

# Data Governance Compliance for BCBS 239, DFAST, and CCAR with IBM Information Governance Catalog (IGC)

*Data is becoming a much greater asset than ever, and companies are using much more sophisticated data analytics to drive their daily business decisions. Due to this increased sophistication and a lack of transparency into how the data is being used, the U.S. government has started to regulate industries such as banks and financial institutions under the Basel Committee on Banking Supervision (BCBS 239), Dodd-Frank Act Stress Testing (DFAST), and Comprehensive Capital Analysis and Review (CCAR) regimes. These regulations ensure that financial institutions possess enough capital to survive a crashing market, stabilize, and prevent a severe depression such as the financial crisis of 2008.*

## What Is BCBS 239?

BCBS 239 is a regulation set forth by the Basel Committee on Banking Supervision to effectively measure banks' performance. Banks must develop key risk modeling metrics, including advanced measurement approaches for operational risks. BCBS 239 aims to enhance data infrastructure to improve decision-making processes and timeliness. Ultimately, it reduces the probability of loss and requires banks to strategically plan new products.

## What Is DFAST?

Dodd-Frank Act Stress Testing is a forecasting exercise requiring banks and bank holding companies with more than \$10 billion in consolidated assets to annually evaluate and report their capital position under baseline, adverse, and severely adverse scenarios. The test collects quantitative projections of balance sheet assets and liabilities, income, losses, and capital across a range of macroeconomic scenarios, as well as qualitative information about methodologies used to develop internal projections of capital across scenarios. The scenarios, which are created by the regulators, are presented to banks at the start of the stress testing.

## What Is CCAR?

Comprehensive Capital Analysis and Review is an exercise required by the U.S. Federal Reserve. Large banks are evaluated annually to ensure that they have robust, progressive capital planning processes that account for risks, as well as sufficient capital to continue operations throughout times of economic and financial stress. The Federal Reserve tests an institution's proposed capital action plans, including changes to dividends, stock buybacks, and so on. The regulators then assess whether the bank is able to maintain minimum regulatory capital ratios using the proposed capital action plans under both adverse and severely adverse macroeconomic scenarios. The plans cannot be made public until approved, and plans that are rejected must be resubmitted.

## Integrating Regulation into Data Governance

Instituting data governance practices is a key factor to support compliance with regulations such as BCBS 239, DFAST, and CCAR. IBM® InfoSphere® Information Governance Catalog (IGC) can help inventory your models, input variables, business rules, technical rules, and so forth. Item inventories facilitate the creation of critical data elements, data service level agreements, and data sharing agreements and the assignment of stewards to support those daily functions. IBM IGC creates roles for stewards, who oversee daily functions to ensure the business is aligned with BCBS 239, DFAST, and CCAR. Stewards need not be regulatory experts, but they facilitate bringing the right people together to discuss and align plans. Model governance workflows can support the entire regulatory process as well.



## Information Asset's Approach

Information Asset expertly guides you through the entire data governance process, including supporting your BCBS 239, DFAST, and CCAR compliance with IBM IGC. We assess, test, implement, and audit in order to set up a stable data governance foundation, incorporating BCBS 239, DFAST, and CCAR requirements. Figure 1 shows the 16-step process we use to help organizations set up their data governance foundation, take data governance from a niche organizational function, and bring it to enterprise-wide relevance. We tailor a plan specifically to your business.

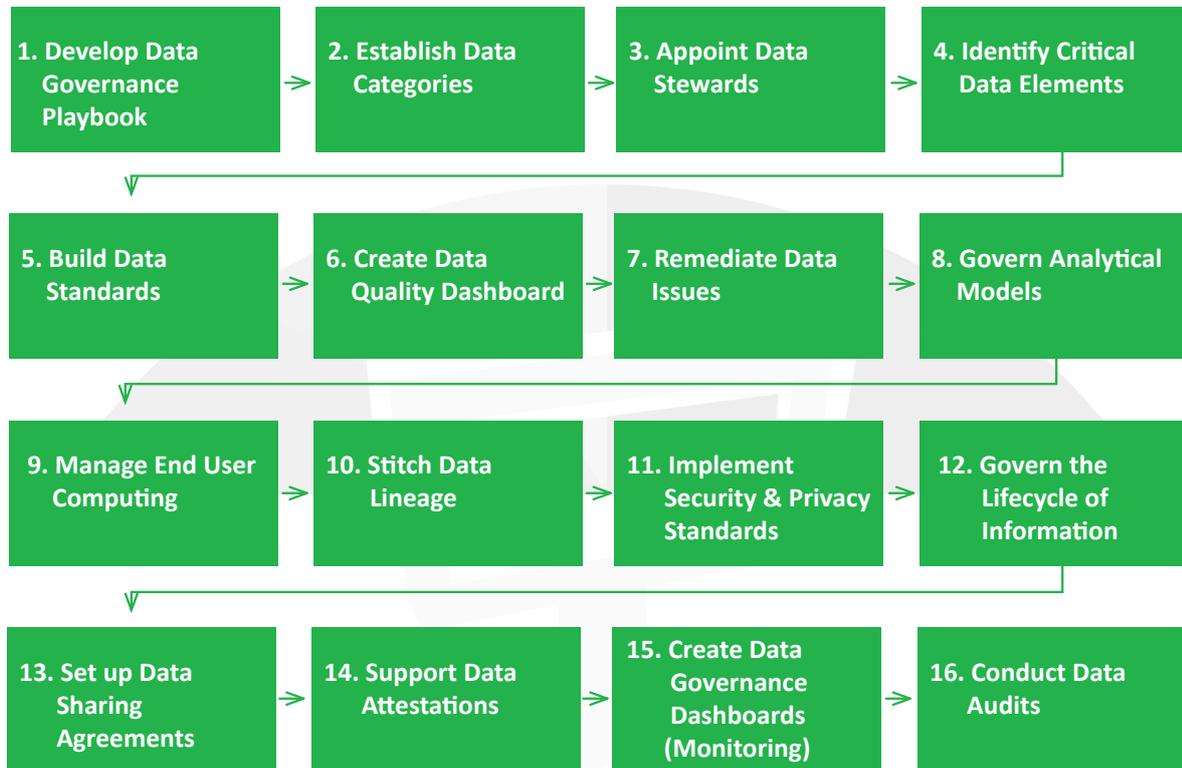


Figure 1: Data Governance In a Box

## Next Steps

Using our accelerated metamodel, your organization can take further steps to put together best practices that meet the requirements of regulatory compliance and internal procedures, resulting in greater efficiency and agility. If you would like to explore how to lay out IBM IGC-based data governance plans for BCBS 239, DFAST, and CCAR compliance in your organization, please contact [sales@information-asset.com](mailto:sales@information-asset.com).

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