

AIM Global Reference Data Survey 2008

# Reference Data Management Tendency towards Golden Copy

The AIM Global Reference Data Survey 2008 was carried out from March to December 2008, including about 400 financial institutions in 58 countries. The study has been conducted for the fifth consecutive year and was designed to inquire into the driving forces, challenges and planned investments for reference data automation.

During the last few years, the world of finance has been driven by significant challenges for reference data and risk management: the trend towards Straight Through Processing, the introduction of risk regulations by the Basel Committee on Banking Supervision, the drive towards the standardization by the introduction of XML-based standards and further initiatives such as MiFID.

**The findings of the survey show a growing demand for the automation of reference data. 42% plan to increase the level of automation for static data.**

#### Financial institutions seek to improve data quality

The AIM Global Reference Data Survey 2008 shows that financial institutions all over the world are undertaking considerable efforts to improve their reference data management. For 70% of the study participants the main driving force to automate their reference data is the reduction of errors.

Over the last few years the awareness of institutions regarding data quality topics has been increasing continuously: Whereas in 2005 and 2006 only half of all respondents considered quality to be a relevant issue, banks and financial institutions are now putting more emphasis on good data for their daily business.

The intention to cut costs has been a central focus for companies since the survey was started in 2004 and persists to be one of the most relevant factors in reference data management. In addition, 53% of all survey participants regard risk management as a main driving force for the automation of reference data management.

Due to increasing regulatory requirements and compliance obligations, the transparent handling of data is gaining more and more importance. The central regulations for interviewees all over the world are Basel II (61%), MiFID (49%) and the Sarbanes-Oxley Act (23%). The relevance of the latter is naturally highest in North America where the relevance rises to 53%.

#### Focus on the management of basic data

Today's industry names the management of basic (62%) and price data (48%) as the leading objectives of reference data management. 40% consider the management of corporate actions to be a central goal. These results almost mirror the outcome of 2007.

#### Financial organisation criticise poor data quality

On the average, the surveyed institutions mentioned shortcomings in the data quality when obtaining data from only one data feed. The main causes of complaint are poor data quality (43%), missing standards for the delivery of data (43%) as well as bad data coverage (39%). High costs are also perceived to be one of the key problems (38%).

### Tendency towards golden copy solutions

A major finding of the AIM Global Reference Data Survey 2008 is the increased tendency towards the use of a central data base to manage reference data. On a global level, 43% of all respondents state that they have the concept of a golden copy in place. The figure is particularly high in Asia & Asia-Pacific and North America where respectively 60% and 53% of banks and financial organisations have recognized the advantages of a central data base to reduce the enterprise wide processing effort and to increase overall efficiency. In Western Europe the figure reflects the global result with 43%.

However, more than half of all participants feed reference data directly into a banking application which is still the most common use of reference data. One third states that reference data is primarily utilized for manual processing. 21% say that they use reference data for printing and circulating it. This outcome proves that there is still significant room for a higher degree of automation in many financial organisations.

### Corporate actions data processing is gaining ground

Many banks and financial institutions indicate that they are planning to invest in the automation of static (42%) and price data (29%), which means that many organisations still have not yet fully automated their data management in these areas.

Traditionally, corporate actions are seen as the least automated and therefore most labour-intensive, error- and risk-prone areas in data processing within financial institutions. The results of the survey show a growing demand for the automation of corporate actions, as 28% of the respondents plan to increase the level of automation for corporate actions. In Asia & Asia-Pacific it is a high 46% and in North America still 38%. Companies increasingly seem to realize that they are facing serious operational risk and huge potential losses in this field.

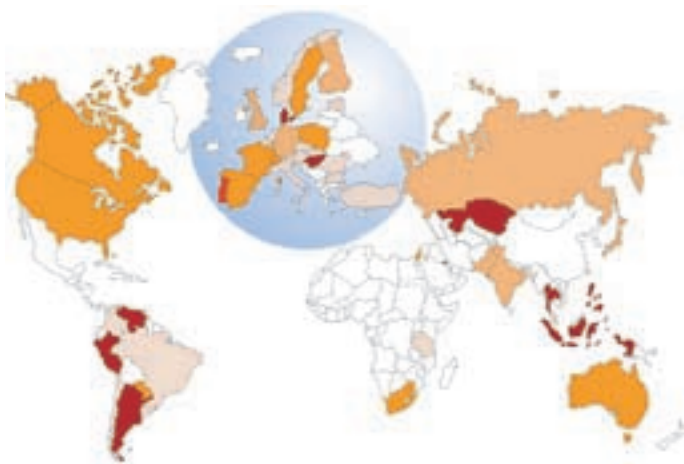
### Standard reference data management tools on the rise

An indicator that banks and other financial institutions attach more and more importance to efficient reference data management is that 42% of all respondents are either evaluating to implement a solution or are already working on it. 23% state that they want to extend investments within the next 2 years.

Although a relatively high percentage of 41% of the interviewed companies plans to rely on proprietary developments, 36% state that they prefer to buy a solution and/or to extend it, whereas in 2005 only 22% intended to do so. A reason for this trend may be the wider range of standardized data management solutions now offered on the market. The reference data management industry has been perceived as a niche market in the last few years and has yet to get more and more standardized. ■

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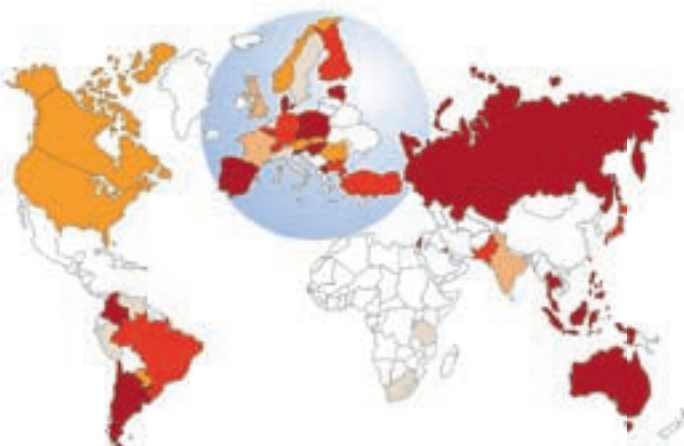


- 0–20%
- 21–40%
- 41–60%
- 61–80%
- 81–100%

**Fig. 1**

Percentage of companies planning to buy or to buy/extend a data management solution

- Liechtenstein
- Lebanon
- Palestine
- Hong Kong
- Singapore



**Fig. 2**

Basel II as driving force for reference data management and risk management

- Liechtenstein
- Lebanon
- Palestine
- Hong Kong
- Singapore

To participate in the 2009 edition of the AIM Global Reference Data Survey visit:

[www.aimssoftware.com](http://www.aimssoftware.com)

### Statistics of the AIM Global Reference Data Survey 2008

Sample: ~400

#### Approached companies:

- 33% commercial/retail banking
- 24% private banking
- 21% asset and fund management
- 19% investment banking

Number of countries comprised in the survey: 58

#### Regions:

- North America
- Central & South America
- Western Europe
- Central & Eastern Europe (CEE)
- Commonwealth of Independent States (CIS)
- Middle-East & Africa
- Asia & Asia-Pacific

Start of survey period: March 2008

End of survey period: December 2008