# Cortell
Australia

Capital XBRL
Automated Basel III
Agility ADI Cortell
Sustainability
Management
Compliance Operational Risk
Credit Risk Financial
Insight Leverage
Speed APRA

Regulatory Reporting for Authorised Deposit-Taking Institutions (ADI):

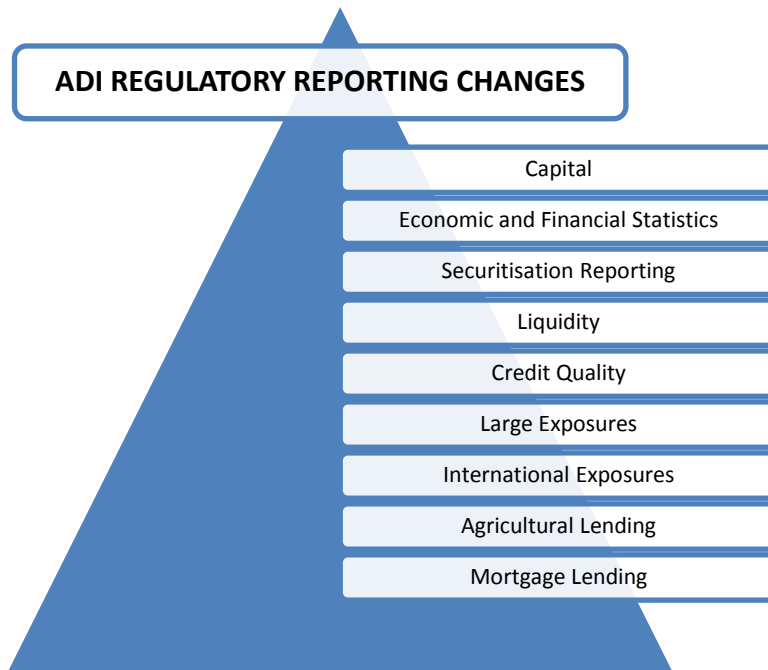**Considerations When Selecting a Regulatory Reporting Platform**

The Challenge … Largescale regulatory changes are hitting the Authorised Deposit Institution (ADI) industry, leaving ADI's to consider how they manage the volume of change …

Adaption of business models, capital plans, and liquidity profiles are but a few of the key measures being addressed to accommodate the change. Whilst significant business impact is experienced, there are also a great many auxiliary impacts on an ADI's reporting requirements.

REGULATORY
REPORTING AND COMPLIANCE

SPEED

AGILITY

INSIGHT

SUSTAINABLE
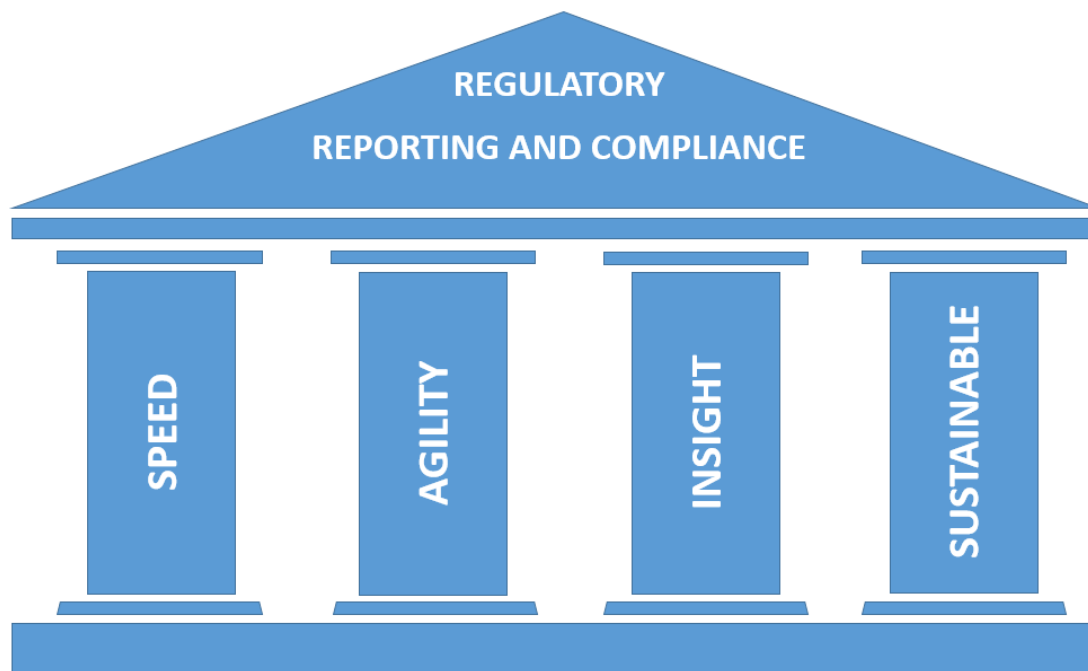
The increased reporting requirements are also being reinforced with data quality measures. Quantitative tolerances are being introduced by the regulator to stem historical reporting inaccuracies. These tolerances introduce absolute and percentage based thresholds, which are in turn dictated by the size of the organisation and its respective stock and flow positions.

There are also additional restraints introduced by the regulator on product growth, such as investor loan growth and interest only mortgages. These imposed restraints, whilst supporting the management of the national economy, are placing further reporting burden and management considerations for ADI's.

ADI REGULATORY REPORTING CHANGES

- Capital
- Economic and Financial Statistics
- Securitisation Reporting
- Liquidity
- Credit Quality
- Large Exposures
- International Exposures
- Agricultural Lending
- Mortgage Lending

This has left many senior finance executives wondering how they are best placed to manage the increased complexity and compliance whilst still maintaining constraint on their expenditure budgets.

Common questions we hear from both executives and non-executives thus:

- What is the time to value, can I present a positive NPV?
- Can I find synergies with other reporting requirements?
- Can we utilise a single reporting suite to accommodate our needs?
- Will it be flexible enough to accommodate change without onerous cost?
- Can the business own the solution and not IT?
- How we will fit within existing data office projects?
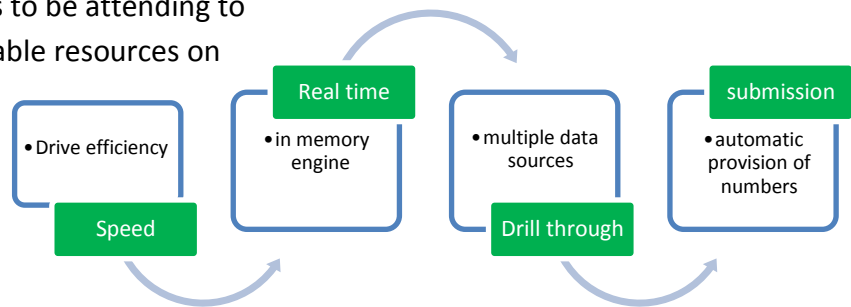- What will be the impact on my finance team?

Cortell, Asia Pacific's largest IBM Analytics partner; work with and support ADI's to address these same very questions. The result is an efficient value add function to support ADI's with compliance requirements and management insight. To do this, we believe there are four key pillars to look for when deciding upon your reporting solution.

FOUR PILLARS

1. SPEED THROUGH AUTOMATION

It is not uncommon for reporting teams to be attending to multiple manual tasks, consuming valuable resources on activities that should be redundant. Manual tasks; like the aggregation of data from different sources, the compilation of reports, reconciliation of data and manual investigation into the analysis of data should be removed.

Real time
• in memory engine

submission
• automatic provision of numbers

• Drive efficiency

Speed

• multiple data sources

Drill through

The right automated solution will free up these resources, providing real value through the saving of time, in addition to driving additional analytical opportunity.

Questions to ask of your proposed solution:

- *Can it aggregate and consolidate numbers from multiple sources?*
  If you cannot bring your data together, there will be a struggle to meet reporting deadlines with manual maintenance and reconciliation processes prone to human error. Your reporting solution should cater for multiple consolidation structures.

- *Can I see adjustments made in real time?*
  Waiting for batch processes takes time and can place reliance on IT to service the requirement. Your reporting solution should provide real time updates that permit the reporting team make manual adjustments within a governed environment.

- *Can it provide integrity in reported numbers?*
  Referential integrity is pivotal to any reporting solution, eliminating the continual manual reconciliation of reported data. A reporting solution should provide consistency in reported data, or provide flags for when data is not reconciled, an important feature when data is arriving from multiple source systems at different levels of granularity.

- *Does it provide automatic submission to the regulator?*
  Manual keying in of data to the regulator is both wasteful of your valuable employee resources, and prone to manual transcription errors. Reporting solutions should provide submission through a seamless process of review and approve.

- *Does it provide exception reporting for management review processes?*
  Out of the box exception reporting being in the form of data provision, data population, validation controls or delta analysis facilitates a streamlined management review process, giving back time to reporting teams to focus on value add activities.

2. AGILITY

Business owned agility

steer continuosly
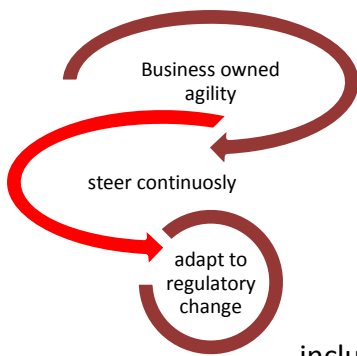
adapt to regulatory change

Today's financial services landscape is earmarked by regulatory change and strong competitive pressures. These circumstances combine to demand a strongly governed reporting platform that can manage change efficiently and effectively.

Questions that should be asked of your reporting solution include:

- *Will the solution be business owned, or does it require IT support or external vendor support when changes do occur?*
 A reporting solution should be owned by the reporting team, empowering them to make change, control audit trails, and address their requirements directly (including audit queries) without the need for valuable IT resource or external costs.

- *Can it accommodate strong version control meeting robust compliance requirements?*
  A cornerstone of data governance is the ability to manage data through its lifecycle. Your reporting solution should strengthen your data governance framework, being able to faithfully recreate reported data, using existing, historic or future compliance reporting rules without risk of misstatement.

- *Can the platform provide reporting synergies for other requirements?*
  Your reporting solution should provide value in use for your reporting team, propagating fast user take up. Benefits should stem from improved governance and efficiencies in the regulatory reporting space, but should also be delivered for other reporting requirements through the data asset and reporting tool itself.

- *Can it save you regulatory audit fees?*
  Time should not just be saved with the period end process of reporting, but your solution should also streamline the audit process itself, from both an internal resource and external auditor cost perspective. A good reporting solution will inherently provide these direct values add benefits.

- *Is there access via the web? Does the solution offer both on premise or cloud deployment?*
  Reporting solutions require options for deployment. Teams can be geographically dispersed yet require access to a singular reporting solution, making web based deployment a must for any solution. Also as companies move towards cloud based SaaS solutions, your reporting tool must be able to cater for this, aligning reporting solutions with the organisations architectural strategy.
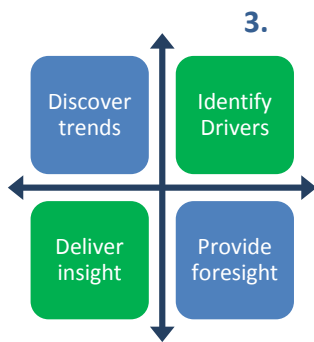
3. INSIGHT / MULTI-PURPOSE

When automation is delivered, your staff have greater capacity to question the numbers, not consume time in the process. Review of numbers should be simple and at the tip of your finger, deltas should be provided, triggers should be provided, and forecasting should be at the forefront of your employee roles. This will help ensure you are within the confines of prudential and internal limits.

Questions that should be asked of your reporting solution include:

- *Is there drill through analysis?*
No longer should a reporting team be required to leave the current application they are working in to identify further granularity of the data they require. Your reporting solution should permit drill through to underlying detail with the capacity to slice and dice data to support analysis.

- *Does it support writeback and adjustment capabilities?*
Whilst nirvana would be making no changes to data, most organisations always require the capability to make manual adjustments prior to submission. Manual adjustments should be governed; supporting management and audit review. The reporting solution also needs to accommodate commentary capture, providing explanation for adjustments, deltas and questions from the regulator.

- *Can it provide market insights?*
Data granularity is rich, your solution should leverage this for rich market value add reporting.

- *Does it provide threshold trigger and alert reporting?*
Email notifications for changes in taxonomies, or for benchmark triggers being breached, are but a couple of examples your reporting solution should provide to enhance and streamline the governance process.

- *Does it offer predictive analytics?*
Unfortunately, most organisations remain stuck at the lower end of the analytics maturity curve, focused on asking what and why it happened. However, a good reporting solution should be asking far more than this, drawing insights and correlations between data points not historically seen, and helping organisations with their forward-looking radar.

4. SUSTAINABLE

To justify the cost of ownership, a reporting solution needs to be supported by a robust product map, supporting clients with a controlled and governed platform to meet regulatory changes and guarantee sustainable value.

One Powerful Solution – 2 Deployment Options
Local VS On Cloud

Regulatory change is a continuum, as seen by looking at the short-term horizon for the domestic ADI industry. International initiatives such as Anacredit; which demand even greater levels of reporting details, are just some of the considerations your reporting solution needs to cater for if it is to be sustainable for future change.

This likely ongoing invasiveness demanded by the regulator means the reporting solution needs to be adaptable and scalable, with a complete support model in place to ensure regulatory change is not just met, but managed in a way that avoids as much business disruption as possible.

Leading questions to ensure a sustainable model are:

- *Is the solution supported by industry leading platform?*
  Your reporting solution should be backed by a globally leading enterprise platform with continual updates and investments on the platform to ensure currency in your reporting solution. Updates need to be perpetual and supported through a robust change management process, ensuring your reporting solution is a competitive advantage and not a legacy headache.

- *Does the solution roadmap provide innovation to support an on-going value proposition?*
  You want to be assured that your reporting solution is going to grow with the increasing demands of regulatory reporting. Requirements are continually changing; your solution should support these changes in a dynamic and agile nature, driven by advances in technology platforms and innovative design.

- *Can your solution support changes in source systems?*
  Organisational system changes are a continuum, be it general ledgers, product, treasury systems or simple source data models. Your reporting solution should provide adaptive capability to ensure a cost efficient and governed transition to the new source, without the need for complex modelling or consultant based engagement.

These key questions are pivotal to ensuring the correct reporting solution is selected for your organisational requirements.

Cortell, Asia Pacific's largest analytics partner for IBM has addressed these key questions through their development of CoreBIS.

CoreBIS is built on the powerful, in-memory Online Analytical processing (OLAP) engine of IBM's Planning Analytics platform TM1. This provides CoreBIS real-time insights across all business and regulatory dimensions, at the level of detail you need. The in-memory analytics provides flexible, multidimensional modelling that allows you to truly represent your business data and map back to regulatory requirements.

The CoreBIS solutions facilitates the seamless population of regulatory forms through an extraction and mapping process. Controls and analytical reports are updated dynamically delivering the results required to meet the regulatory specifications. Data can be populated directly from source systems, warehouses or ingested from standalone or external files while maintaining integrity of the data.

The drill through functionality allows users to further investigate underlying detail, presenting data sourcing, mapping and tagging within user friendly interfaces. Adjustments can be made, notes can be annotated and commentary input can be captured against the control reports to provide prudent governance. All of this can occur in real time without the delays associated through batch process, providing agility for the business users to report in an efficient and validated fashion.

As the solution is predominantly used and governed by the business, necessary changes to adapt to regulatory obligations or changing market conditions can be made quickly, without the need for IT engagement. The ability to accommodate change is paramount for any successful reporting solution, but the capability to produce results 'as is' or 'as was' is a cornerstone of the CoreBIS solution. This means data can be recreated at point in time using existing or pre-existing rules, facilitating the challenges of resubmissions when demanded.

CoreBIS is deployable on cloud or on premises, catering for work by individuals, teams or workgroups across the enterprise. CoreBIS provides a modern user interface that can be accessed via the web, its own native powerful analysis engine and direct connectivity through Microsoft Excel. Working in the familiar Microsoft Excel interface, where needed, allows users to leverage their existing skill sets while gaining the benefits of our enterprise-class reporting solution.

CoreBIS combines an industry leading user experience, rich visualisation and advanced data analytics as a core part of the reporting solution.

This creates an exciting time for users to create insight beyond the conventional structured analysis. Business users can now explore data in a guided way, infer trends, discover previously unknown insights, and leverage advanced analytics to understand what's driving an outcome. The Natural language discovery and manipulation empowers all users to do analysis using intuitive search capability.
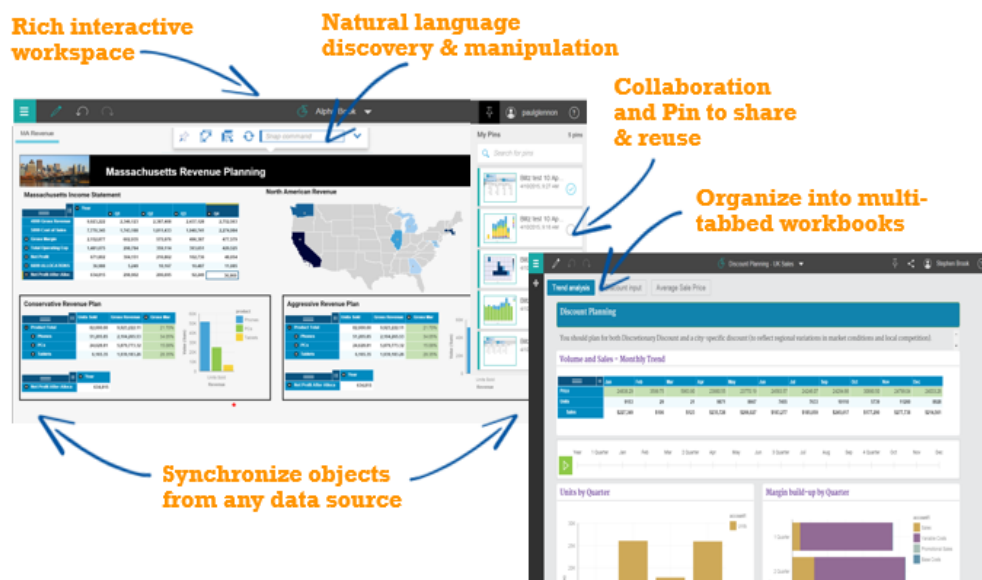
CoreBIS is built using the governments Standard Business Reporting (SBR) platform, providing confidence that future regulatory system changes will automatically be accommodated. This means that CoreBIS users have assurance that a reporting entities obligations are accurately reflected at any point in time.

About ... Cortell Australia Pty Ltd

Located in Sydney, Melbourne, Brisbane and Singapore, Cortell Australia is the largest independent provider of IBM Cognos analytics and performance management based solutions within the Asia Pacific focusing on TM1, Cognos BI, SPSS and Watson. Having delivered more than 850 different business solutions to 500+ customers for more than a decade, Cortell Australia are experts in the field of Business Analytics & Performance Management.

We have been awarded:

- IBM Software Australian Partner of the Year 2013
- IBM Worldwide Business Intelligence & Advanced Analytics Partner of the Year 2013
- IBM Business Analytics Asia Pacific Partner of the Year 2011, 2012 and 2013: Excellence Award
- IBM Business Analytics FPM Partner of the Year 2010
- IBM Business Analytics Industry Partner of the Year 2009

Organisations leverage Cortell to identify and deliver business improvement processes for core financial and operational applications. As a result, the business can drive cost management initiatives, revenue growth plans, operational planning support requirements, workforce management efficiency and product, customer and service profitability.

Examples of Cortell's Expertise Includes:

- Activity-Based Costing
- Budgeting & Forecasting
- Capacity & Demand
- Cost to Serve Models
- Performance Scorecards
- Economic Value-Added

- Regulatory Reporting
- Profitability Modelling
- Workforce Planning
- Strategic Planning
- Statutory Reporting
- Tax Reporting Lodgement

The Cortell Information Website

Cortell has invested in a one-stop-shop website where you'll discover product and service information, leading edge whitepapers and case studies, conference details and news releases. Join our mailing list for information and special offers only available to our members. Visit www.cortell.com.au and join today.