TOPICS:

Banking System

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Bank for International Settlements

BIS: Implementation of the Principles for Effective Risk Data Aggregation and Risk Reporting

- The Basel Committee's BCBS 239 Principles remain **a critical framework for enhancing banks' risk data aggregation (RDA) and risk reporting capabilities**. Originally targeting systemically important banks, their relevance has expanded in response **to a rapidly evolving financial, technological, and regulatory environment**.

- Banks continue **to face persistent challenges in implementing** the Principles, particularly due to operational complexity, technological shifts and the growing demand for timely and accurate risk data. Key industry issues include data lineage, governance structures, cross-border consistency and integration of emerging technologies. Mergers, acquisitions, and new product lines further complicate risk data practices, often requiring structural adjustments.

- **Governance remains foundational.** Boards are expected to maintain strategic oversight, while management handles daily RDA activities. A strong data-driven culture and senior management engagement are essential to overcoming internal resistance and fragmented responsibilities. Although some banks are embedding RDA within broader enterprise-wide data governance frameworks, alignment remains uneven across institutions.

- **Data lineage is a particularly difficult area** due to legacy systems and distributed data estates. The resource-intensive nature of tracking data from origin to output complicates traceability, though investments in automation can yield efficiency gains. Banks also struggle to deliver accurate, ad-hoc risk reports, especially under stress scenarios. Testing these capabilities in stable periods is viewed as a good practice.

- **Cross-border institutions face jurisdictional inconsistencies**, making global alignment difficult. Standardised group-wide frameworks are often employed to manage regulatory divergence across subsidiaries. Meanwhile, the use of emerging technologies - such as AI and automation - is promising but nascent, with data quality concerns limiting broader deployment.

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