

WHITEPAPER



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creating value through innovation

# SCV SNOWDOWN

FSCS – SCV Reporting Challenges & Bottlenecks  
for Foreign Banks in UK

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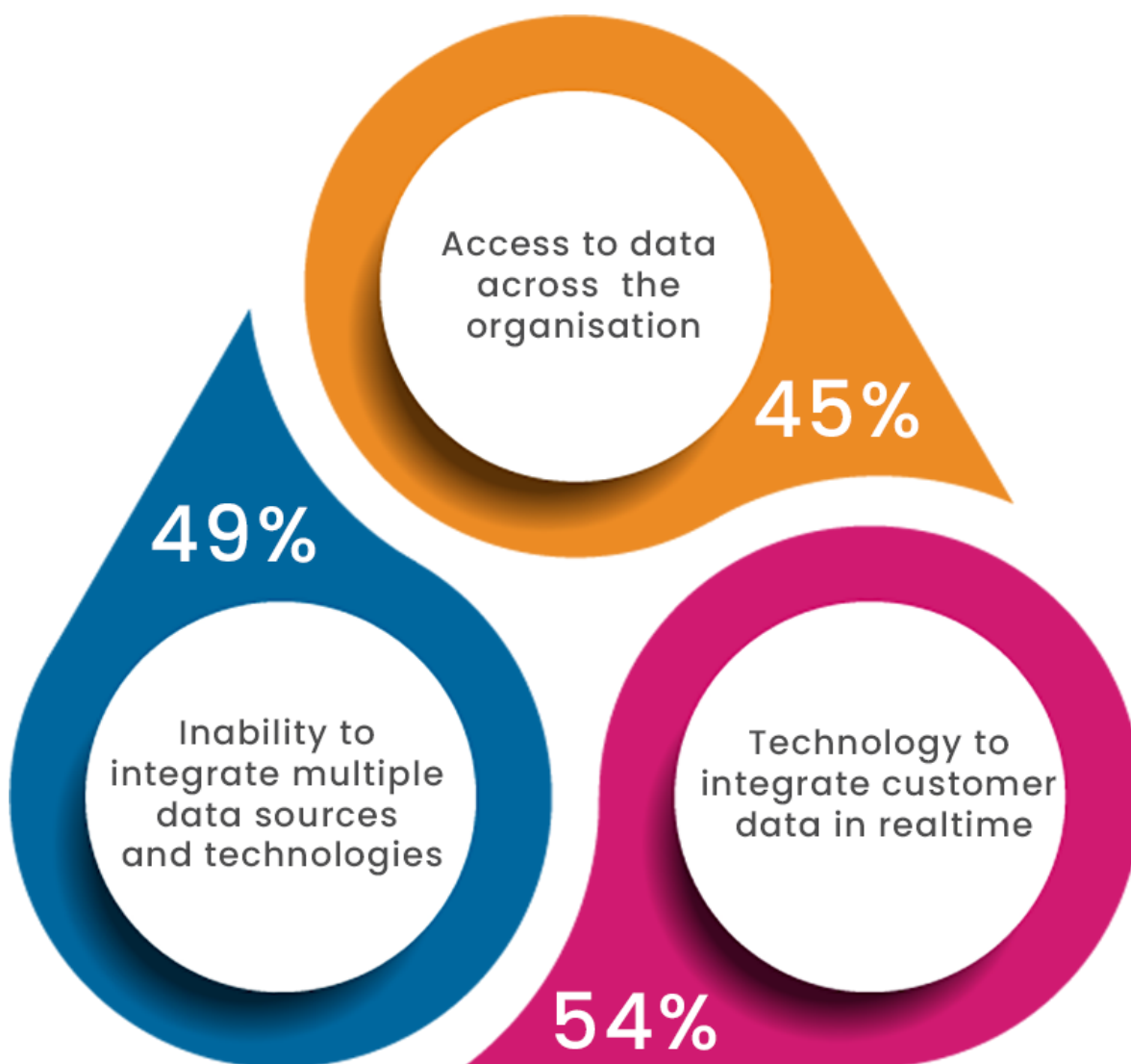
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## Foreword

During any major marketing conference, you will hear marketers across the audience and dais talking about regulators knocking all entries and exits of the banks for aggregated data to support Single Customer View and comply with the wider spectrum around the Regulatory reporting.

The SCV, as a notion is not new to financial services having thrived on this foundational philosophy for nearly three decades with constant recasting and relentless reforms from the regulators. However, on the other hand marketplace worldwide is facing the challenges of not having a perfect SCV solution and support system in place to match the high-level benchmark set by regulators.

Let's look at the top challenges and bottlenecks faced by the financial institutions



**Top Challenges** in creating a single customer view for enterprise companies

## Challenges

### Relying on Legacy System

This is first and foremost within the challenges to resolve. Businesses today have access to an unprecedented amount of customer data. In fact, data deluge has created more headaches for organisations because they still operate with legacy systems that make it difficult to achieve their goals for data integration, standardisation, and quality. Legacy systems by their nature struggle because of their age. Certain vulnerabilities may not be as easy to fix due to the large, inflexible nature of older systems. Legacy software is also problematic from a compliance perspective. There are various compliance standards nowadays that require to properly safeguard your applications. Modernisation is an expensive affair, in terms of both money and time. Large investments are to be made and a significant period of time needs to be assigned in order to modernise a critical legacy system. The process of modernising a complex legacy system could run into years and the risks of running into unforeseen circumstances in the process.

### Operational Effectiveness

Operational effectiveness is a big challenge for technology professionals in the financial services industry. Industry analysts estimate that IT departments spend 60 to 90% of their budgets managing and maintaining older systems, leaving little left over for new initiatives. And this is a situation that most businesses simply can't afford. With declining profits and rising expenses, it's not surprising that improving operational effectiveness remains a top priority for the financial services industry. A core component of the cost base is IT applications and infrastructure maintenance. For the financial services industry, improving operational effectiveness is critical to outperforming, or at least keeping up with, the competition. Several reasons driving replacement projects include maintenance expenses, lack of flexibility, problems accessing data, and difficulty finding resources to work on older technology. Financial institutions spend the majority of their time on maintenance rather than innovation. Increasing the efficiency of technology and business operations leads to a reduction in costs, both in money and time.

### Infrastructure Complexity

Over the years, banks' perception to the value of the IT infrastructure has eroded in the eyes of the business. They see the infrastructure as an overhead rather than a vital, profit-generating differentiator giving them a competitive advantage. The absence of proper infrastructure is preventing banks from effectively managing the situation.

In most of the organisations, with the inherent complexity of today's hybrid infrastructure brought about by new procurement layered over legacy systems that are not necessarily cohesive, interoperability issues often ensue. The knock-on effects of systems fighting for resources during busy periods can cause latency issues, in turn seriously affecting the performance of business-critical applications.

” The most meaningful way to differentiate your company from your competitors, the best way to put distance between you and the crowd is to do an outstanding job with information. How you gather, manage, and use information will determine whether you win or lose.”

- Bill Gates, Microsoft



## Bottlenecks

### Poor Data Quality and Data Aggregation

Business environments change rapidly creating numerous database applications when coupled with a proliferation of specialised line-of-business systems. The result is a common place struggle for many large businesses today and the major problems by having all this data is that, it's scattered across everywhere. Organisations face increasing inefficiencies and missed opportunities from fragmented data living in multiple applications. In a traditional architecture environment, data is not integrated. An organisation that lacks such data cohesion cannot possibly recognise the total value of their business. It is important to monitor your data sources overtime to ensure that the quality of data is not deteriorating. Poor data quality impacts the core efforts to create a single customer view without accurate and reliable data. A high degree of inaccurate information can have a dramatic impact across the entire organisation. Without accurate data, companies simply have no way of knowing deep insights about their customer base. Data also becomes redundant or outdated quickly. Poor data quality contains numerous errors that can even ruin the success of the business operation and reputation.

### Data Privacy and Protection

Data has powered the biggest and most rewarding advancements and technologies over the last decade. But, there's a real challenge with protecting consumer data privacy and preferences today. The growth of data is exponential, and more than 1.7 megabytes of new data is created every second. Organisations must keep up with protecting not only their customer's personal information but also sensitive personal information. Because of the veracity and volume of data in our technology-driven world, it becomes overwhelming to handle millions and possibly even billions of data records. If an organisation is breached, they face intense regulatory penalties from an array of entities. For example, companies operating in or with customer data in the European Union that experience a sizable breach from a lack of security controls could face up to 4% of Adjusted Gross Revenue.

Human errors can significantly affect your data privacy and protection. Many security analysts claim that human error is the biggest challenge in data privacy and security. The statistics show that protecting data is no easy feat.

” DATA is the most visible part of your system to your customers; it is the element that your credibility is built on. ”

### Data Duplication

In today's interactive business world, we are collecting customer data from a multitude of data sources, but can you be certain that all engagements with your customers are centralised in one record?

Duplicate data is a serious issue for any company using multiple platforms to manage. It occurs when an exact copy of a record is created as a different entry in the same database. Duplicate data is one of the problems that can plague your company's business. Duplicate records create tremendous challenges for effective targeting and another cost of duplication is unnecessary data storage. When you have duplicate records, it is more difficult for software to correctly match customers and you could have one individual represented through multiple profiles. Let's walk in a few steps onto an existing manhole that creates a grey area around the reporting of duplicate records rendering single customer view intangible. This makes it difficult to get a clear picture of the aggregate balance of the customers. For example, if you can't tie together one customer's transactions then you lose the ability to match the relevant customer and you can't identify who they are because the customer ID is not unique and searchable.

## Inaccurate Reporting and Less Informed Decisions

If you are planning on using your data to make informed decisions and forecast what you should be doing more of for future business growth, you need to make sure that your data is accurate, complete, and duplicate free. Decisions based on poor quality data are no more reliable and accurate than those made on assumptions. Cluttering up your database with poor quality data will impact on your ability to make informed judgments and decisions about the state and future of your business.

## Regulatory Compliance Landscape

An ever-evolving and more stringent regulatory compliance landscape places increased reporting and risk oversight demands on financial services firms around the globe. It's difficult for technology teams to keep up as firms are generating and analysing more data than ever before due to initiatives in global derivatives regulation.

Adding to the demands of regulatory compliance, many of the regulations require changes to transaction formats to standardise processing and reporting.

Financial institution's data across the organisation in siloed applications and data stores and sharing data between different parts of their institution is difficult and requires manual effort every time data is shared. Because of these data and organisational silos, compliance reporting usually entails transferring information from multiple systems into a centralised data repository, creating more data in the process. The process of extracting, aggregating, standardising, and reconciling data for regulatory and compliance purposes increases the risk of poor data quality and inaccurate reporting, which can spell trouble for financial institutions.

**” Banks are likely to spend more than \$8 billion in the next six years to improve technology platforms to meet demands to beef up how they manage and report risks.”**

–Sungard

## Reaching Milestones with No GPS

Achieving a single customer view, however, still seems out of reach for many businesses. 89% of companies still have challenges creating a single customer view resulting in poor decision making due to poor customer insight and process inefficiencies. Without having an SCV and real-time insights in place, organisations struggle to deliver renown outcomes and may even result in dissatisfaction and even churn.

**“Single Customer View acts as the single golden source of truth”.**

A single customer view is outreached when you are able to:

Unify customer data across all your internal systems

Capture each customer's activities across all your channels

Use this information to seamlessly engage with each customer across touchpoints

Comprehensive understanding of Regulatory compliance and mapping them with your customer records depends on the quality of underlying data, which is absolutely vital and prominent to achieve a consistent cognisant view. Financial institutions are ramping up their governance, risk management, and compliance IT investments to avoid fines and prepare themselves for increasing regulatory demands. They are finding the current raft of new and impending rules and regulations by creating a more consistent and comprehensive view. Having a single view of a customer help banks understand what business they do with them, and more importantly, how to create better custom.

## Macro Global's SCV Alliance – FSCS SCV Audit Platform Knockdowns

To overcome the above challenges and transform your PRA status to Green and retain it in every FSCS drill, you can rely on Macro Global's "SCV Alliance – FSCS SCV Audit Platform". Our solution is designed to help you tackle the challenges around gaining a Single Customer View and develop data quality to promote efficiency in operational readiness and improve accuracy in Regulatory reporting.

At Macro Global, we firmly believe that it's simply a case of having the capability to build a consistent actionable dataset that is accurate. We help the firm to transform and unlock the data from a legacy application. "SCV Alliance – FSCS SCV Audit Platform" Framework conducts Quality/Health check and Risk Taxonomy of your data to show the integrity and shortfalls which support to derive intended data lineage.



## SCV Alliance – FSCS SCV Audit Platform – The Powerhouse

Our "SCV Alliance – FSCS SCV Audit Platform" Framework is staged in the cloud and also on-premises with integrated business modules including a custom-made design to support high-level data enrichment with choice of multiple input file format and quality data outputs. SCV Alliance as a data-driven compliance platform for member banks to effectuate the Regulatory requirement. Our data validation rule engine runs hundreds of dissections defined by PRA on your data before submission.

"SCV Alliance – FSCS SCV Audit Platform" interactive dashboard empowers to visualise the status and progress of static business reporting, highlighting the potential errors which give users the competence to drill down their data to any level of granularity. The system offers an intuitive workspace with the ability to track, monitor, remediate and scale up your data with minimal man-hours.

## SCV Alliance – FSCS SCV Audit Platform Landscape



## Look at what actually makes up the SCV Alliance – FSCS SCV Audit Platform

Well-architected and out of the box data model and business service layer with improved loading capabilities and data integration.

Flexible and extensible data service models and bespoke business service.

Can be integrated with a wide range of scenarios run against a rule set extracted from the FSCS regulation defined by PRA supporting profiling, matching, de-duplicating and cleansing of records.

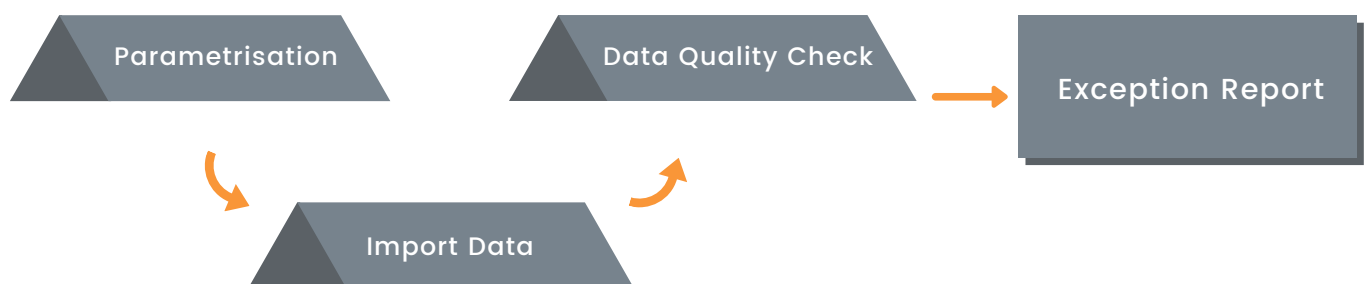
A high-performance computing platform to interrogate the SCV and Exclusion file analyses billions of pieces of data in real-time.

Data remediation and enrichment processes identify the issues to reduce the risk of financial penalties.

Provides risk-based reporting helps understanding the pitfalls and to uncover, analyse, visualise data-related business risk to take action to protect the business.

Comprehensive status logging and email alerts can be configured.

Secured data handling and provides a high level of data protection, security and sovereignty.

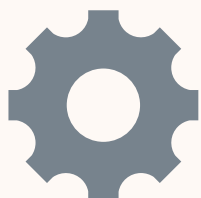




## SCV Alliance – FSCS SCV Audit Platform – Complete and Flexible Solution

Macro Global's "SCV Alliance – FSCS SCV Audit Platform" is a regulatory reporting solution designed and suitable for the financial institution to control, automate and flexible to meet ever-increasing regulatory requirements. It is a complete and compliant solution capable of automatically validating and comply with FSCS requirements to report on-demand in 24 hours. Our Audit report helps you identify inaccuracies and put processes in place to prevent penalties and ensure that your data is duplicate free, consistent and accurate. Our solution provides data insights and allows you to correctly identify the individuals and entities to be reported, including exclusion, effectiveness and completeness reports.

### Fully Parametrisable



- Account Status Code
- BIC Details
- POA Accounts
- Corporate Accounts
- Sort Code
- Product Details

### Cost Effective



- Single License with 12 audit instance
- SaaS Model
- Support both Cloud and On-Premises

### Easy to Use



- Risk-based categorisation
- View current progress
- Compare audit reports
- Module Control
- Audit trail

## Business Benefits



### Automate Process



### Reduce Risk



### Flexibility



### Rapid Turnaround



### Operational Efficiency

- ✓ The Business Consulting team offers support on the Governance and operational practices in the reporting landscape and ensure that our solution is compliant with current or future regulation.
- ✓ Fully automated and allowing validation, data enrichment, and managing account/customer rules.
- ✓ Assign different user roles for control over editing of details and submissions.
- ✓ Our solution generates a data validation report based on current requirements and issues reported by FSCS.
- ✓ Assistance to submit required documents as per the FSCS requirements.
- ✓ A risk-based detailed report including the customer and accounts that have not been covered in the mandated output file.
- ✓ A proven, working solution successfully being used by our clients over 10 plus years to complete their submissions.
- ✓ We monitor and manage the implementation activities for financial institutions to achieve the objectives within the regulatory timeline.
- ✓ Data validation reporting to analyse reportable data and highlight any data formatting issues that conflict with the mandatory fields.
- ✓ A full audit trail which captures exact user details and time stamp.
- ✓ Exclusion reports include dormant, disputed, sanctioned, and beneficiary accounts.
- ✓ High-level statistics and summaries on the amount of reportable account/customer which enacts as a guide to complete the Effectiveness report.
- ✓ Our exception reports would greatly support the financial institutions to update the inaccurate information prior to submission and submit the SCV output file with greater confidence.
- ✓ Quick to implement and a cost-effective long-term solution for FSCS reporting.

If this is the first time you are attempting to audit your data, it's important to know that you are not alone; we are here with SME's and business professionals to help.

# We are here to help you

If you want to learn more about our products or services or just have a question?

If you need advice from our expert team who understand your business better than our peers?

If you want to know how we transformed businesses using our unparalleled industry and domain expertise?

Please click on the web link below to access our sales desk telephone numbers and email and we will be in touch straight back to you.

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