What is data governance?

DATA GOVERNANCE CONCEPTS

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First, some car shopping

- Requirements:
  - High quality materials
  - Built according to standards
  - Protection and security features
  - Available to purchase
  - Usable and reliable
  - Dealer accountable for issues

Data governance provides confidence

Buying a new car

- Must meet requirements prior to buying and driving the car off the lot
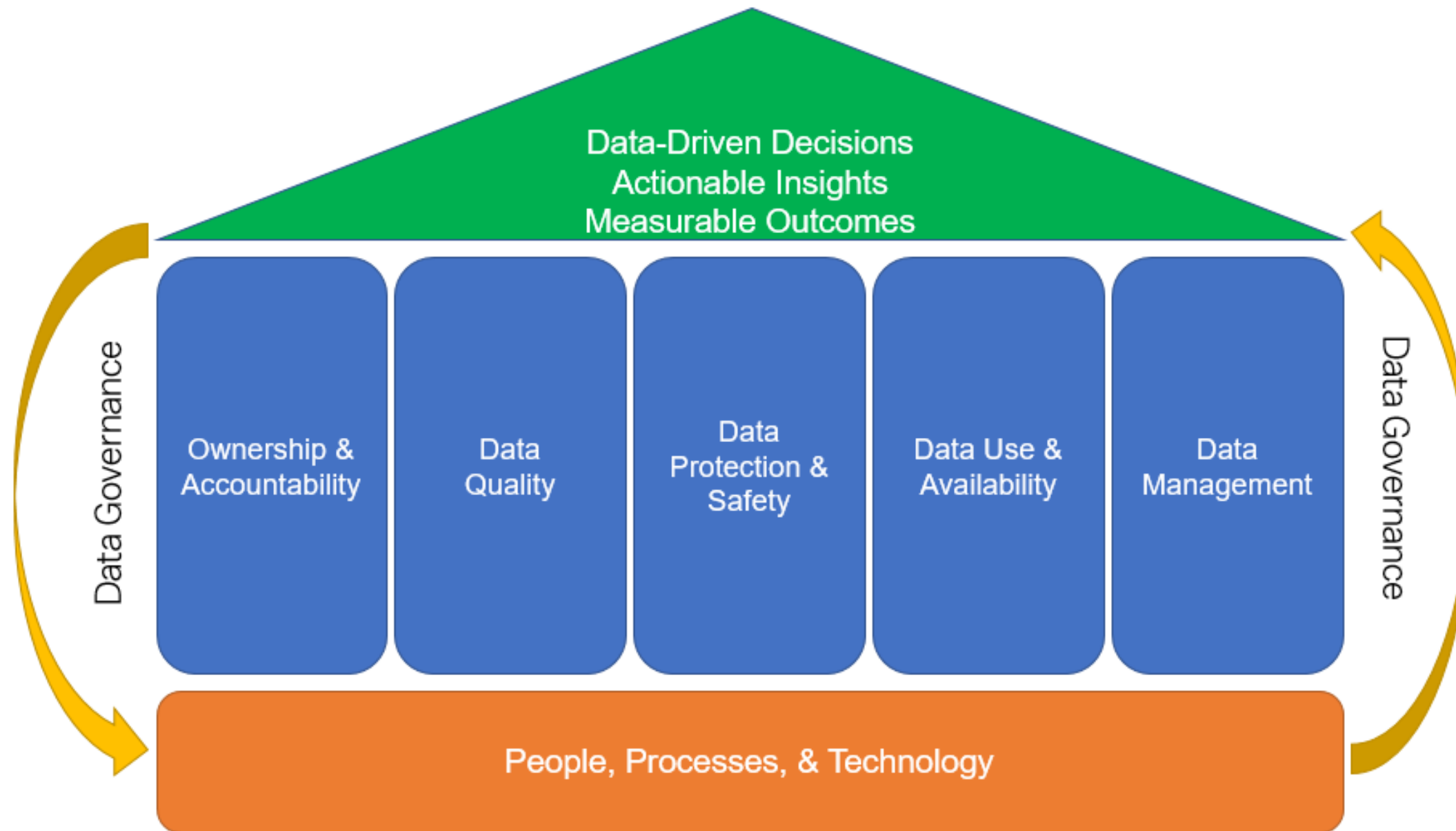
Finding the right data

- Must meet requirements before using data for reporting, analytics, and insights

Data governance

- Principles and processes to ensure:
  - Trusted, high-quality data
  - Accessible and available data
  - Defined roles and responsibilities

Data governance pillars

Ownership and accountability

- New car scenario
  - Owner = purchaser

  - Accountable party = dealer

Not always clearly defined for data!

- Data governance helps:
  - Define clear roles and responsibilities
    - Assign ownership

  - Ensure accountability

Data quality

Data quality dimensions (*applied to a car*):

1. Completeness - *has all its parts*

2. Accuracy - *built correctly*

3. Consistency - *looks like other cars*

4. Validity - *built to standards*

5. Timeliness - *delivered as expected*

6. Integrity - *no changes to car upon delivery*

Data protection and safety

Car protection features:

- Security system

- Door locks

- Key required

Data protection features:

- Data masking and encryption

- Disaster recovery

- Access management

Data use and availability

- Our new car needed to be:
  - Usable

  - Reliable

  - Available

So does our data!!

- Can we:
  - Consistently rely on it?

  - Use it for reporting and analytics?

  - Locate and gain access to it?

Data management

Car ownership 101

- Regular maintenance

- Store in a safe place

- Drive and use according to manual

Data management 101

- Technology to protect, use, and store data as a valuable asset

- Supports data governance policies, procedures, and goals

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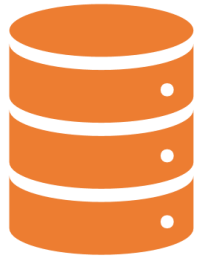# Let's practice!

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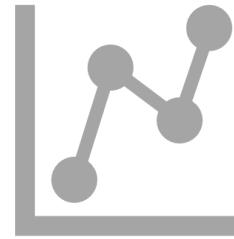# Why does data governance matter?

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The evolution of data governance

1980s

- Cataloging of transactional detail
- Primarily an IT function

2000s

- Companies begin to realize the power of trusted, quality data for actionable insights
- Regulatory requirements begin to increase

Today

- Data-driven decision-making to drive key business outcomes
- More regulatory and privacy requirements requiring formal data governance programs

Increased financial regulations

Goals include:

- Mitigate the risk of harmful events

- Increase executive accountability

- Better risk management

- More accurate reporting

- Increased protection for consumers, investor, and economy

Data governance is here to help!

The Sarbanes-Oxley (SOX) Act

- U.S. regulation enacted in 2002 as a response to high-profile accounting scandals

- Executives must attest to accuracy of financial information

- Set standards for financial and corporate reporting

CCAR

Comprehensive Capital Analysis and Review:

- Evaluates if U.S. banks have enough capital to withstand an economic downturn

- Includes stress test to evaluate resiliency

- Includes review of capital planning process and whether bank can distribute dividends or shares

BCBS 239

- 14 principles for risk data aggregation

- Grouped into three data requirements
  1. BCBS reporting and data aggregation

  2. BCBS data governance

  3. BCBS data quality requirements

- Global standard designed to prevent severe losses caused by poor risk management

U.S. privacy regulations

- Combination of federal and state laws with varying levels of protection and penalties

- Examples:
  - Health Insurance Portability and Accountability Act (HIPAA) (1997)
    - Sensitive information cannot be shared without patient knowledge or consent, except in certain situations

  - California Consumers Protection Act (CCPA) (2018)
    - Provides California residents with more control over the use, handling, retention, and selling of their personal data

General Data Protection Regulation (GDPR)

- Comprehensive privacy law to be used across the European Union (EU)

- Applies to any company that collects data of EU citizens and residents

- Some key components:
  - Increases the rights of EU citizens and residents over how personal data is processed

  - Data must be anonymized to protect privacy

  - Consumers must be notified of data breaches

  - Data transferring between countries must follow certain standards

  - Certain companies must have a data protection officer to oversee GDPR compliance
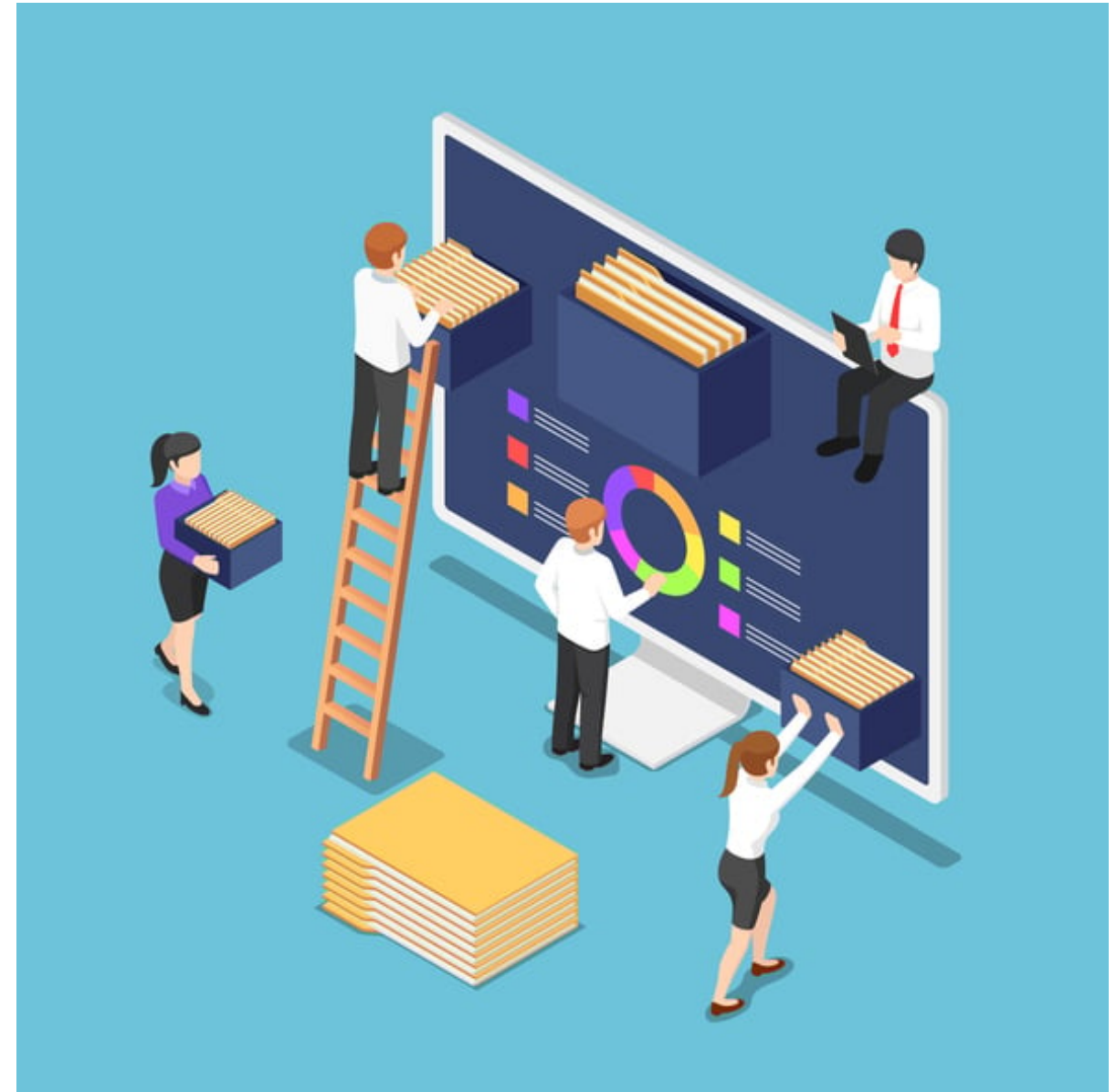
Data classification and retention

Data classification

- Groups data based on confidentiality level

- Indicates how data should be handled, protected, and used

Data retention and destruction policies

- Indicate how long data should be kept and when it should be destroyed

- Leverages data classification

Master, reference, and metadata management

Master data management

- Enables consistency and transparency

- Creating master (golden) records to identify, match, and merge data across systems

Reference data management

- Identifying, mapping, and conforming coded data sets (e.g., country code, currency) across business lines and systems to ensure consistency

Metadata management

- Managing data that describes and defines data (e.g., lineage, definitions)

- Enables searching and cataloging of data

Let's practice!

DATA GOVERNANCE CONCEPTS

Benefits of data governance

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Data governance benefits

Having better data

- Complete - all data requested is there

- Accurate - correctness

- Timely - delivered on-time

- Valid - free of operational errors

- Consistency - same across sources

- Integrity - free of technical errors

Mitigating risk

- Increased transparency and visibility

- Better ability to assess accuracy of data

- Facilitates regulatory compliance

- Reduced risk of fines, jail, and other penalties

Making better decisions

- Reliable, trusted, high quality data

- Increased visibility and understanding

- Improved confidence using analytics and insights to inform decisions

Streamlining processes

- Policies and standards

- Clear roles and responsibilities

- Increased transparency of data use and handling

- Identification of duplicate work

- Reduction in errors and manual adjustments

Providing better customer service

Data governance helps provide:

- Increased ability to answer customer questions

- Better customer service

- Effective handling of complaints

- Analytics and insights to improve customer experiences

Making more profit

- Increased quality

- Increased compliance

- Improved decision-making

- Increased efficiency

- Better reputation

- Decreased costs

- Greater profits

Let's practice!

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