



MANTA

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PAPER

WHY **DATA FLOW MANAGEMENT**  
IS ESSENTIAL FOR ALL FINANCIAL  
INSTITUTIONS AND COMPANIES  
LOOKING TO ESTABLISH TRUST  
IN THEIR DATA



# WHY **DATA FLOW MANAGEMENT** IS ESSENTIAL FOR ALL FINANCIAL INSTITUTIONS AND COMPANIES LOOKING TO ESTABLISH TRUST IN THEIR DATA

## THE CURRENT STATE OF REGULATORY COMPLIANCE

Starting with Basel II and then again with the advent of GDPR and other rules related to personal data, enterprises everywhere are dealing with new obligations for regulatory compliance and reporting.

This is compelling financial organizations to invest heavily in data quality, governance, and better understanding of their data. This includes its usage, whereabouts, and the way it flows through the enterprise. Being able to demonstrate exactly how loan exposures are calculated, which systems were sourced for calculating risk metrics, and who is responsible for the quality and management of that data is critical for avoiding fines and satisfying regulatory obligations. Furthermore, headlines about

data breaches have, unfortunately, become very common. This past July, a leading credit card institution was subject to one of the largest data breaches in American history. The data breach, allegedly coordinated by a software-engineer-turned-hacker, affected more than 100 million credit card customers. Being able to illustrate potential breaches in advance, and/or proving that an organization did everything possible to stop an event, can lessen the impact of a breach.

Being fined for data breaches and poor risk management is only one of the many concerns that players in the field of banking and finance have on their minds. Customer and investor confidence can also be severely damaged, thus sinking trust in the company overall.

## HOW CAN DATA LINEAGE HELP?

Many companies understand what data lineage is but struggle to understand the possibilities for usage and the value that it can bring. Put simply, data lineage is the documentation of the journey of data for the information that matters most to the organization. When enriched by the knowledge of that journey, organizations can answer a broad variety of questions: Where does this data come from? Where does it go? Who owns it? Here are a few examples of dilemmas that MANTA customers have been able to solve using lineage.

## WHERE DID THE DATA THAT IS BEING USED TO GENERATE RISK-BASED METRICS COME FROM? HOW WERE THE NUMBERS DERIVED?

Risk exposure calculations are complex, often evolving over time and nearly becoming a “black box”. Understanding exactly what is happening “inside” authorized risk calculation engines is difficult. This leads to unqualified assumptions at the worst or, at the very least, enormous amounts of time and resources being spent to reach conclusions and reconcile results.

One of our large financial customers, faced with regulatory pressure, created their own risk-based lineage reports

for about 30 critical data elements. This took them over a month to complete. When their BCBS 239 obligations increased to require lineage for between more than ninety and nearly one hundred critical data elements, they realized that it would be impossible to meet the necessary deadlines with their current staff and resources. Using MANTA to illustrate the complex flows and calculations of their risk assessment process, the current team was able to meet their new obligations on time using existing resources and within the delivery timeframe.

## HOW AND WHERE IS CUSTOMER AND OTHER CRITICAL DATA BEING USED?

Do you know where all your customers' personal data resides? Do you know all the sources of such data? Do you know how and where all this personal data "travels" through your enterprise? Does this include when and where it is archived? For companies obligated to comply with any number of regulations, it is important to be able to answer yes to all of these questions. For companies that want and need a better understanding of their customers and the management of these invaluable assets, it is equally important to answer yes to all these questions. Consequently, having an awareness of these conditions and the necessary answers is critical to every data management and governance strategy.

It's easy to see that putting together the answers to all

these questions forms an entire dataflow map. But the real question is, how do you obtain these answers without spending months of valuable employee time on manual analysis?

Acquiring lineage insight requires automation and the ability to quickly scan, parse, and validate the complex systems that contribute to the entire data lifecycle. It requires automation that recognizes the sources, identifies the targets, surfaces complex rules and transformations, flags the use of data items in reports and distributed file systems, and then provides a mechanism for identifying, tracking, and following data items as they flow through their lifecycle.

## CONCLUSION

It has been established that data lineage yields positive results regarding data safety and regulatory compliance. But the opportunities for further use of data lineage really are limitless. What else can be achieved?

Data lineage helps establish better trust in the entire system. The data sources for many risk and compliance initiatives also provide input to data lakes, warehouses, and many decision support dashboards. Increased confidence in data helps avoid "decision paralysis" when trying to determine whether certain measures are trustworthy.

Companies delivering data lineage have more insight and can plan better when making changes throughout the system. If a risk source has to be changed, it is easier to determine which downstream reports and systems might be affected and which department leads will not be pleased (or lose productive time in their decision making).

Knowing your environment can be beneficial when you are applying an agile development strategy for your internal software and need to create sandboxes for a more flexible playground for your developers, or need to quickly identify dependencies in your systems so you don't experience an occasional collapse when you are deploying a new software update.

Meeting your obligations for regulatory compliance is a known requirement that is not easily met. Data lineage automation will help you deliver on those obligations while also yielding otherwise unseen benefits for the rest of the business. Comprehensive data lineage reporting satisfies regulators and enhances business initiatives!