The Forza and Alliance Advantage:

Overcoming FSCS SCV Reporting Challenges in a Multi-System Bank

macro global®
creating value through innovation

SA SF

Table of Contents

macro global®
creating value through innovation

SA SF

Introduction

Compliance with the Financial Services Compensation Scheme (FSCS) requires accurate and comprehensive customer data reporting. In today's stringent regulatory environment, generating and submitting the Single Customer View (SCV) report within the 24-hour deadline remains a critical yet challenging aspect of compliance for financial institutions.

Our client, a reputable bank in the UK, catering to personal, corporate, and business clients, is filled with major intricacies in meeting the FSCS regulatory requirements. The bank's complex IT environment, with its myriads of heterogeneous core banking systems (CBS), posed major challenges. This variety showed up in the inconsistent ways internal dormancy rules were applied, with different systems using different definitions and time limits, which put the reliability of the SCV at risk. In addition, the intricate API environment and ongoing data transfer problems between these isolated systems hindered the development of a single and trustworthy customer view.

The manual intervention throughout the reporting lifecycle not only wasted precious resources but also increased the risk of errors and late submissions. Finally, the bank's limited ability to report comprehensively and be auditable highlighted the necessity for a paradigm shift in their strategy.

Identifying these key pain areas and their possible effect on regulatory compliance and operational effectiveness, the bank embarked on a transformative alliance with Macro Global.

Join us as we explore how Macro Global's robust FSCS SCV suite - comprising SCV Forza, a FSCS SCV compliance automation software, and SCV Alliance, a FSCS SCV audit reporting software - provided the strategic and technical capabilities to overcome these challenges and usher in a new era of accurate, automated FSCS SCV reporting.

Executive Summary

A trustworthy financial institution with a portfolio of personal, corporate, and business banking services was facing substantial difficulties in producing timely and accurate FSCS Single Customer View (SCV) reports.

Challenges Faced

The challenges were attributed to inconsistent treatment of internal dormancy logic in their heterogeneous core banking systems, a complicated API environment that was causing issues with seamless data exchange, dependence on manual processing, and limited support for extensive reporting and auditability. Having seen the operating inefficiencies and regulatory risks presented by these concerns, the bank joined forces with Macro Global.

Solution Implemented

Macro Global deployed its All-in-One FSCS SCV Enterprise Solution Suite, including SCV Forza, a FSCS SCV compliance automation software, for automated data collection, cleansing, structuring, enrichment, validation, and transformation, and SCV Alliance, a FSCS SCV audit reporting software, for smart audit, risk classification, and compliant file generation.

The combined solution allowed smooth data sharing between the bank's different CBS using a fast middleware, established uniform dormancy rules, automated the entire SCV reporting process, and provided improved validation and audit features according to PRA guidelines.

Executive Summary

Result Obtained

The implementation of SCV Forza and SCV Alliance yielded significant outcomes. The bank had smooth and automatic data transfers, needed no manual work for SCV reporting, applied dormancy rules consistently, improved data accuracy, and produced correct SCV files on time that met FSCS standards.

The solution also provided detailed reports, easy tracking of risks, and a simpler way to submit electronically to RegData, which improved efficiency, reduced compliance risks, and created a reliable system for future regulatory reporting.

Client Background

Our client is a reputable financial institution that offers a full range of banking products and services across personal, corporate, and business segments. Dedicated to serving its varied customers, the bank faced serious challenges in fulfilling its FSCS Single Customer View regulatory reporting requirement. Some of the most significant challenges were focused on the inconsistent application of internal dormancy logic across their diverse core banking systems and the intricacies involved in extracting and transferring data effortlessly from these diverse platforms through their API landscape.

In search of a revolutionary solution, the bank turned to Macro Global with a specific expectation of a completely automated system that could interface with their various Core Banking Systems to provide seamless data transfer with minimal or no manual intervention. Their goal was to produce accurate SCV files, detailed effectiveness reports, SCV exclusion files, and other necessary outputs, optimising their regulatory compliance and improving operational efficiency.

Challenges Faced

The path to generating a Single Customer View had been fraught with the following challenges:

Challenge 1: Inconsistent Application of Internal Dormancy Logic

The application of the bank's own internal dormancy logic had been a source of considerable complexity:

Varying Data Fields:
The heterogeneous nature of the underlying data models and business logic embedded within each Core Banking System (CBS) meant that the definition of a 'dormant' account had varied significantly. Each CBS had likely used different field names and data types to represent account status and dormancy-related information.

Divergent Business Rules:
Furthermore, the business rules defining dormancy had been implemented divergently across systems, with varying timelines and criteria often hardcoded or configured through disparate interfaces.

Lack of Centralised Rule Engine:
The absence of a centralised rule engine had meant that applying a consistent logic for SCV reporting had become a complex data integration problem, lacking a single source of truth.

Challenges Faced

Data Transformation Complexity:

Achieving a unified view had necessitated significant data transformation and mapping, requiring a deep understanding of each CBS's unique logic and a meticulously designed and tested transformation process.

Challenge 2: Complex API Landscape and Data Transfer Issues

The API landscape and data transfer processes had presented a complex and often unreliable environment to the bank.

API Incompatibility:

The range of API technologies (SOAP, REST), with their respective communication standards, authentication methods, and data exchange formats (XML, JSON, proprietary) had necessitated extensive custom development and integration work for interoperability.

Data Format Inconsistencies:

Even when APIs existed, the data types and structure of the information returned had varied significantly, requiring complex data mapping and transformation pipelines to maintain data consistency in the FSCS SCV reporting platform.

Connectivity and Reliability Problems:

Making and sustaining sound network connections to every CBS had proven difficult, with momentary API availability and poor response times causing data transfer failure and partial SCV data.

Challenges Faced

Data Volume and Performance:
The tremendous customer data volumes had stretched network resources and processing capacity, making efficient extraction methods for data and API calls necessary.

Security Considerations:
Moreover, integrating with multiple systems had necessitated careful consideration of security protocols and data encryption to protect sensitive information.

Challenge 3: Manual Intervention and Lack of Automation

This technical complexity culminated in a highly manual and mostly unautomated SCV reporting life cycle.

Lack of Orchestration Engine:
The absence of a central orchestration engine or ETL tool had resulted in data extraction, transformation, and loading operations being initiated and controlled manually most of the time.

Manual Data Mapping and Transformation:
Source system data mapping to the FSCS SCV reporting format had been done manually through spreadsheets or simple scripting, with a high risk of error and maintenance burden.

Challenges Faced

No Automated Validation and Reconciliation:
The bank required manual validation for data discrepancies. Likewise, the creation of effectiveness reports, exclusion files, and audit trails had been manual.

Inability to Adapt Rapidly to Regulatory Adjustments:
Manual procedures in regulatory requirements had been challenging and time-consuming, raising the risk of non-compliance.

Challenge 4: Lack of Comprehensive Reporting and Auditability

The bank's capacity to produce complete reports and provide strong auditability had been limited.

No Centralised Data Repository:
The absence of a specific data warehouse designed for reporting had rendered producing comprehensive reports from integrated data sources inefficient and difficult.

Limited BI and Analytics Functionality:
This had prevented the automated generation of effectiveness reports and data trend identification.

Inadequate Audit Logging:
This had impeded data lineage tracking, data quality problem identification, and compliance proof.

Challenges Faced

Data Governance Issues:

Additionally, maintaining data quality, consistency, and security throughout the SCV reporting process had been impeded by the lack of effective data governance tools and frameworks.

Solution Implemented

The bank turned to Macro Global, intending to obtain a seamless data transfer between its varied core banking systems, and wanted a solution that would minimise manual intervention and automate FSCS SCV report generation processes. Macro Global's expertise in providing an end-to-end solution via SCV Forza, FSCS SCV compliance automation software, and SCV Alliance, FSCS SCV audit reporting software, precisely suited these objectives, and put in place the following strategies:

Gap Study and Integration Strategy

The initial phase involved a thorough gap analysis, which is crucial for understanding the existing state of the bank's data and systems. Macro Global's consulting team conducted a detailed investigation of the following aspects:

Data Structures:
This involved analysing how customer data is organised across different core banking systems. Understanding these structures is essential for determining how data from various sources can be integrated into a single customer view (SCV).

Dormancy Logic:
Macro Global examined the defined logic for determining dormant accounts within each CBS, identifying inconsistencies that could lead to regulatory compliance issues.

API Capabilities:
The analysis assessed the capabilities of existing APIs within the bank's CBS, which is crucial for automated data interactions. This step informed the design of a middleware solution capable of facilitating seamless communication between Macro Global's SCV Forza, the FSCS SCV compliance automation software, and the various banking systems.

Solution Implemented

Based on insights from the gap study, Macro Global developed a tailored integration strategy. This strategy included establishing a secure middleware layer that bridges the bank's CBS and SCV Forza, providing an effective platform for the data exchange and making integrations safe, secure, and regulatory compliant.

Streamlining FSCS Regulatory Reporting for the Bank with SCV Forza and SCV Alliance

Our comprehensive suite empowered the bank with a seamless and efficient process across all essential stages of FSCS regulatory reporting by following means:

Collect & Cleanse: Laying the Foundation for Accurate Reporting

Data Extraction:

SCV Forza initiates the process by establishing a robust ETL integration with the bank's CBS and other relevant data sources. This automated integration provides the smooth extraction of all the required customer data needed for creating precise FSCS SCV files, thereby removing the dependency on manual data fetching and lowering the chances of errors and delays to a considerable extent.

Deduplication:

To ensure data integrity, SCV Forza uses advanced fuzzy matching capabilities. This process smartly detects and removes duplicate customer records even when data format or spelling differences occur, resulting in better data quality, improved report accuracy, and greater value from the data that complies with strict regulatory requirements.

Structure & Enrich: Enhancing Data Quality and Completeness

Identifying Missing Data:

SCV Forza meticulously analyses the extracted data to pinpoint any missing data points, inconsistencies, or obsolete entries. This thorough examination provides a clear understanding of the data structure and highlights areas requiring enrichment and standardisation.

Solution Implemented

Data Modification & Augmentation:

The platform facilitates the modification of existing data fields to accommodate required information and intelligently supplements missing data with relevant details sourced from both internal and external systems.

Data Standardisation:

SCV Forza ensures data consistency by automatically applying regulatory standards and formatting rules across all customer records. A set of sophisticated transformation rules were deployed to standardise the extracted data into a unified format. This involved:

- Restructuring data fields to align with a common schema,

- Resolving inconsistencies to ensure quality,

- Applying a unified internal dormancy logic to consistently identify and categorise dormant accounts across different systems.

This crucial step guarantees that the data adheres to the specific requirements of FSCS reporting.

By effectively structuring and enriching the data, SCV Forza significantly improves the overall data quality. The platform can now rely on cleansed and accurate information to generate reliable and compliant SCV output files.

Validate & Transform: Ensuring Data Accuracy and Compliance

This step involves a powerful validation engine that rigorously identifies discrepancies in critical customer and account holder information, including company name and number, customer postcode, and customer risk status, ensuring unparalleled data accuracy and improved data quality for generating the FSCS SCV output file.

It also resolves account segregation discrepancies through sophisticated data analysis and reconciliation.

Solution Implemented

- The platform introduces automation for creating effectiveness report, reconciliation reports, and completeness report, providing actionable knowledge for better decision making and regulatory conformity.

- It includes functionality for automated SCV exclusion file generation, identifying records for exclusion from reporting based on predefined criteria.

This process reduces compliance risks and administrative overhead by accurately reflecting customer account status in regulatory submissions.

Audit & Screening: Guaranteeing Regulatory Adherence

- A comprehensive audit of the generated SCV report is automatically conducted using SCV Alliance, our dedicated FSCS SCV audit reporting software.

- This sophisticated tool is meticulously aligned with the PRA's data validation rule engine and incorporates over 175 predefined checkpoints.

- SCV Alliance intelligently assesses the data for potential risks and inconsistencies, subjecting the SCV report to thorough audit validation against a wide range of external, third-party data providers, including FCA, Royal Mail, Companies House, Charities Register, IBAN, BFPO Address, OFAC Sanction lists and others and provides a complete evaluation of the report's compliance readiness.

This rigorous audit process culminates in the generation of FSCS SCV reporting files that strictly adhere to all regulatory requirements outlined by the Financial Services Compensation Scheme and the Prudential Regulation Authority, providing the bank with the confidence of full compliance.

Solution Implemented

Communicate & Engage: Initiating the Targeted Remediation

- Any inconsistencies or differences found between the SCV report data, and these authoritative external databases are flagged automatically as possible errors.

- Data anomalies are categorised based on their risk levels as high, medium, or low, enabling specific remediation.

- High-risk items, identified early on, are raised for appropriate investigation and prompt rectification, and medium and low-risk items are recorded for resolution in a controlled environment.

- Every stage in the audit and validation process is recorded, and a solid audit trail is presented.

- The dashboard allows stakeholders to track compliance status in real-time, with accountability and transparency maintained.

Upon completion of the auditing phase, the platform compiles an FSCS-compliant SCV output file, ensuring that all identified risks have been flagged or resolved appropriately. This file is ready for regulatory submission, allowing for smooth electronic submissions to RegData.

Results Obtained

The deployment of SCV Forza and SCV Alliance initiated a drastic change in the bank's FSCS SCV reporting procedures, which resulted in concrete and effective outcomes:

Seamless and Automated Data Transfer:
The middleware integration allowed customer information to be automatically and consistently transferred from all core banking systems to the SCV Forza platform, making manual data extraction unnecessary.

Near Zero Manual Intervention:
The automation solution greatly diminished manual intervention for SCV reporting, releasing key resources, and keeping human error risks minimum.

Consistent Application of Dormancy Logic:
SCV Forza applied uniform internal dormancy logic to every CBS, preserving consistency and validity in identifying dormant accounts for SCV reporting.

Enhanced Data Integrity:
SCV Forza's data transformation rules standardised data formats and corrected inconsistencies, thereby enhancing the overall quality of data utilised for reporting.

Actionable Insights:
Automated analytical reports gave the bank actionable knowledge of their SCV data, allowing them to make better-informed decisions and regulatory compliance.

Results Obtained

Timely and Correct SCV File Generation:
The automated process allowed the bank to accurately generate FSCS-compliant SCV files within the required regulatory timeframes.

Comprehensive Reporting and Analytics:
The bank gained access to automated effectiveness reports, reconciliation reports, SCV exclusion files, and other analytical reports, giving valuable insights into their SCV data quality and compliance stance.

Enhanced Auditability and Compliance:
The automated process and audit features of SCV Alliance ensured a clear audit trail and reduced the risk of non-compliance with SCV reporting regulations.

Risk Identification and Categorisation:
SCV Alliance automatically reviewed the SCV files, identified risks as high, medium, or low, facilitating targeted remediation.

FSCS Compliant File Output:
SCV Alliance created the final, FSCS-compliant SCV output file ready for hassle-free electronic submission to RegData.

Conclusion

The challenges encountered by this multi-segment bank in dealing with sophisticated FSCS SCV reporting are not theirs alone. Financial institutions struggling with disparate core systems, non-consistent data applications, and the weight of manual processes will see a compelling solution in Macro Global's SCV all-in-one suite, comprised of SCV Forza, FSCS SCV compliance automation software and SCV Alliance, FSCS SCV audit reporting software.

This unified platform provides a total solution, automating all key steps from data collection and cleansing to smart validation, risk categorization, and production of fully compliant reports. The capability to seamlessly merge into various CBS, impose uniform logic, and deliver meaningful analytical reports, as illustrated in this scenario, enables banks to attain operational effectiveness, improve data accuracy, and establish unwavering regulatory adherence.

Adopt the future of FSCS SCV reporting with Macro Global and turn an onerous requirement into an efficient and enlightened process.

We are here to
help you

macro global®
creating value through innovation

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.

🌐 https://www.macroglobal.co.uk/contact-us/

Microsoft Gold Partner

amazon web services | Partner Network
TECHNOLOGY PARTNER

| ISO 9001:2015 Quality Management System Cert. #: 0922900102 | ISO 27001:2013 Information Security Management Cert. #: 09222700102 | ISO 27701:2019 Privacy Information Management Cert. #: 09222770102 | ISO 27018:2019 PII Protection in Public Clouds Cert. #: 09222701802 |

Macro Global (MG) is the trading name of Macro Infotech Limited, Inca Infotech Ltd & Macro Technology Solutions Pvt Ltd. Macro Infotech Limited & Inca Infotech Limited have Registered Office at 25, Cabot Square, Canary Wharf, London – E14 4QZ and these companies are registered in England & Wales under the registration number 06477763 & 04017901.