Don't delay: Time to improve BCBS 239 compliance

A workbook for financial services data leaders who want to manage risk with smart, data-driven choices

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Who is this workbook for?

Time is money, and the clock is ticking. As a data leader in financial services, your most important priorities are ensuring your organization follows the rules, manages risks effectively and makes smart, data-driven choices.

To reach these goals, it's essential to follow the principles of BCBS 239. Doing this successfully can lower risks, such as fines and damage to your organization's reputation. It can also create a culture of openness and strength that helps your organization succeed in the long run. But what is the best way to achieve this?

This workbook provides important information about BCBS 239. It includes the latest guidance on governance, IT infrastructure, risk aggregation and reporting. It also offers practical tips for aligning your organization's data practices with these requirements. You can use this information to:

- Assess your current situation

- Identify compliance gaps

- Assemble your BCBS 239 compliance team

- Create an improvement plan

By the end of this workbook, you will understand how a strong framework can help your organization follow regulations, stay compliant and improve your data strategy for the future.

Why it's so important to get BCBS 239 right

What is BCBS 239?

The [Basel Committee on Banking Supervision introduced its standard number 239](#) (BCBS 239) in 2013 in response to the 2008 financial crisis. This standard helps banks manage data and risks more effectively, improving their decision-making processes for identifying and reducing risks.

Primary goals of BCBS 239

Institutions must gather and combine data from different departments to effectively manage risks. This gives them a clear view of their overall risk exposure. Improving risk reporting is essential; reports should be accurate, timely and easy to access. This helps risk managers and stakeholders make informed decisions. By enhancing data quality, financial institutions can make better decisions, reduce their risk of systemic issues and contribute to a more muscular financial system.

Revised guidelines

In May 2024, the European Central Bank updated its guidelines for Risk Data Aggregation and Reporting Requirements (RDARR). The new guidelines focus on seven vital areas:

- Management responsibilities
- Adequate application scope
- Effective data governance framework
- Integrated data architecture (end-to-end data lineage)
- Consistent data quality standards for the entire organization
- Timely risk reporting
- Effective implementation programs

The aim is to help organizations report risks accurately and quickly.

[1]Source: https://www.idc.com/getdoc.jsp?containerId=US51397423

What are the 14 key principles of BCBS 239?

BCBS 239 is structured around 14 principles that focus on improving governance, risk data aggregation capabilities and risk reporting practices within financial institutions. These principles are divided into four core categories:

Governance and infrastructure

1. Discover and classify all data sources

2. Identify sensitive data types and understand data structures

Risk data aggregation capabilities

1. Accuracy and integrity

2. Completeness

3. Timeliness

4. Adaptability

Risk reporting practices

1. Accuracy

2. Comprehensiveness

3. Clarity and usefulness

4. Frequency

5. Distribution

Supervisory review

1. Review

2. Remedial actions

3. Cooperation

How to conquer your BCBS 239 compliance

Are you tired of fragmented governance and low confidence in your data? We thought so. Here's how to establish a structure that improves governance, risk data aggregation capabilities and risk reporting practices.

Assess your current state

This is your chance to evaluate your organization's current practices in aggregating and reporting risk data.

Governance and infrastructure

How could your organization improve its governance framework?

☐ Define the framework

☐ Set clear accountability

☐ Document policy more effectively

☐ Design IT infrastructure to support data management

☐ Other

If you checked "design IT infrastructure" above, what would that include?

☐ Scalability

☐ Alignment with strategic priorities

☐ Real-time data integration

☐ Other

Evaluate your current data management infrastructure. Is it sufficient to handle the volume and complexity of your data?

☐ Yes, it's sufficient

☐ No, it's not quite sufficient

☐ Needs improvement
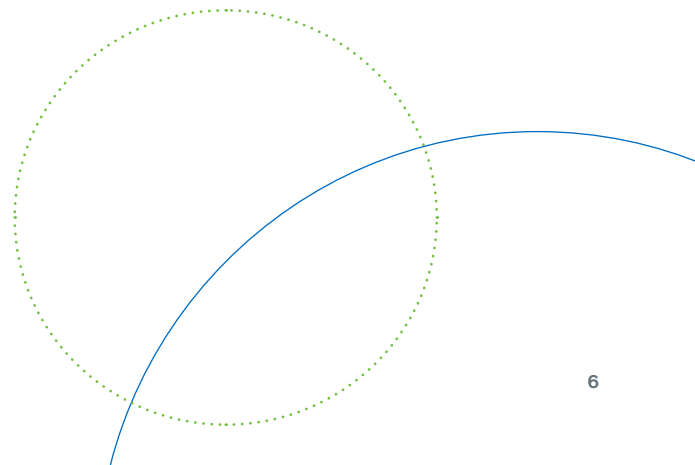
Risk data aggregation

What are your challenges in aggregating risk data across departments and systems?

☐   Want to improve accuracy

☐   Would like to aggregate risk data comprehensively

☐   Want to aggregate risk data in real time

☐   Unable to aggregate risk data during periods of market stress

☐   Other

Are there silos or delays?

☐   Yes

☐   No

Do you have mechanisms to handle fragmented or incomplete data?

☐   We have some tools and processes in place

☐   We'd like tools and processes to gain a clear understanding of exposures

☐   Other

☐   Other

Risk reporting

What would you like to improve about risk reporting?

☐   Automate reporting

☐   Improve accuracy

☐   Provide greater context and real-time insights

☐   Make reports clearer and more actionable

☐   Make reports timelier

☐   Other

Risk reporting (continued)

Are risk reports comprehensive and aligned with decision-making needs?

☐ They could be more comprehensive

☐ Ability to tailor reports to address key risks and enable strategic responses

☐ Other

Supervisory review

How prepared are you for regulatory reviews?

☐ Need to be better prepared

☐ Want a better way to document compliance efforts

☐ Interested in a process to help address gaps

☐ Other

How do you document and maintain compliance documentation?

☐ Very ad hoc

☐ Our process is very reactive because of changing rules

☐ Other

Are you aware of the penalties and risks of non-compliance?

☐ Somewhat aware but don't know what to do about it

☐ Not as aware as I would like to be

☐ I would like to learn more about proactive compliance measures

☐ Other

Identify compliance gaps

What are your most significant compliance gaps?
Identify the biggest challenges your organization faces in maintaining data quality.

- ☐ Data entry errors

- ☐ Inconsistent data formats

- ☐ Lack of data governance

- ☐ Other:

Based on your responses, which area requires the most attention?

- ☐ Data Quality

- ☐ Infrastructure

- ☐ Reporting Processes

Feedback and next steps

Once you have completed the assessment, review your answers and draft an action plan to improve your organization's risk data management practices.

Please outline your initial steps to address these gaps:

Who needs to be on your BCBS team?

To implement BCBS 239 successfully, gather key stakeholders early. A diverse team will help tackle challenges and find opportunities, leading to better decisions. Essential roles include:

- **Risk management team**
  Oversees risk data to meet BCBS 239 standards

- **Data and IT team**
  Sets up the infrastructure and data pipelines for compliance

- **Compliance officers**
  Ensure processes and documents align with BCBS 239

- **Executive leaders**
  Provide guidance and necessary resources for implementation

Candidates for your BCBS 239 team:

Name and title:

Name and title:

Name and title:

Name and title:

Name and title:

List desired characteristics of business and technical stakeholders.

- Well-respected cross-functionally

- Subject matter expertise

- Proactive

- Responsive

- Uses time efficiently

- Other:

Make sure your BCBS 239 use cases map to your business goals

Governance and IT infrastructure

Gap
Lack of governance leads to inconsistencies in managing, classifying and accessing risk data across departments.

Action step
How do you address this? By establishing a data governance framework, including documented policies and defined roles.

Governance
A strong governance and IT infrastructure starts with clearly defined key terms and data management policies. This ensures everyone has a shared understanding. Document business use cases for consistent processes and implement a data catalog to organize and manage data effectively.

Op model and workflows
Define roles and responsibilities in your model so data owners and stewards know what they are accountable for. To simplify risk data combining and reporting, automate key data workflows. Set up systems to manage metadata in real time and check data quality consistently for reliable and trustworthy information.

Risk data aggregation

Gap
Legacy systems cannot handle BCBS 239's requirements, resulting in slow data processing and limited scalability. Limited oversight and a lack of automation in quality checks also cause inconsistent and inaccurate risk data.

Action step
Upgrade IT infrastructure to modern systems with real-time processing capabilities.

Infrastructure
To manage risk data, classify and track it throughout its lifecycle. Set clear access control policies to protect sensitive data from unauthorized access. Automating data flows and reporting will help keep information consistent and timely.

Accuracy and integrity
Implement rules and monitoring systems to ensure accurate risk data and check its quality. Establish transparent processes to address data quality issues quickly. This approach will help build a reliable data management system for better risk management.

Reporting practices

Gap
When data systems are siloed, it prevents organization-wide risk aggregation and leads to incomplete and inconsistent risk profiles.

Action step
Implement a centralized data aggregation platform and establish processes for consolidating data. Deploy a data quality tool with automated checks and monitoring to identify and resolve issues.

Accuracy
Establishing governance structures to manage this process and ensure accurate risk reporting is key. It's a good idea to create rules to monitor data quality and fix issues quickly.

Comprehensiveness
Next, it's critical to capture all essential risk-related data. This data needs to be integrated and accessible for reporting. It would be best to define a clear risk reporting framework that includes all key data elements.

Clarity and frequency
It is essential to create reports that are clear and easy to understand. This will help decision-makers interpret the risk data more effectively. Additionally, you must put systems in place to ensure these reports are updated in real time.

Distribution
To distribute reports effectively, you can automate the generation and distribution processes. This will help you maintain timeliness and consistency. Finally, you need to integrate these reports into key decision-making systems, making it easy for stakeholders to access the necessary information.

Supervisory review

Gap
Teams often need to be made aware of regulatory requirements, leading to misalignment in risk data practices and potential non-compliance.

Action step
Conduct training sessions to increase awareness of BCBS 239 among relevant stakeholders.

Review and oversight
To ensure effective oversight, supervisory reviews should be part of daily operations. Assign specific roles for oversight and set up clear approval and attestation processes. Use active metadata to increase transparency and keep track of compliance continuously.

Tooling for compliance
To improve compliance tools, implement data quality tools that monitor data in real time and improve its accuracy. Monitor data pipelines to quickly spot and fix issues as they arise.

Cooperation and collaboration
Effective BCBS 239 compliance requires teamwork. Coordinate across risk, compliance, IT and business units. Review the compliance process regularly to identify gaps and improve workflow.

Identify the right technology for the job

There's a good reason the world's largest financial institutions rely on Collibra to extend and unify governance for data and AI across their entire ecosystem.

Successful, repeatable BCBS 239 compliance requires the right tools and processes — the ones that simplify the ongoing challenges of meeting BCBS compliance:

End-to-end visibility with data lineage

Increased transparency into the entire data landscape to ensure accurate reporting.

Centralized repository

Centralized data catalog with all data assets, metadata and controls in a single location.

Data due diligence with governance

Streamlined data governance processes and ensure regular updates to metadata.

Establishing consistency

Ensure alignment through enterprise business glossary with definitions of key business terms.

How it all adds up: Potential benefits beyond compliance

Compliance with BCBS 239 is vital for financial institutions as it enhances risk data collection and reporting. This framework improves data management and quality, leading to better risk management.

By effectively managing risk data, institutions can understand risks, make informed decisions, enhance financial stability, streamline operations and reduce costs to gain a competitive edge.

33%+

Financial services organizations that turn down a potentially profitable opportunity because of compliance risks.[1]

Remember, complying with BCBS 239 can benefit financial institutions in ways beyond regulatory adherence. According to Deloitte's BCBS 239 Benchmark Survey 2024, "Although 68% of banks expect more effective business steering from implementing BCBS 239 principles, only 21% have achieved this so far."

[1] Tackling data health to enable analytics in front office investment banking, Mosaic

Helpful resources

Now you're ready to gain clear insight and control to mitigate risks, protect data, demonstrate compliance and streamline financial reporting with a single view of your entire data and AI landscape. Here's how Collibra can help.

Eliminate the complexity of BCBS 239 compliance with Collibra's platform

Many tools provide isolated point solutions, leading to fragmented cataloging, lineage and data quality capabilities. This complexity hinders integration.

Collibra's industry-leading Platform streamlines compliance with BCBS 239 by unifying catalog, lineage, governance, privacy and data quality into one integrated solution. This reduces manual work and the need for multiple-point solutions.

With AI-generated rules, you can identify data quality issues and automatically capture lineage, giving you complete visibility of your data flows and transformations. You'll gain a complete view of your critical data assets, helping you understand their sources, trustworthiness and ownership.

Fast-track your BCBS compliance

Accelerate your BCBS 239 compliance with Collibra's Professional Services team. With our four-week BCBS 239 Optimizer, Collibra architects will benchmark your end-user experience, catalog performance, operating model and metadata processing and provide recommendations for maximizing the success of your BCBS 239 compliance program powered by Collibra.

The clock is ticking. Talk with our Account Team today to learn more.

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