerations

- Be ambitious but also realistic
- Start with the financial accounts
- Build a flexible data model
  - Easy to change mappings
  - Reruns
  - Saving adjustments in data
- Be persistent about double-entry bookkeeping and audit trail
- Link financial accounts and risk management
- Consider user interface





# Questions?



Lån & Spar

## *Lessons learned from the IT – Business cooperation*

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- What has worked
- What has failed
- What are the key success factors?