DATA QUALITY

“Don’t wait for the DNB to come knocking”

An unexpected audit or self-assessment by the DNB. …What now? ...Does our data meet the required quality level? ...Is my organisation in control?... And how can I prove it?

These, and other questions like them, are what ITDS director Michiel van der Lans is typically asked by financial-services providers. He is in no doubt that data quality in the financial sector needs to improve. “Now is the time to ensure that data quality is put structurally on an organisation's agenda,” he begins, “particularly because many financial-services providers want to work in a data-driven manner. You have to be certain that you can rely on your data, aware of exactly which data you are transferring or intend to use, and that you have the ability to manage it, continuously.”

Van der Lans regrets that organisations’ approach to data quality is often reactive. All-too-often, he says, the first time that financial-services providers think carefully about the quality of their data is when there is a pressing reason to do so – like an enquiry from the DNB. As an organisation and director, you obviously want to be able to respond to such a data request or enquiry quickly and confidently. “Don't get me wrong here, financial-services providers are really working hard to improve their data quality, but they are doing so mainly on a project-oriented basis. Their data-quality strategy is largely based on short-term solutions.”

Avoiding risks
This approach might seem logical and appropriate to the problem in hand, cautions Van der Lans, but what if the DNB wants to see an extensive report, for example, or if a project manager wants to carry out data migration in a two-month timeframe. A project is then quickly drummed up, in which the asked-for data must be delivered as soon as possible. “But this is the kind of situation, you'd rather avoid. If you are unable to quickly respond to such a data request or enquiry, the risks could increase and you’ll lack the necessary insight into your data.”

Invest in structure
If projects are of a temporary nature, their structural necessity will sometimes be overlooked, offers Van der Lans. This can be avoided by aligning your data-quality strategy with the cause and managing data quality “preventively”. In other words, being demonstrably in control of your data quality and actively controlling and managing it. “This would be a good time to make data quality an inherent part of your business operations,” he says, “particularly now that many financial-services providers are keen to work on a data-driven basis. But it’s something I don't see enough of in the financial sector. Working on data quality can be rationalised by investing time and energy in a structural design and smart solutions.”

A “must” on the agenda
Every process, every change and every decision taken within an organisation has an effect on its data and thus also, by extension, the quality of that data. Not only is the active management of data and its quality highly desirable, it is a “must”, insists Van der Lans. “This is why it’s so important to make data strategy, and its translation into

an integrated approach, an inherent part of the agenda. In this way the focus on data – as well as its quality – will continue, even after the project has been concluded."

Set up a dedicated data organisation

When it comes to positioning data within an organisation, several key questions need to be asked. What do you want to achieve with the data? What place do data and data quality command in the organisation? Who will be responsible for it all? And what form will the reporting take? Van der Lans' response is short and to the point. "Set up a complete data organisation, a dedicated department for specific data management and data quality. This data organisation must be separate from the business and its ICT, because only then can you ensure that data quality will not fall by the wayside if other day-to-day operational priorities arise. Managing data quality calls for dedicated roles and responsibilities. For the manager(s) of the data organisation the importance of data must always come first. After all, they are the ones who are ultimately responsible for that data, and its quality."

Setting up and rolling out a data organisation and improving data quality doesn't come cheap, he cautions. A data issue could quickly spread to corrupt thousands of data fields, which would be a nightmare to solve manually. "But if you have a dedicated data organisation you could tackle the problem structurally. This organisation would be responsible for realising the data strategy, defining the appropriate policy and standards and implementing it all so that data quality is improved."

The smart use of technology

According to Van der Lans, all-too-often in the real world the improvement of data quality is still done manually. And given the level of complexity of the data typically handled by financial-services providers, this can be hugely costly. But by exploiting technology there are smarter and more practical ways of doing it. You could for example, deploy tools and algorithms that will identify data-quality issues, trace the right data and then make the necessary changes in the systems. Think in terms here of algorithms that can predict missing data fields on the basis of historical or external data. Or algorithms that can detect duplicated administrative relationships and ascertain which records can be merged, based on similarity matching. The data fields or records that are found can then be read in or changed via data-cleansing streams. This is a continuous process in which data is verified, supplemented and read in a controlled manner.

Instead of being wasted on manual actions, it allows resources to be used for other purposes, such as focusing on and managing the data-cleansing process.

Promote awareness

Making data quality an intrinsic part of your organisation also involves making your employees aware of its importance, stresses Van der Lans. "This can be achieved by using tooling, for example, and confronting employees directly with the role played by data quality in their work. You can also, of course, use training and communication campaigns on data quality, but you should let the solutions work for you too. By ensuring that a warning or flagging-up message pops up when a data field is left empty or erroneously entered during a process, for example. This will give the employee immediate feedback."

What you are saying, he adds, is be careful, this action will have a detrimental effect on data quality. “There is much to be gained by promoting direct awareness in a system-technical context. And including technology and tooling in your total data-quality solution will enable you to create awareness and provide immediate feedback.”

Indispensable
Van der Lans concludes by reemphasising the increasing importance of data quality. “First of all, it has already become indispensable to the business operations of financial-services providers. And secondly, supervisory bodies are imposing more and more requirements that data quality must comply with. But with the right organisational structure in place, smart technological applications and a continuous focus on the data organisation, you won’t have to worry about your next data request or migration. Well, at least not about the quality of that data.”

Want to know more?
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