

The future of information governance in finance



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Executive summary

As the financial industry continues to evolve, managing information efficiently and securely has become more critical than ever.

The rise of digital transformation, the increasing reliance on Artificial Intelligence (AI), and new regulations, such as the Digital Operational Resilience Act (DORA), have placed a significant emphasis on the importance of information governance in finance.

This white paper explores the evolving landscape of information governance, focusing on the role of DORA, the integration of AI, and the need for strong Information Architecture (IA) and Knowledge Management (KM) systems to

ensure long-term operational resilience. We also highlight the efficiency gains and cost-saving opportunities that can arise from robust information governance, especially in limiting the need for frequent external legal counsel and specialist engagement.

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Introduction

In an era marked by rapid technological advancements and an ever-growing regulatory framework, the financial services industry faces increasing pressure to handle vast amounts of data securely, efficiently, and compliantly.

Information governance, which encompasses the policies, processes, and technologies that ensure proper handling of information, is at the core of this challenge. Financial institutions must find ways to navigate this complexity while ensuring compliance with regulations and fostering innovation.



Two major trends shaping the future of information governance in finance are the rise of AI and the evolving regulatory landscape, epitomized by the Digital Operational Resilience Act (DORA).

These factors highlight the urgent need for strong foundational practices in information architecture and knowledge management systems to stay ahead of future challenges.



The Digital Operational Resilience Act (DORA) and its impact on financial institutions



The Digital Operational Resilience Act (DORA) is a regulation introduced by the European Union to ensure that financial institutions can withstand and quickly recover from any form of disruption to their digital operations.

With an increasing reliance on digital infrastructures, including cloud services, AI, and automated systems, the risk of operational disruptions has intensified. DORA mandates that financial institutions must:

- Establish comprehensive risk management frameworks for their information systems and digital operations.
- Ensure the security of data and continuity of operations, particularly in the face of cyber threats, system failures, and third-party risks.
- Ensure third-party vendors, including tech providers and data handlers, meet stringent resilience standards.

The act requires financial institutions to maintain robust information governance practices, ensuring the integrity, security, and continuity of their digital operations. This means that an efficient information governance framework must be established as a foundation for ensuring that the data and systems needed to meet DORA's requirements are structured and available.



The importance of data governance in compliance with DORA

DORA requires financial institutions to adopt comprehensive measures to monitor, manage, and report their information and operational risks. Proper information governance structures, including the classification, retention, and secure disposal of data, play a crucial role in ensuring that financial institutions can meet DORA's compliance obligations effectively. Financial institutions that implement strong governance frameworks will be better positioned to:

- Protect against cyber threats.
- Minimize downtime.
- Meet regulatory requirements.
- Respond to incidents quickly and efficiently.

The role of AI in the future of information governance

The integration of AI into the financial industry is transforming how data is processed, analyzed, and managed.

AI's potential to automate decision-making processes, enhance risk assessment, and improve customer service is vast. However, as AI continues to evolve, the governance of information within financial institutions must adapt to keep pace.



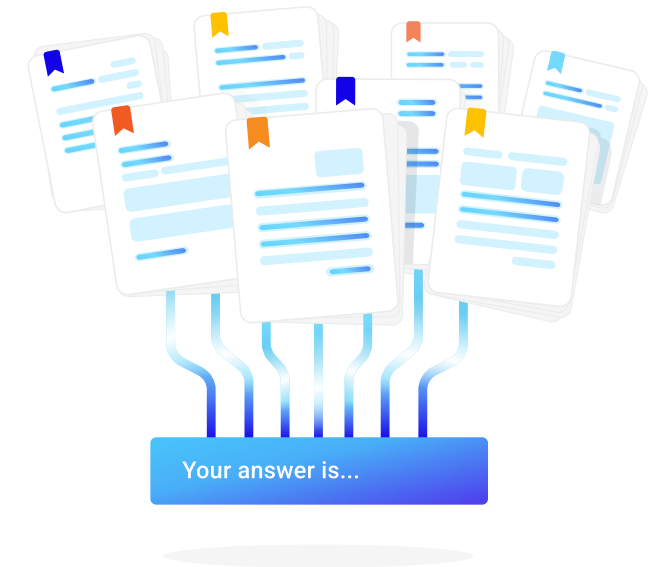
AI and data processing

AI systems in finance often rely on vast amounts of structured and unstructured data to make predictions and recommendations. Information governance frameworks must evolve to ensure the right data is available for these systems and that AI models are transparent, fair, and compliant with regulations.

AI can help financial institutions streamline information governance in the following ways:

- **Automated compliance monitoring:** AI can be used to continuously monitor systems for compliance with regulations like DORA, flagging any discrepancies and enabling quicker responses to threats.
- **Data classification and management:** AI-powered systems can assist in the automatic categorization of data, ensuring that financial institutions maintain proper control over sensitive information and ensure its compliance with legal requirements.

- **Operational resilience:** AI algorithms can predict and mitigate potential disruptions, allowing financial institutions to maintain operational resilience and reduce risks associated with downtime and data breaches.





Ensuring AI governance

As AI continues to become a more integral part of financial operations, it will be crucial to ensure AI systems themselves adhere to strong governance principles. This includes:



- **Transparency:** Financial institutions must maintain transparency around how AI models make decisions, especially when those decisions can impact compliance and risk management.
- **Accountability:** AI systems must be regularly audited to ensure they do not inadvertently create risks or biases, especially when they interact with sensitive customer data.
- **Bias detection and mitigation:** Financial institutions must implement robust AI governance practices to minimize the risk of bias in automated decision-making processes.



Information architecture: building a foundation for AI and resilience

A strong information architecture (IA) forms the backbone of any organization's ability to leverage data effectively.

As financial institutions increasingly rely on AI and other advanced technologies, having a well-structured IA is essential for ensuring that data is accessible, secure, and usable.



Key elements of a robust information architecture

- **Data classification and taxonomy:** Financial institutions must establish clear taxonomies to categorize data based on its sensitivity, regulatory requirements, and business relevance.
- **Metadata management:** Proper metadata management ensures that data is accurately labeled and easily searchable, reducing the time and resources required to locate and utilize information.
- **Data governance frameworks:** A well-defined data governance framework ensures that data is managed consistently across departments, reducing the risk of errors and ensuring compliance.
- **Scalability and flexibility:** As financial institutions scale, their information architecture must be able to accommodate increasing data volumes and new technologies like AI without sacrificing efficiency or security.



Benefits of strong information architecture

- **Operational efficiency:** A well-organized information architecture reduces the complexity of data management, enhancing efficiency across the organization.
- **Compliance readiness:** A solid IA ensures that data is organized in a way that makes compliance with regulations like DORA much easier.
- **Future-proofing:** As AI and other technologies continue to evolve, a scalable and flexible information architecture allows financial institutions to seamlessly incorporate new innovations without disruption.

Knowledge management: reducing reliance on external legal counsel



Knowledge Management (KM) plays a pivotal role in allowing financial institutions to operate efficiently and in compliance with regulations.

A well-designed KM system ensures that institutional knowledge is properly documented, accessible, and actionable, reducing the need for external legal counsel for repetitive tasks.



Streamlining legal processes

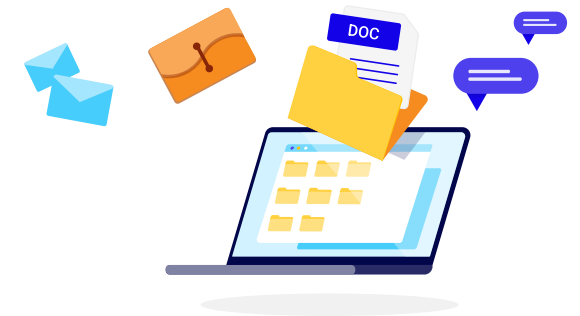
One key area where KM can drive efficiency is legal document management. Many financial institutions regularly encounter legal challenges related to liability clauses, compliance audits, and contract management. By maintaining a central repository of templates, best practices, and legal guidelines, organizations can reduce their reliance on external counsel.

- **Document Management Systems (DMS):** A DMS ensures that legal documents are stored in a searchable and secure manner. Financial institutions can leverage these systems to reduce time spent searching for contract templates, legal clauses, or precedent cases.
- **Internal legal knowledge bases:** By creating a knowledge base of frequently-encountered legal issues and solutions, financial institutions can provide their in-house legal teams with the tools they need to resolve routine matters efficiently.
- **Automating routine legal work:** Using AI-driven legal tech, financial institutions can automate tasks like contract reviews and compliance checks, further reducing the need for external counsel.



Benefits of effective knowledge management

- **Cost savings:** By reducing the need for external legal services, financial institutions can significantly lower their legal fees.
- **Consistency and accuracy:** Effective KM ensures that all staff are working from the same set of guidelines, reducing errors and ensuring consistency in legal processes.
- **Efficiency gains:** Streamlining access to legal knowledge speeds up decision-making and reduces the administrative burden on legal teams.



Conclusion

The future of information governance in finance lies at the intersection of technology, regulation, and best practices.

The introduction of DORA and the integration of AI are catalysts for financial institutions to reevaluate and strengthen their information governance frameworks. A solid foundation in information architecture and knowledge management can help institutions ensure operational resilience, improve compliance, and reduce reliance on costly external legal counsel. By embracing these advancements

and fostering a culture of effective information governance, financial institutions can position themselves for success in an increasingly digital and complex future.

At iManage, we're ready to help financial services providers not only meet DORA requirements but also transform compliance into a strategic advantage. Explore our solutions for [financial services](#) and discover how we can help you achieve digital operational resilience.



