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CASE STUDY

Beyond the Data Hurdles: A UK Bank's Journey to Flawless FSCS SCV Reporting with Macro Global



SAS

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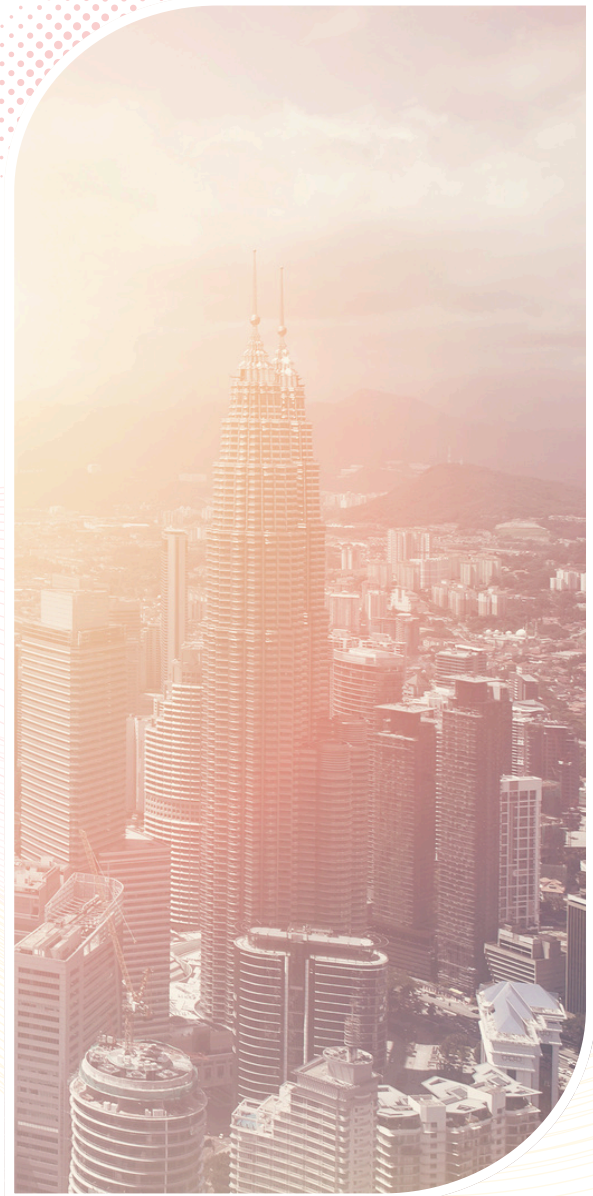
Introduction

In the UK, the Financial Services Compensation Scheme (FSCS) is a crucial element of the financial system that protects depositors in the instance of a bank insolvency. They rely on the bank's Single Customer View (SCV) report to obtain a complete picture of their customers. However, many financial institutions struggle to achieve accurate and timely SCV reporting.

This case study delves into the experience of a prominent UK bank that encountered significant data quality concerns in their FSCS SCV reporting. The bank has detected sixteen issues classified as high, medium, or low severity in response to a recent report, thereby drawing attention to possible inaccuracies and inconsistencies in the submitted data. These findings put the reliability of its SCV reports at risk.

Acknowledging the gravity of the scenario, the bank sought the assistance of Macro Global. With extensive experience in navigating the complexities of regulatory reporting, Macro Global is ideally positioned to assist the bank in overcoming these challenges.

This case study details the comprehensive approach taken by Macro Global to address the bank's data quality issues within their FSCS SCV reporting. We will explore the specific data hurdles encountered, the strategies implemented by Macro Global to ensure data accuracy and consistency, and the successful outcomes achieved for the bank.



Executive Summary

A prominent UK bank faced significant data quality issues in their FSCS SCV reporting, jeopardising their "Green" compliance status. The bank partnered with Macro Global to address 16 specific challenges, including duplicate records, non-standard characters, and inaccurate account information.

Macro Global's Approach: Transforming the Bank's FSCS SCV Reporting

- ➔ Standardised depositor information and ensured accurate balances for multi-account holders.
- ➔ Enhanced system handling of non-standard characters, eliminating processing errors.
- ➔ Distinguished joint accounts and resolved multiple depositors linked to a single record.
- ➔ Improved address formatting and rectified invalid addresses for future submissions.
- ➔ Clarified ambiguous data points like "NFFSTP" for accurate FSCS reporting.
- ➔ Verified KYC documents to accurately categorise exclusion accounts.
- ➔ Leveraged external resources to confirm legitimacy of shared addresses.
- ➔ Automated process ensured only eligible accounts remained in reports.
- ➔ Identified distinct companies linked to seemingly duplicate profiles.
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- ➔ Ensured "Account Holder Indicator" value accurately reflected account holders.
- ➔ Checked company details and verified account eligibility under PRA rules.
- ➔ Addressed misplaced "Exclusion Type" field for proper usage.
- ➔ Truncated data points exceeding PRA limits for successful submission.

- ➔ Standardised account information and reconciled balances.
- ➔ Updated system to populate customer addresses per FSCS requirements.
- ➔ Revised reporting logic for accurate "Currency of Account" field.

Further, MG recommended the bank optimise and automate its key processes through the implementation of SCV Alliance and SCV Forza.

Results & Outcomes

This successful collaboration empowered the bank with:

- ❑ Enhanced Regulatory Compliance with 'Green' status
- ❑ Improved Operational Efficiency
- ❑ Reduced Risk of Errors
- ❑ Freed Up Resources for core business activities

Client Overview

A prominent UK bank experiencing data quality concerns in their FSCS SCV reporting sought assistance from Macro Global following the identification of 16 high, medium, and low severity issues, along with additional observations by FSCS in the bank's recent SCV report. Macro Global with its decades of expertise in regulatory reporting, analysed the identified risks and deployed stringent data governance measures. MG's intervention ensured the bank to retain "Green" status from the Prudential Regulation Authority (PRA) and offered further recommendations to automate and streamline the bank's SCV reporting processes.

How MG Supported the Foreign Bank in Overcoming the SCV Reporting Challenges

Challenge 1: Records Could not be Read by FSCS

The system was unable to process records for depositors with multiple accounts. This resulted in missing or inaccurate data for the FSCS, hindering their ability to assess the bank's compliance with Single Customer View (SCV) requirements.

Action Required

Ensure all depositor information, including the depositor details, contact details, and aggregate balance across all accounts, is accurate and matches exactly for depositors holding multiple accounts.

Solution Implemented

SMEs of Macro Global rectified these mismatched depositor records by implementing a data cleansing and consolidation process that could identify duplicate accounts, standardise depositor and contact information, and aggregate balances to ensure a single, accurate record for each depositor.

Challenge 2: Non-Standard ASCII Characters

The SCV reporting system encountered an issue with non-standard ASCII characters within customer names and addresses. These characters caused processing errors, resulting in incomplete data being sent to the FSCS.

Action Required

To ensure accurate reporting and compliance, all non-standard characters needed to be addressed. This involved identifying and removing any invalid characters or substituting them with standard ASCII equivalents, while preserving legitimate characters within names or addresses.

Solution Implemented

Macro Global's expertise enhanced the SCV system to convert non-standard characters to their closest standard ASCII equivalent wherever possible. Additionally, invalid characters were removed entirely. This ensured the SCV file submitted to the FSCS contained only valid ASCII characters as per their guidelines.

Challenge 3: Multiple Depositors Potentially Found Under Single SCV Records

The SCV system identified multiple depositors potentially linked to a single record, causing inaccurate reporting to the FSCS.

Action Required

Verify if the flagged account is truly a joint account. If so, separate depositor records must be shown for each account holder.

Solution Implemented

Our SCV Forza automation platform cross-checked the company name with the Companies House registry, to confirm if it is a joint account or not. However, a final verification before updating the response is recommended via double-checking the customer details against their KYC documents.

Challenge 4: Address Formatting Issues or Invalid Addresses

SCV reporting encountered issues due to address formatting inconsistencies or invalid addresses within the system, resulting in data discrepancies.

Action Required

Verification of address accuracy in terms of structure and validation is necessary to ensure proper data capture for future SCV submissions.

Solution Implemented

MG's SMEs implemented improvements to the customer data, ensuring customer addresses adhere to FSCS formatting guidelines. Our SCV Alliance platform checks customer data and produces the same report. With the help of this report, the bank will take the necessary steps to fix this issue.

Challenge 5: NFFSTP Keywords Found

The SCV reporting system encountered an issue with the "NFFSTP" keywords found within customer data. It was unclear whether this referred to customer details, instructions, or status information. This led to ambiguity in the data submitted to the FSCS.

Action Required

It is important to clarify if "NFFSTP" represents customer details or instructions/status information and remove non-essential details beyond name and address. Also, it is required to utilise the "Account Status Code" field to indicate any special treatment needed before payouts.

Solution Implemented

Macro Global's dynamic team has verified company details against the Companies House registry, updated responses, and confirmed customer details through KYC documents. They enhanced the system to automatically update the FFSTP/NFFSTP status code based on verified customer details to eliminate manual intervention and ensure accurate reporting.

Challenge 6: Potential Exclusions Accounts

The Single Customer View (SCV) report flagged potential exclusion accounts, hindering accurate reporting to the FSCS.

Action Required

Investigate the KYC documents for these flagged accounts to confirm their exclusion status (beneficiary, legally dormant, legally disputed, or sanctioned).

Solution Implemented

Banks are recommended to designate specific account categories as Exclusions View files rather than SCV files based on FSCS SCV guide. These consist of beneficiary accounts, legally Dormant accounts, legally disputed accounts, and sanctioned accounts. These accounts might qualify for FSCS reimbursement; however, additional investigation is required to determine the true beneficiaries. MG assigns the corresponding account status code to customers who fall into any of the exclusion categories and documents the accounts in the exclusion view file where applicable.

Challenge 7: Many Depositors at the Same Address

The bank identified a high number of depositors sharing the same address in its SCV reporting. This raised concerns about data accuracy and the potential for missed communication with depositors in case of compensation payouts.

Action Required

Verification of address legitimacy was crucial to ensure the reported addresses were genuine and belonged to individual depositors, not the bank or a generic location.

Solution Implemented

MG leveraged the Companies House registry to cross-reference customer details against registered businesses at the shared addresses. This analysis confirmed whether the depositors were distinct entities operating from the same location or the same one. MG then updated the SCV report with the verified information, ensuring accurate representation for the FSCS.

Challenge 8: Depositor Found in the FCA Financial Services Register

The bank's SCV system is unable to confirm depositor's eligibility for FSCS protection based on PRA Depositor Protection rules, despite identifying them in the FCA Financial Services register.

Action Required

The bank must verify depositor eligibility based on PRA criteria to ensure compliance, and if ineligible, their details should be removed from both SCV and Exclusions View files.

Solution Implemented

Experts at Macro Global implemented a streamlined process to verify depositor eligibility against PRA criteria. This process leveraged automated checks with the FCA register, ensuring accurate and efficient classification. Ineligible depositors were then automatically removed from the SCV and Exclusions View files, maintaining data integrity for future SCV reporting.

Challenge 9: Potential Duplicate Depositor Profiles

Identified potential duplicate depositor profiles with the same Group ID which can lead to inaccurate reporting and raise concerns about compliance with SCV requirements.

Action Required

Verification is needed to confirm if these profiles are truly duplicates or separate entities. Duplicate records, except for legitimate cases (e.g., someone being a depositor and a representative), need to be eliminated.

Solution Implemented

Macro Global reviewed the flagged profiles and identified distinct company names, suggesting they are not duplicates. To ensure complete accuracy, MG recommends further verification by cross-checking both customers' KYC (Know Your Customer) documentation.

Challenge 10: Account Holder Indicator Value Does Not Match Account Holders Detected

There is a discrepancy between the "Account Holder Indicator" value and the actual number of account holders found.

Action Required

Ensure the "Account Holder Indicator" value accurately reflects the number of account holders associated with each account.

Solution Implemented

Macro Global implemented a data cleansing process to identify and rectify inconsistencies in the "Account Holder Indicator" field. This may involve merging duplicate records or updating account information for a single, accurate representation.

Challenge 11: Potential Ineligible Accounts

The SCV reporting of the bank encountered a challenge with identifying potentially ineligible accounts. Generic terms like "JOINT ACCOUNT" or "CLOSED" etc. within company details (i.e. company name and address) caused data inconsistencies.

Action Required

To ensure compliance, the bank needed to confirm the eligibility of these flagged accounts under the PRA Depositor Protection Rules.

Solution Implemented

Macro Global offers guidance on identifying ineligible clients based on the designated guide for the bank. The banks must analyse every customer and eliminate suitable customers from SCV/Exclusion files in accordance with it.

Challenge 12: Exclusion Type Populated in SCV

The Exclusions Type field must only be populated for records in the Exclusions View file, not the SCV file. Please confirm if this record should have been placed in the Exclusions View file or if the field has been inadvertently populated.

Action Required

Need to verify if the account is classified under exclusion types and transferred to the Exclusions View file, or if the "Exclusion Type" field was incorrectly populated, nullified the field to display blank from the SCV file.

Solution Implemented

Macro Global implemented a data cleansing process to address the misplaced "Exclusion Type" field. Also, ensure the "Exclusion Type" field is used appropriately in both SCV and Exclusions View files only. In the SCV file, this field should be populated as blank.

Challenge 13: Length of Data is Too Long

The bank encountered an obstacle during SCV reporting due to data exceeding the maximum lengths permitted by the PRA Depositor Protection Rules. This resulted in submission rejections and potential non-compliance.

Action Required

All data points within the SCV submission needed to be reviewed and adjusted to conform to the established PRA length limitations.

Solution Implemented

Macro Global's specialists implemented the field length validation process that identified data fields exceeding the PRA limits and truncated them to appropriate length as per the guide.

Challenge 14: Total Account Balance Differs from Aggregate Balance

The bank encountered a discrepancy between the total account balances in Sterling and the aggregate balance reported to the FSCS.

Action Required

To ensure accurate reporting, all positive account balances for each depositor needed to be identified, and reconciled, with aggregate balance.

Solution Implemented

Macro Global implemented a data cleansing process to identify and eliminate duplicate accounts and calculated the sum of each depositor account balance and populated the same value in the aggregate balance field.

Challenge 15: Minimum Address Requirements Not Met

The bank's SCV reporting system identified records with missing address details that did not meet the minimum requirements set by the FSCS.

Action Required

For impacted records, update the missing or incorrect address details to align with FSCS standards. If updates are not possible, mark accounts as "Not Fit for Straight Through Payout" (NFFSTP) with the appropriate status code.

Solution Implemented

Macro Global addressed the issue by updating the SCV system to automatically populate customer addresses according to FSCS requirements. For any address still falling short, the system assigned the NFFSTP status code and reported the customer accordingly within the SCV file.

Challenge 16: Blank Currency of Account, Account Balance or Exchange Rate fields

The SCV report contained missing data in the "Currency of Account," "Account Balance in Original Currency," or "Exchange Rate" fields.

Action Required

Populate the missing field to ensure accurate reporting on depositor accounts. For accounts in Sterling, enter "GBP"; if the account is not in Sterling, then populate the appropriate currency as the "Currency of Account."

Solution Implemented

MG implemented a revision to the reporting logic for the currency and exchange rate fields. This ensures that the "Currency of Account" field is always populated with the appropriate currency code and along with the associated exchange rate value.

Results

Macro Global's intervention addressed all 16 identified challenges, ensuring accurate and efficient data submission to the FSCS. The UK bank successfully achieved "Green" status from the Prudential Regulation Authority (PRA) for its SCV reporting, indicating complete compliance with Single Customer View (SCV) requirements. Here is a breakdown of the specific results achieved:

Data Cleansing and Consolidation:

Resolved duplicate records, standardised depositor information, and ensured accurate aggregate balances for depositors with multiple accounts.

Character Conversion:

Enhanced the system to handle non-standard ASCII characters in customer names and addresses, eliminating processing errors.

Account Verification:

Verified joint accounts and addressed situations where multiple depositors were linked to a single record, ensuring accurate reporting.

Address Standardisation:

Improved address formatting and rectified invalid addresses to ensure proper data capture for future submissions.

Data Clarity:

Clarified the meaning of "NFFSTP" within customer data and removed non-essential details, ensuring accurate information is submitted to the FSCS.

Exclusion Account Classification:

Verified KYC documents to classify exclusion accounts (beneficiary, dormant, disputed, sanctioned) for accurate reporting.

Shared Address Verification:

Leveraged external registries and KYC documents to verify the legitimacy of shared addresses, ensuring accurate representation for depositors.

Depositor Eligibility Verification:

Implemented an automated process to verify depositor eligibility based on PRA criteria, eliminating ineligible accounts from both SCV and Exclusions View files.

Duplicate Profile Resolution:

Reviewed flagged profiles and identified distinct company names, suggesting they are not duplicates. Further KYC verification was recommended for complete accuracy.

Data Discrepancy Resolution:

Cleansed data to ensure the "Account Holder Indicator" value accurately reflects the number of account holders associated with each account.

Account Eligibility Confirmation:

Check the company name address with KYC document and update the details accordingly and investigated accounts with inconsistencies to verify eligibility under PRA rules.

Exclusion Type Correction:

Addressed misplaced "Exclusion Type" field, ensuring proper usage in Exclusions View file.

Data Normalisation:

Implemented a process to identify and rectify data points exceeding PRA limits, ensuring compliance and successful submission.

Aggregate Balance Reconciliation:

Standardised account information and cross-referenced balances to achieve an accurate total representation of holdings.

Minimum Address Compliance:

Updated the SCV system to automatically populate customer addresses according to FSCS requirements and assigned the NFFSTP status code for incomplete addresses.

Currency Field Population:

Revised reporting logic to guarantee the "Currency of Account" field is always populated with the appropriate currency code.

Furthermore, the recommendation to implement [SCV Alliance](#) and [SCV Forza](#) promises streamlined automation and optimisation, ensuring seamless SCV reporting and freeing up valuable resources for the bank's core operations.

Conclusion

This case study has illustrated the transformative power of Macro Global's expertise in overcoming complex [data quality challenges](#) within FSCS Single Customer View (SCV) reporting. MG successfully navigated a UK bank through 16 critical data hurdles, ensuring accurate and efficient data submissions that secured their coveted "Green" status from the PRA.

However, MG's commitment extends beyond resolving immediate issues, envisioning a future where FSCS SCV reporting is not just compliant, but streamlined and automated. This is where Macro Global's SCV Alliance and SCV Forza come into play.

SCV Forza

An automated compliance solution that streamlines the compliance process and manages regulatory requirements through automated data mining, data cleaning, data enrichment, and reconciliation functions, thereby enhancing data quality and data richness for accurate SCV reports. It integrates with all kinds of core banking systems and external data sources, facilitates rule management, and performs automated data validation. The Microsoft SSIS ETL engine ensures high-performance data integration, reducing data-related risks and meeting 24-hour deadlines with accuracy.

SCV Alliance

FSCS SCV Audit Platform reduces FSCS SCV reporting time by 30%. It features 170 rigorous checkpoints, a data validation rule engine, and a full audit history, ensuring electronic submissions meet strict FCA requirements and regulatory requirements.

By partnering with Macro Global and leveraging the power of SCV Alliance and SCV Forza, FIs can achieve a future of flawless SCV reporting.

Contact Macro Global today and unlock the potential of streamlined, automated, and error-free [FSCS SCV reporting](#) for your financial institution.

We are here to help you

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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