Data systems must be secure, automated and shared

Steve Miller, founding dean of the School of Information Services at Singapore Management University, stresses the importance of data management for banks today  

By Peter Hoflich

With financial services largely dematerialised, running an efficient financial services institution is more and more about managing data. In his role of promoting the cutting edge of information management for the next generation of IT managers at banks and other institutions, Steve Miller, dean of the School of Information Services at Singapore Management University feels that it is important to understand the linkages between IT and the ability of banks to adapt, change, compete, innovate and create value for all of their stakeholders. Banks are clearly living in challenging times in terms of staying on top of data management and business intelligence software security and trust and intelligent decision support systems.

Regulatory and competitive pressures are forcing banks to find innovative new systems for managing the vast amounts of data that they are gathering, but also to make sure that they are understanding that data correctly—all the while doing it on ever-shrinking IT and operations budgets. Finding these solutions often means looking towards young minds that are not trained to approach problems in any set way.

The business cycle means that the data collection and analytics functions need to be highly integrated. “Every aspect of business operations and customer service delivery is dependent upon automated data collection and management and upon business rules and logic embedded in software applications,” says Miller in his address to his students. “The way an organisation thinks and makes decisions is increasingly dependent upon software-enabled analytic decision analysis and decision support applications.” The soundness of these rules is what will give banks their business advantage on an ever-changing competitive landscape, but can just as easily lead them astray if care is not taken when designing them.

IT governance is also a key concern for banks, a fact highlighted by what seems like regular payment systems breakdowns among Australian banks—particularly Commonwealth Bank of Australia—and the massive breakdown of Mizuho Bank’s payments and salary credit services following the March 11th earthquake and tsunami disaster in Japan. When IT systems are incorrectly aligned, or when information silos weaken the robustness of group-wide functions, systems are intolerably weakened. “In addition, there are also the ever-expanding IT systems for enabling data and knowledge integration across processes and organisational units, and for sharing information across the enterprise, business partners, customers and stakeholders,” says Miller. “IT systems and related Internet applications are essential in most organisations for managing information workflow and for electronic channels of content distribution and service interaction.”

Among the serious challenges to banks’ IT infrastructure, probably the key issue is security. “Related to all of these different aspects of information processing, there are also the many issues associated with ensuring that people access and share information in a secure and trustworthy manner,” says Miller. Security that is too onerous can paralyse an institution or slow it down so much that it loses competitive advantage, but if security is ever breached a bank can lose the sole component that gives it authority: trust. A balance of the two is badly needed, but this balance is ultimately, as it is all too often proven to be actually unbalanced.