

TEMENOS T-ProDB at NRW.BANK

Data Cleansing Delivers Lean IT

As the volume and complexity of market data continues its steep upturn, financial institutions are struggling to keep pace. Finding a way to deal with these volumes is crucial. And, in an increasingly risk-conscious market landscape, ensuring data accuracy has never been so important. Despite this pressing need, many banks are still struggling to route large data volumes into disparate IT systems using multiple interfaces. This can be a costly and inefficient business at the best of times. In the financial services industry, where reducing cost and increasing efficiency are crucial, finding a means of simplifying data management is paramount.

German bank NRW.BANK has managed to meet this challenge. It replaced several legacy systems with TEMENOS T-ProDB for a more efficient approach to securities data management. This not only solved the bank's interface problems with securities static data, but helped to establish an aggregated and optimised data management system.

Customer challenge

The capital markets IT team at NRW.BANK wanted to streamline its approach to IT management to create lean processes. It also wanted to consolidate its data management systems and retire its legacy technologies.

Klaus-Martin Karl, Director IT Back Office, Kapitalmärkte, NRW.BANK says: "The big disadvantage in the existing system was the fact that we were unable to customise securities data categories. We needed one system to provide generic securities identification codes such as ISINs and another to provide the more specialised securities categories we use in-house." Essentially, the bank only used 1,500 of the 600,000 official bond identification categories provided by its legacy system. At the same time, it needed another 5,000 specific internal securities identification codes.

Ensuring data quality was also a high priority. Karl says: "With the old system, we found it difficult to automate the capture of consistent securities data."

NRW.BANK decided to implement a new securities database. After looking at several alternatives, it selected TEMENOS subsidiary BSP for the job. Karl adds: "None of the alternative solutions were attractive to us. So we were relieved to meet experts at BSP who were familiar with our processes and systems", he remembered.

The solution: A consolidated provider

Phase one of the project started early in 2005 and went smoothly and exactly according to schedule. The initial focus was to migrate the bank's 1,500 official securities categories and roll out the WM-module used by T-ProDB. Phase one was completed in September 2005.

Migrating NRW.BANK's internal categories was a more challenging and time-consuming process. It involved a number of complex product structures which had been issued as registered securities with a maturity of up to 30 years. Karl says: "The last update of these issues may have been 20 years ago and they do not meet the

current requirements for data quality.” Mapping this legacy data was only one of the challenges involved. The team also had to introduce a standardised data model and apply it to information drawn from several different systems. As a result, system T-ProDB had to be filled from three completely different sources:

1. The original Schriftgut-Datenbank
2. The Wagner-Gattung system
3. From the BSP TRADE securities system

The process may have been difficult, but, as Karl says: “Solving our data management issues was more important than getting the job done quickly. And, even though it took longer than expected, the project still came in on budget.”

The result

NRW.BANK has now replaced its two legacy systems with a single, centralised solution. The TEMENOS T-ProDB Centralised Data Management System developed by BSP is now a central element of the bank’s securities database. The bank can now store all its securities data – including ISINs and internal identification codes – in a single, central location.

This implementation has brought the bank much closer to its target of achieving ‘lean’ IT. In fact, it will be able to retire its legacy system in 2008.

NRW.BANK also benefits from a rules-based system that features individual configuration and flexible import and export options. T-ProDB also consolidates and validates securities data from various sources and supplies them both to processing systems and individual users with focus on best practice. Based on a set of rules the integrity checks help NRW.BANK establish a store of cleansed and approved data. This eliminates the need for costly manual processes.

User benefits

There are now 50 active users of T-ProDB at the bank and 25 read-only users. Employees working in the bank’s front, middle and back offices now benefit from easy-to-use interfaces that make it easier for them to access the information they require. T-ProDB also simplifies the formatting for many applications. The bank’s follow-up systems now receive ‘clean’ and consistent data, without the need for manual processing.

The system’s 50 principal users can now individually define scope, data format and required information. Karl says: “For regulatory reasons, we require an ever-increasing amount of information. T-ProDB is proving invaluable in terms of helping us meet these regulatory requirements in a timely and cost-effective fashion.”

Future plans

With the new system now successfully in place, the bank is ready to make new plans. During 2008, the system will be extended for use by 100 employees and the bank also has plans to expand T-ProDB to cover a range of new sectors including the WM data supply for A&R II. The bank also intends to connect a number of new systems – including its data warehouse SAP BI – to T-ProDB.

The bank also uses an outsourced version of T-ProDB based at the TEMENOS data centre in Frankfurt, Main.