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Title: **Reference Data Emerges as Building Block for Collateral Management Program at JPMorgan**

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LONDON - Data has emerged as a foundational component of a JPMorgan global collateral engine initiative, a multi-year, multi-million dollar program designed to enhance business infrastructure, officials tell Inside Reference Data.

The new engine is set to maximize and optimize clients' use of collateral while mitigating risk and minimizing their financing costs. One of the benefits with the new system is that clients will have enhanced ability to manage inventory across different business lines and regions.

To support that, substantial data is required - including all reference data, instrument identification and pricing, client data and account data. London-based Emma Mangan, global head of product development for clearance and collateral management and executive director at JPMorgan, says: "Our systems have grown up over time, and this gives us the opportunity to normalize data across them in order to feed into one common platform."

As part of the project, JPMorgan is integrating the platforms in ways that, combined with the data scrubbing and de-duplication that has been completed, will help better mitigate risk. The integrated data model will also improve reporting and exception management processes, which will be monitored via an online dashboard and command centre. "We are automating many of our best practices to deliver better management information systems. It's even more risk-focused, as we can drill down deeply into the data," says Mangan.

Clients will be able to access data via a web-based front-end that will provide enhanced self-service functionality. "They will be able to do things that are not readily available today," says Bournemouth-based Steve Cohen, managing director at JPMorgan, who leads the reference data team. One example would be that clients will have the ability to review an eligibility schedule online, with the relevant underlying reference data readily available on screen.

London-based John Rivett, managing director, product management, at JPMorgan, who is the project sponsor, says: "The more we can provide our clients with self-servicing tools, the more beneficial our products and services are. This is absolutely what we are driving towards."

The new data model is multi-purpose, and it will also serve as a view-only Global Longbox that is scheduled to launch next year. "Clients will have a single view into their data, no matter the source, giving them a comprehensive picture of all their activity," says Mangan.

Overall, the global collateral engine initiative will provide clients with enhanced functionality. "Our strategy is to enhance the information we provide to our clients, and then enable them to do more with that data," says Rivett.

Additional data sets can also offer users even more options to manage risk. "Data on concentration limits, for example, would allow users to look up exposure to a particular sector," he comments.

Given the level of complexity, integration into current systems, and intellectual property, the new systems will be predominantly built in-house. Mangan's project team is responsible for delivering the global collateral engine initiative, from gathering requirements through design, from build to deployment. "It's a huge initiative, which can be daunting," she says.

But the team is now mid-way through. "Now we've embarked on the phase where all the infrastructure work that we've completed will start to become visible to our clients," says Mangan.

Meanwhile, the importance of reference data in general is continuously increasing, and the market events of 2007/2008 demonstrated the value of robust reference data. Rivett says the firm has seen client behaviour change significantly over the past 12-18 months. "Our clients are looking to partner with providers who can appropriately source, organize and deliver information to aid better decision-making," he says.

In the collateral management business, which manages securities, derivatives and cash collateral management, the trend has been for clients to become more global - something that has also affected the data requirements. "While clients have historically operated on a more regional basis, they are now becoming more global and more granular. We've expanded our reference data sources, but need to constantly ensure we have the right data to support them," he says.

In fact, JPMorgan has seen increased use of some of the data and attributes that have already been available, according to Rivett. This is in addition to an increase in queries. "Clients are challenging us more on the data and we challenge our vendors more," says Rivett.

The reference data team that supports the business has recently completed substantial analyses and research to assess how data is used today and how it might be used in the future. "We've put a lot of energy into understanding our feeds, the data attributes, and reconciling data," says Rivett.

To identify the best quality source for each specific data type, more than 100 data attributes have been reviewed. The focus has been on establishing more effective partnerships with carefully selected vendors. "Data quality is key to enterprise-wide collateral management, and effective vendor management helps drive the quality," says Cohen, explaining that the group is looking at ways to ensure 100% accuracy.

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