

# Tomorrows Business Architecture in Nordea Product Control

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### Agenda

Nordea & Product Control

Product Control's working environment

Why did Product Control make use of Business Architecture

What was delivered

How the deliveries are utilized in the ongoing business transformation

# Nordea is the largest financial services group in the Nordic and Baltic sea region

#### Nordea = Nordic ideas



#### 11 million customers

- 8 home markets
- Approx. 10 million personal customers
- 530 000 corporate customers, incl. Nordic Top 500

#### **Distribution power**

- Approx. 700 branch office locations
- Approx. 7 million Netbank customers

#### **Financial strength**

- EUR 10.2bn in full year income (2014)
- EUR 669.3bn of assets (Q4 2014)
- EUR 29.8bn in equity capital (Q4 2014)
- AA credit rating
- Common Equity Tier 1 capital ratio of 15.7% (Q4 2014)

#### EUR ~38.9bn in market cap

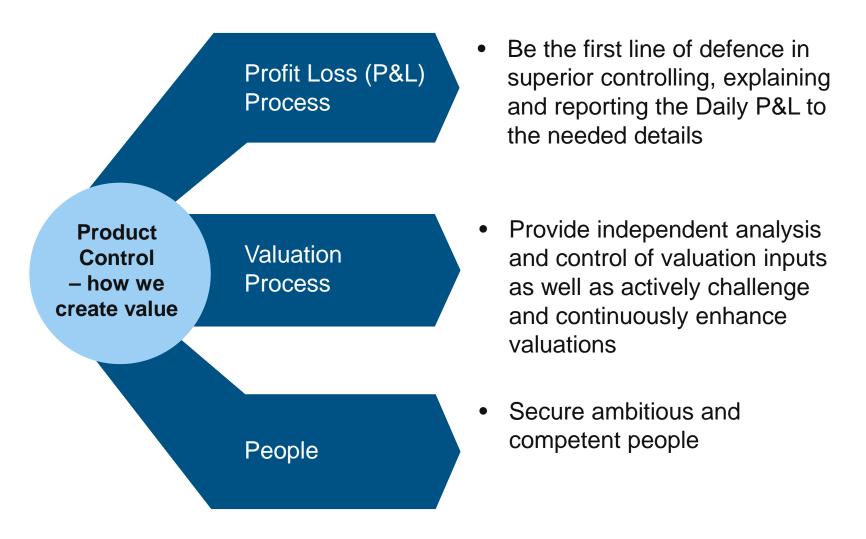
- One of the largest Nordic corporations
- A top-10 European retail bank

### The Value Chain in Capital Markets

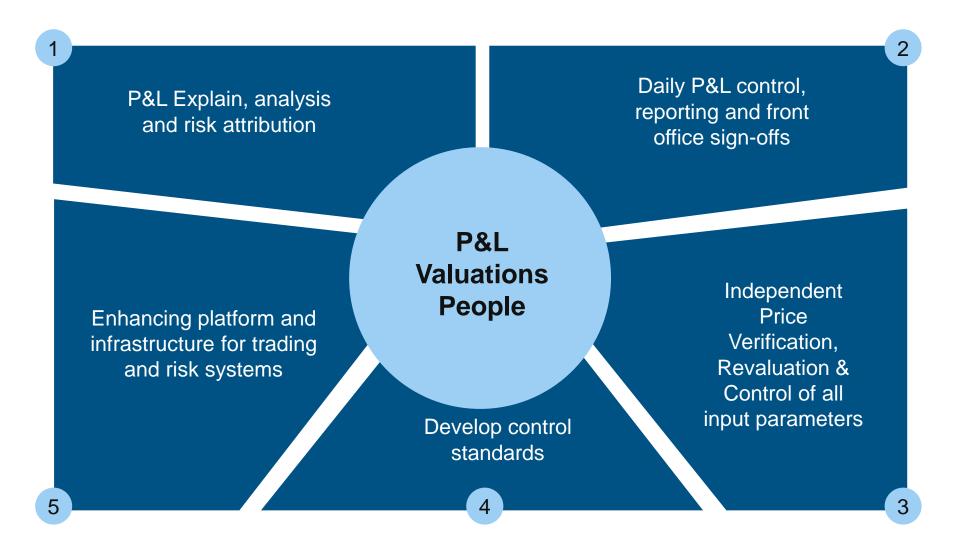
Pre-deal process	Deal Capture process	Financial & Risk control process	Settlement & Confirmation process	Reporting process
Customer process	Deal capture	Credit risk	Collateral Management	Customer reporting
Issuer Services	Execution	Finance & accounting	Confirmations	Financial & legal reporting
People & infrastructure	Position management	Liquidity Risk	Lifecycle management	Management reporting
Product process		Market risk	Liquidity Management	Regulatory reporting
Risk limits		Operational & compliance risk	Settlement	
Static data		P/L	Transaction validation	
		Valuation		



### Product Control's (PC) Value Proposition



### Superior Controlling in Product Control



# Product Control operate in an ever changing working environment

Regulative environment

 Increasing demands from regulators on reporting and control standards

Product Control's daily reality Complex product environment

 Have to adjust rapidly to the market conditions

- More new products
- More combined products

Cost effective regime

 Work streamlined and with simplification in mind

### The missing link in our business



# Why Business Architecture is important for tomorrows Superior Controlling in PC

- Offer holistic and harmonized view of the business across product class and organisation
- Allows the business to take ownership and drive transformation strategies through business-centric roadmaps
- Provide transparency across business units to:
  - enable cross-functional cooperation,
  - secure clarity in roles and responsibilities,
  - facilitate planning and ensure that initiatives build up towards a common goal/ target.
- Establish a framework of concepts that allows the business to clearly communicate asis business challenges and articulate a business driven vision for the future
- Align and improve business processes across business units, delivering stakeholder focused benefits far beyond traditional "lean" or similar process-streamlining exercises

# Business Architecture Method - Identifying strategy options to increase value creation

Create Value Map and identify stakeholders Interview stakeholders and issue collection Create Capability Map and Issue Impact on the capabilities Create Information Map and Capability/Information Map Strategy Options and Analysis

### What was produced in cooperation with Thematix

Value Map and Stakeholder Identification

Capability Map and Value Stage/Capability Map

Information Map and Capability/Information Map

Issue List, Issue/Capability Map and Issue Root Cause Map

Delivered in a database with business architecture tools for additional analysis and continued evolution

### Product Control's P&L Value Map - capabilities

Acquire & Correct Data

Value Trades Calculate PnL Attribute PnL Resolve Escalations

- Run acquisition scripts
- · Reconcile Trade data
- · Verify market data
- Trade surveillance
- Trade settlement control
- Trade data flow management
- Resolve issues with BO and IT
- · Stakeholder mgt.
- PnL process mgt.
- Secure completeness of trade portfolio

- Execute valuation model
- Sign off on control state
- T1 valuation control
- FO alignment
- Model control
- Closeout cost control
- Stakeholder mgt
- PnL process mgt
- Resolve Escalations
- Resolve issues with FC, RVC, CRC
- T0 Valuation control

- Calculate independent PnL
- Resolve Escalations
- Reconcile daily PnL
- Reconcile monthly
   PnL
- Stakeholder mgt
- PnL process mgt
- Resolve issues with FC, RVC, CRC

- Day 1 PnL review
- Stakeholder mgt
- PnL process mgt
- Weekly PnL Explain Comment
- Daily PnL Explain
- Resolve Escalations(weekly PnL)
- Monthly PnL Explain
- Resolve issues with FC, RVC, CRC

- Stakeholder mgt
- PnL process mgt
- Resolve EscalationsFRC
- Resolve exceptions -Group
- Day 1 PL review



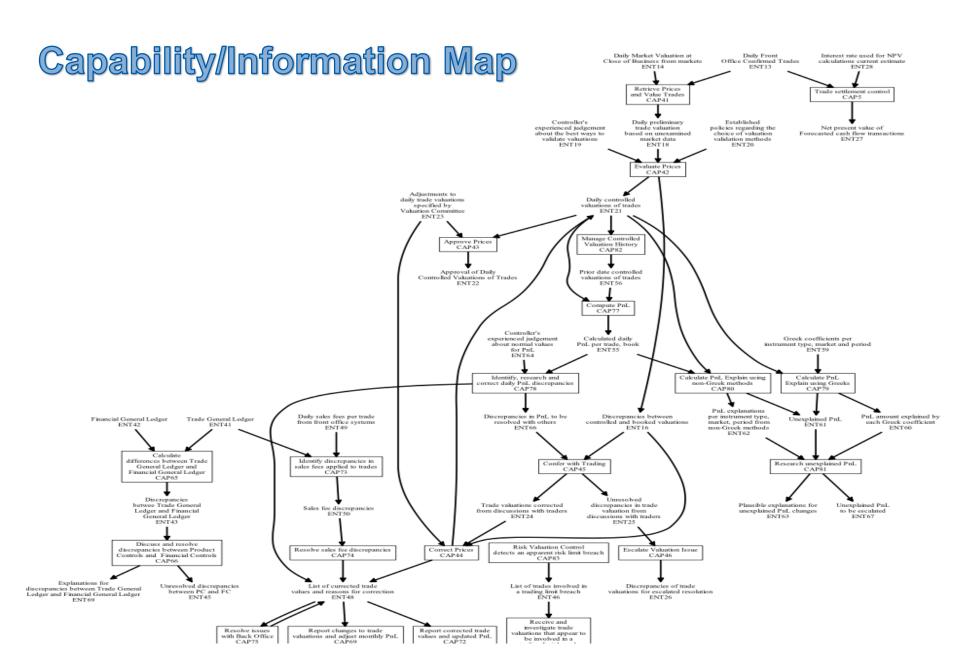






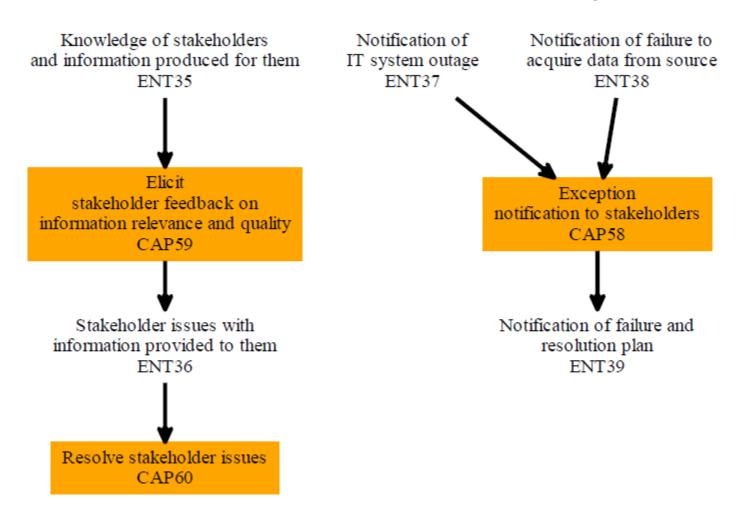






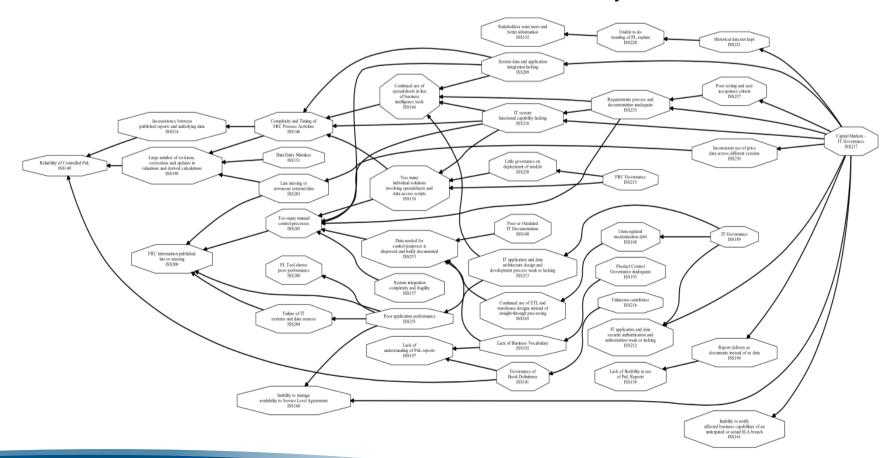
#### Issue colored Capability/Information Map

Issue 197 – Stakeholder communication and understanding of P&L reports



#### Root Cause Analysis - Issue Map

- Root cause analysis demonstrates the interrelationships between issues
- Immediate issues can be remedied but will recur unless the underlying issues are also remedied
- Governance and Business/IT collaboration is often a key root cause!



# How Product Control use the deliveries to enhance stakeholder experiences...



Capability
mapping is an
asset for
simplification
purposes

Team mergers based on similar value-producing activities and capabilities

Mapping vital for potential synergies in value streams both internal as well as external

Overview of IT issues with domino effect throughout the P&L value stream

Prioritize projects and IT initiatives

### ... and the deliveries will be used continuously!

Knowing the impact of issues on our value streams enabled creation of our 2015-strategy

Issues
identified are
vital for PC
Mgmt's
strategy

Transparency throughout our organization, stakeholders and IT

Elicitation of requirements towards our new BI tool Project.



### Questions?