KPMG

KPMG FINANCIAL INSTITUTIONS REPORTING ENGINE

An approach to automating regulatory reporting

Enhancing your process

Most financial institutions now have a stable, controlled process for Dodd-Frank Act Stress Testing (DFAST) and Comprehensive Capital Analysis and Review (CCAR) capital planning. However, this process is still typically manual and hence difficult to control and govern. As a result, financial institutions are questioning how best to automate the process in order to reduce cost and improve the transparency of the process.

Moreover, the results from the 2015 Federal Reserve CCAR examinations suggest an increasing regulatory focus on automation, transparency and interconnectedness. The KPMG Financial Institutions Reporting Engine can help financial institutions meet these requirements.

Specifically, the solution provides:

– Traceability from data source to final report
– Reconciliation to 9C, FFIEC 101 and Call Report
– Links from schedule line items to regulatory rules, calculations, models and overlays
– XML final report output including Federal Reserve mandated edit and syntax checks
– Workflow management and
– Audit capability

A new approach

KPMG's solution uses sophisticated technology that was originally developed by researchers in artificial intelligence and is now being used by some of the major Silicon Valley technology companies. Our solution enables both faster initial implementation and quicker updates to accommodate constant and ever evolving regulatory changes.

Reduce cost

KPMG's solution helps reduce cost through its ability to:

– Automatically generate reports in XML, including data syntax checks, validity checks and intra series checks
– Automatically reconcile FR Y 14A line items to FR Y 14M, FR Y 14Q, 9C, FFIEC 101 and Call report values
– Quickly re configure schedules and logic with less effort than traditional SQL database reporting tools

Improve transparency

The KPMG solution allows institutions to:

– Trace line item values to underlying model and override information
– Link line items to regulatory rules and guidance updates as well as to internal policies and calculation rules
– Drill down to underlying data, including both structured and unstructured data sources (e.g., PDF, regulatory rules, 9C schedules)
– Maintain a complete audit trail of every document, data and policy used to generate the regulatory reports
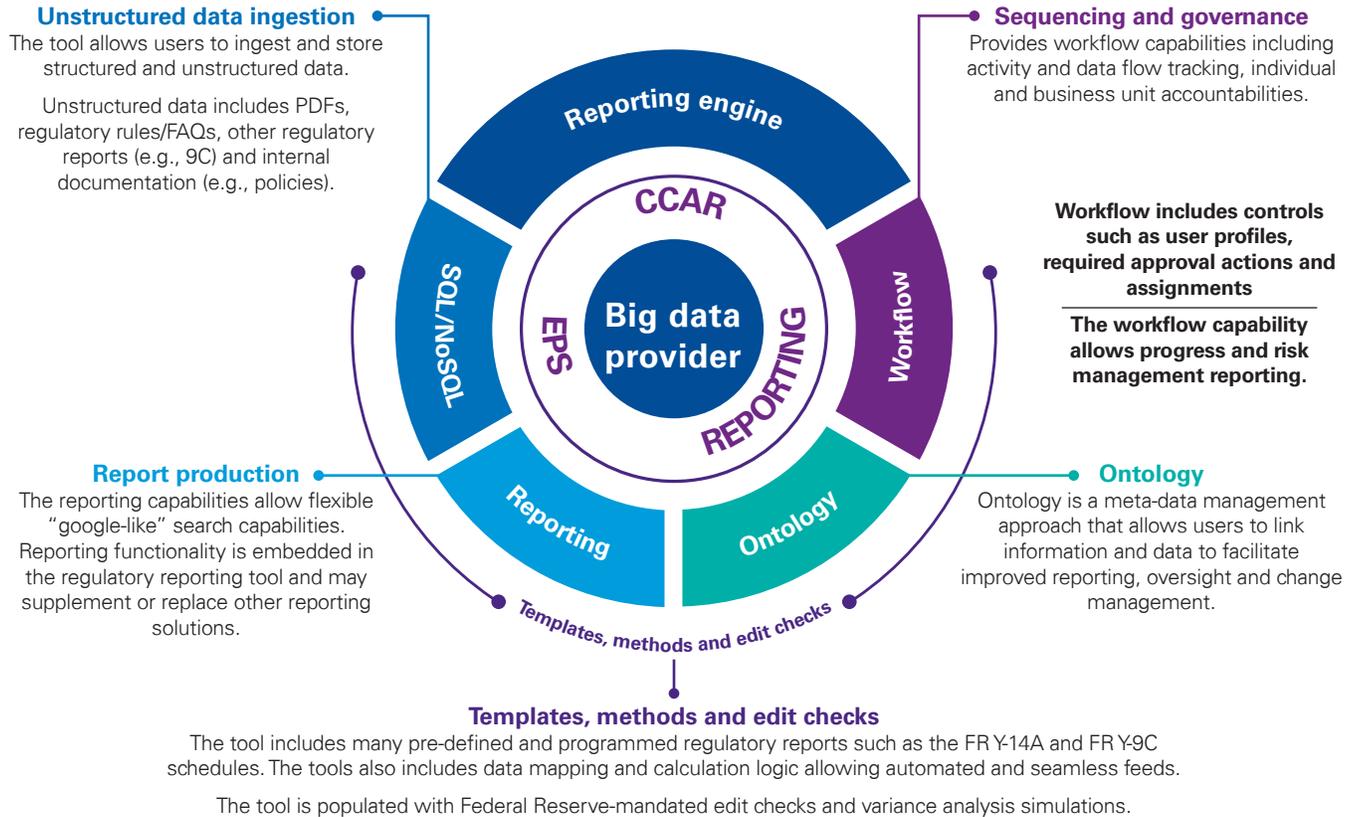
Manage workflow

With the KPMG solution users can:

– Generate early drafts for capital planning
– Get a snapshot view of the completion status by schedule
– Allocate line items for completion, review or revision, with automatic e-mail notifications

How we do it

The KPMG Financial Institutions Reporting Engine is comprised of four unique capabilities—the ontology solution, a reporting package, big data engine and a workflow management solution. The solution is not a data warehouse.

Unstructured data ingestion
The tool allows users to ingest and store structured and unstructured data.

Unstructured data includes PDFs, regulatory rules/FAQs, other regulatory reports (e.g., 9C) and internal documentation (e.g., policies).

Sequencing and governance
Provides workflow capabilities including activity and data flow tracking, individual and business unit accountabilities.

Workflow includes controls such as user profiles, required approval actions and assignments

The workflow capability allows progress and risk management reporting.

Report production
The reporting capabilities allow flexible "google-like" search capabilities. Reporting functionality is embedded in the regulatory reporting tool and may supplement or replace other reporting solutions.

Ontology
Ontology is a meta-data management approach that allows users to link information and data to facilitate improved reporting, oversight and change management.

Templates, methods and edit checks
The tool includes many pre-defined and programmed regulatory reports such as the FR Y-14A and FR Y-9C schedules. The tools also includes data mapping and calculation logic allowing automated and seamless feeds.

The tool is populated with Federal Reserve-mandated edit checks and variance analysis simulations.

Phased implementation for early results

The KPMG Financial Institutions Reporting Engine uses leading edge technology to reduce cost and improve the transparency and flexibility of the regulatory reporting process.

The solution can be implemented using a phased approach to pull forward benefits while mitigating implementation risk. Please contact KPMG for a demo and discussion of your existing and target regulatory reporting process.

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