Railz's financial and accounting data normalization

We want to define what we mean by data normalization and why financial data normalization is important to the success of your financial institution. The world is built on data, and the financial industry is no different. As per Forbes, the amount of data created and consumed in the world increased by almost 5000% from 2010 to 2020. You rely on your small- and medium-sized businesses' (SMBs') financial data in order to offer the best services and value to your commercial customers.

> **"A decision is only as good as the data that makes up the foundation of a company... We use Raliz to standardize and automate the ongoing ingestion of a company's financial data."**
>
> Jon Cowley, Founder, whatifi

There are over 31 million businesses in North America - SMBs are the backbone of the economy. **The only way you can successfully use the financial data from over 31 million businesses is to have that data arrive to you clean, standardized, and correctly mapped**. This is what we refer to as normalization. We handle financial data normalization so you don't have to.

Why data needs to be normalized

Accounting and financial data is exceptionally messy by default - it is nuanced with a multiplex of idiosyncrasies. Navigating intricate layers of accounting data in the absence of an army of specialists can be enormously challenging to small- and medium-sized businesses and more importantly to your financial institution providing services and products to your SMBs.

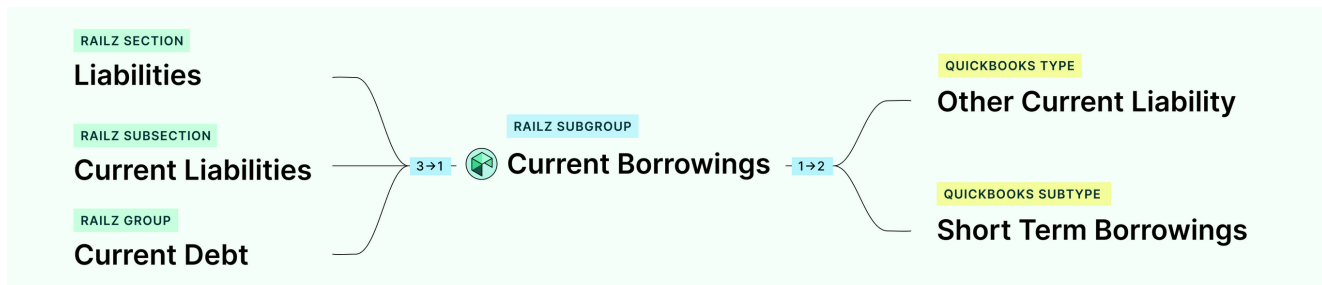*"Life is not complex. We are complex. Life is simple, and the simple thing is the right thing." – Oscar Wilde*

How data normalization can positively impact your financial institution

Having access to normalized financial and accounting data empowers your financial institution to build the financial products of the future. The use cases for normalized financial data span different industries from insurance to wealth management to credit and lenders to neobanks. For your financial institution, having data accuracy on your commercial customer data empowers your organization to offer accurate services and products to your SMBs.

RAILZ

The moving parts behind Railz's normalization engine

Railz uses the Chart of Accounts as a standardization reference to efficiently normalize across all financial statements with a 99.9% level of accuracy - this is important because it ensures integrity of the accounting data. This level of accuracy is unique to the Railz normalization engine and it presents you with the best data to make these decisions in the fastest and most efficient possible manner.

We have to correlate all variations of the wild types of account names against the normalized Chart of Accounts. There are generally two ways of implementing this type of approach. The first is to map ASP-specific fields to a standardized grouping of classes using a tuned combination of text preprocessing and a general Natural Language Processing (NLP) algorithm.

RAILZ SECTION
Liabilities

RAILZ SUBSECTION
Current Liabilities

RAILZ GROUP
Current Debt

3→1

RAILZ SUBGROUP
Current Borrowings

1→2

QUICKBOOKS TYPE
Other Current Liability

QUICKBOOKS SUBTYPE
Short Term Borrowings

Once we have completed this outer relationship between the ASP and Railz internal subGroup, the mapping to the super sections (Group, subSection, Section) can be easily calculated. This approach greatly reduces the mapping complexity of the accounting. No other input or interaction is required by our users, which further ensures the accuracy of the data normalization. By contrast, in crowdsourced model training you're paying for an incomplete service which requires your resources to operate, costing you the time that you were wanting to save in the first place. This is not "User Control", rather "User Offloading." Thus, through a carefully tuned text matching method, you get the benefits of our normalization engine.