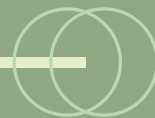




BUSINESS CASE

# Benchmarking FSCS SCV Readiness through a Compliance Maturity Model



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# Introduction

In an era of tighter regulatory frameworks, the FSCS requires all deposit-taking institutions in the UK to be capable of producing a comprehensive SCV file within 24 hours. This capability ensures that depositors can be reimbursed swiftly in the event of institutional failure. Unfortunately, many firms still operate on legacy infrastructure, lack data governance maturity, and rely heavily on manual processes—putting them at risk of non-compliance.

This business case is designed for banks, building societies, insurance firms, asset managers, credit unions, and other FSCS-reporting institutions across various tiers. Whether an organisation is grappling with data silos, regulatory knowledge gaps, or legacy technology, this document provides a pathway to assess current capabilities and enhance readiness using a structured maturity model. The biggest beneficiaries of this framework are small to mid-sized firms (with asset values under £5 billion) that operate under FSCS and PRA oversight.

By applying the outlined model and leveraging purpose-built audit and automation tools, institutions can uncover critical gaps, drive scalable enhancements, and build regulatory resilience in an increasingly complex compliance landscape.



# Problem Statement

Many financial institutions in the UK remain underprepared to meet the FSCS's 24-hour SCV requirement, primarily due to legacy systems, poor data quality, and fragmented compliance oversight.

The following structural and operational gaps significantly undermine an institution's ability to produce accurate and timely SCV reports:

## Operational Complexity

Institutions often operate with outdated or disjointed systems that cannot scale to meet FSCS requirements. This complexity leads to inefficient processes, reactive compliance behaviours, and a lack of cross-functional coordination.

### ● Outdated Infrastructure:

Many firms still rely on legacy or siloed systems that lack the agility and integration required for real-time SCV generation.

### ● Manual, Reactive Processes:

SCV file preparation is often spreadsheet-driven and rushed, increasing the risk of inconsistencies and late submissions.

### ● Limited Regulatory Familiarity:

Teams frequently lack comprehensive training in FSCS schema updates, governance expectations, and PRA-aligned compliance methodologies.

## Data Inaccuracy and Fragmentation

Clean, structured data is fundamental to generating an accurate SCV file. However, many institutions struggle with fragmented data landscapes that hinder validation, enrichment, and reconciliation efforts.

- **Incomplete or Stale Records:**

Onboarding deficiencies and outdated core systems compromise the integrity of customer data, affecting eligibility assessments.

- **Duplicate or Mismatched Accounts:**

Inconsistent customer identifiers and unmerged data structures distort account aggregations—central to SCV logic.

- **Data Silos and GDPR Risks:**

Disparate data repositories hinder holistic reconciliation and create compliance risks under UK data protection regulations.

## Industry-Wide Consequences

Institutions that fail to meet FSCS SCV requirements face wide-ranging repercussions—from regulatory sanctions to reputational harm. These outcomes affect operational viability and public trust.

- **Financial Penalties:**

Non-compliance can result in substantial fines and supervisory action by the PRA or FCA—evident in recent high-profile enforcement.

## ● Reputational Risk:

Media scrutiny and loss of depositor trust are likely if institutions fail to ensure rapid payout readiness or mismanage SCV responsibilities.

## ● Customer Confidence Erosion:

In crisis scenarios, failure to deliver accurate compensation files promptly can lead to account withdrawals, loss of business, or even liquidity stress.

Despite increased regulatory oversight and technological availability, many institutions remain in a reactive state—addressing SCV requirements only when flagged during audits or enforcement actions. This not only heightens risk exposure but also undermines public trust in the broader financial safety net.



# FSCS SCV Maturity Model – Five Levels of Readiness

The FSCS SCV Maturity Model outlines a structured path for institutions to measure, monitor, and enhance their SCV compliance posture. It helps identify current capability levels and define targeted actions for progression.

## Maturity Level – Initial / Ad Hoc

SCV reporting is unstructured, manual, and reactive. No clear ownership or understanding of FSCS obligations. High risk of non-compliance due to fragmented data.

### Common Traits :

- Manual file generation via spreadsheets/ scripts
- Poor data quality and consistency
- No audit trails or validation processes– No formal accountability or governance
- Little to no awareness of FSCS regulatory expectations

### Type of Institutions Affected :

- Small credit unions
- Funeral plan providers
- Debt management firms

### Risks of Staying Here :

High non-compliance risk, inability to respond to FSCS queries

## Maturity Level – Developing / Basic

SCV activities are partly formalised but lack consistency. Institutions are aware of regulations but depend on individuals and manual work.

### Common Traits :

- Partially manual SCV processes
- Dependence on individuals or consultants
- Inconsistent validation/ reconciliation
- Use of scripts without integration
- Submissions are rushed and reactive
- No structured audit approach

### Type of Institutions Affected :

- Building societies
- Small credit unions
- Niche pension funds

### Risks of Staying Here :

Errors during submission, dependency on individuals

## Maturity Level – Defined

Formal SCV procedures, documentation, and governance structures are in place. Automation exists in parts, but system integration and optimisation are limited.

### Common Traits :

- Documented SOPs and governance
- Use of templates and basic automation
- Regular audits and data reviews
- Limited tech stack integration
- SCV compliance achieved, not yet scalable or efficient



## Type of Institutions Affected :

- Mid-sized banks
- Regional building societies
- Medium pension schemes

## Risks of Staying Here :

Reactive approach, compliance not yet resilient

## Maturity Level – **Managed / Integrated**

SCV processes are integrated into core systems. Strong governance, defined roles, and proactive compliance testing demonstrate regulatory alignment.

## Common Traits :

- Integrated SCV workflow across departments
- Defined ownership and governance
- Automated testing and internal drills
- Real-time reconciliation and structured data flow
- Dependence on individuals or consultants for regular staff training and audit preparedness.

## Type of Institutions Affected :

- Tier 1 banks
- Large insurance companies
- Wealth management firms

## Risks of Staying Here :

Missed opportunity for cost-efficiency or real-time responsiveness

## Maturity Level – Optimised

SCV readiness is real-time and predictive. AI/ML-driven insights support continuous monitoring, minimal manual intervention, and strategic compliance leadership.

### Common Traits :

- AI/ML-enhanced automation and dashboards
- Predictive analytics for risk identification
- Minimal manual effort
- Fully embedded SCV processes across business units
- Regarded as benchmarks in FSCS compliance and operational resilience

### Type of Institutions Affected :

- Global banks
- Top-tier asset managers
- Proactive FSCS institutions

### Risks of Staying Here :

Minimal risk – benchmark status achieved

# FSCS SCV Maturity Self-Assessment Checklist: Benchmarking Institutional Readiness

To accurately assess SCV compliance maturity, financial institutions must evaluate their readiness across five critical dimensions. These dimensions reflect key FSCS expectations and directly influence an institution's position within the SCV Maturity Model. Regulatory reviews show that over 60% of firms fall short in one or more of these areas, increasing the risk of failed drills and non-compliance penalties.

By using this checklist, institutions can benchmark their current maturity level, identify operational gaps, and plan a clear pathway for improvement.

Dimension	Compliance Expectations	Maturity Model Insight
Data Quality & Integrity	<ul style="list-style-type: none"><li>• Depositor data must be <b>at least 98% complete</b>, verified, and de-duplicated.</li><li>• Monthly (or more frequent) <b>automated cleansing routines</b> must be in place.</li><li>• Regular reconciliation of customer, account, and balance data is essential.</li></ul>	<ul style="list-style-type: none"><li>• Lower maturity levels (Ad Hoc/Basic) struggle with fragmented and duplicate data.</li><li>• Higher levels (Managed/Optimised) integrate AI/ML for cleansing.</li></ul>

# FSCS SCV Maturity Self-Assessment Checklist: Benchmarking Institutional Readiness

Dimension	Compliance Expectations	Maturity Model Insight
<b>Technology &amp; Infrastructure</b>	<ul style="list-style-type: none"> <li>SCV systems must support <b>automated file generation and real-time data integration</b>.</li> <li><b>At least 80% of SCV processing</b> should be automated.</li> <li>Systems must generate <b>audit-ready logs</b> and support version control for FSCS schema changes.</li> </ul>	<ul style="list-style-type: none"> <li>Initial stages rely on spreadsheets and scripts.</li> <li>Integrated systems at higher levels allow end-to-end automation and real-time responsiveness.</li> </ul>
<b>Operational Capability</b>	<ul style="list-style-type: none"> <li>SCV files must be <b>produced within 24 hours</b>, with minimal to zero manual effort.</li> <li><b>Quarterly drills or mock submissions</b> must be conducted to assess performance.</li> <li>Contingency and recovery plans should be tested as part of operational resilience.</li> </ul>	<ul style="list-style-type: none"> <li>Defined and managed levels adopt proactive testing.</li> <li>Optimised institutions run live drills with near-zero manual intervention.</li> </ul>

# FSCS SCV Maturity Self-Assessment Checklist: Benchmarking Institutional Readiness

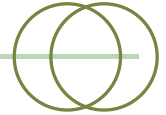
Dimension	Compliance Expectations	Maturity Model Insight
<p><b>Compliance Oversight</b></p>	<ul style="list-style-type: none"> <li>• A formal <b>compliance governance map</b> must exist.</li> <li>• A <b>designated officer</b> should be responsible for SCV compliance.</li> <li>• FSCS schema changes must be <b>tracked and implemented within 30 days</b>.</li> <li>• Institutions should be able to <b>demonstrate audit trails</b> for decisions and changes.</li> </ul>	<ul style="list-style-type: none"> <li>• Lower levels have no clear accountability or tracking.</li> <li>• Defined and embedded SCV governance into the enterprise risk and control framework.</li> </ul>
<p><b>Training &amp; Awareness</b></p>	<ul style="list-style-type: none"> <li>• Annual SCV compliance <b>training programs</b> must be in place.</li> <li>• Staff across Compliance, Data, and IT must understand how <b>data quality impacts payout accuracy</b>.</li> <li>• Awareness of FSCS expectations should be tracked and periodically assessed.</li> </ul>	<ul style="list-style-type: none"> <li>• Ad hoc and basic stages show dependency on a few individuals.</li> <li>• Higher levels build cross-functional awareness and continuous improvement culture.</li> </ul>

# FSCS SCV Maturity Self-Assessment Checklist: Benchmarking Institutional Readiness

## How to Use This FSCS SCV Maturity Checklist

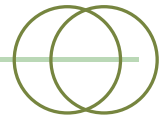
### Step 1: Answer the Questions

Review each category and respond "Yes" or "No" based on your current capabilities and practices. Be objective — this exercise is for internal improvement and regulatory resilience.



### Step 2: Score Your Responses

Assign 1 point for each "Yes" response. Tally your total score out of a maximum of 15 points.



### Step 3: Map Your Score to Maturity Levels

Score Range	Maturity Level	What It Means
0 – 6	Level 1–2: Ad Hoc / Developing	SCV processes are mostly manual, fragmented, and reactive. High risk of non-compliance.
7–10	Level 3: Defined	Basic governance and data processes are in place. Partial automation. Compliance is stable but not yet robust.
11–13	Level 4: Integrated	SCV reporting is largely automated, integrated, and tested. Strong oversight with good audit practices.
14–15	Level 5: Optimised	Best-in-class readiness. AI/ML-assisted automation, predictive risk tools, real-time compliance.

# FSCS SCV Maturity Self-Assessment Checklist: Benchmarking Institutional Readiness

## Step 4: Interpret Results and Plan Action

Use the output to:

- **Pinpoint weak areas** (e.g., missing audit trails, lack of automation)
- **Map your institution's maturity level** using the FSCS SCV Maturity Model
- **Define short and long-term improvement goals**, such as automating reconciliation, formalising governance roles, or increasing testing frequency

### Tip:

Run this assessment quarterly or after major changes in systems, regulations, or organisational structure. For more detailed benchmarking, consider pairing this checklist with the full FSCS SCV Maturity Model diagnostic workbook.

# Risk of Inaction

Failing to improve and mature SCV capabilities exposes financial institutions to significant, multifaceted risks:

## Regulatory Risk

- The PRA and FSCS expect institutions to submit accurate, complete, and timely SCV files within 24 hours of default or regulatory request.
- Institutions with ad hoc or underdeveloped SCV processes are at high risk of non-compliance, resulting in:
  - Formal enforcement actions
  - Financial penalties or capital surcharges
  - Increased regulatory scrutiny and mandated remediation programs
- Firms that repeatedly fail PRA drills or submit non-defensible files may be flagged as high-risk entities, affecting reputation and licensing.

## Operational Risk

- Manual SCV file preparation and reconciliation processes are resource-intensive, error-prone, and not scalable.
- Institutions relying on spreadsheets, isolated scripts, or tribal knowledge face:
  - High cost of labor and consultancy dependency
  - Inability to respond rapidly in real crisis scenarios
  - Lack of resilience if key personnel leave or systems fail



## Reputational Risk

- Public failure to deliver on depositor protection obligations can erode trust among:
  - Customers (especially in the event of delayed or incorrect payouts)
  - Investors and stakeholders (due to perceived governance weakness)
  - Regulators and auditors (increasing oversight pressure)
- Media exposure following failed SCV drills or compensation delays can result in long-term brand damage, especially for institutions operating under the PRA spotlight.

## Customer Impact

- Poor data quality, inconsistent identification of eligible deposits, and missing information can:
  - Delay or prevent compensation payouts to eligible customers
  - Lead to incorrect account classifications or exclusions
  - Trigger customer complaints, litigation risk, and FSCS escalations
- In a real failure scenario, customers expect immediate clarity and support — immature SCV systems directly impair this capability.

# Benefits of Maturity-Driven Planning

By strategically maturing SCV capabilities using a readiness model and automation roadmap, financial institutions unlock the following long-term benefits:

## Audit-Ready Compliance with Defensible SCV Files

- ▶ Mature institutions operate with well-documented, tested, and version-controlled SCV workflows.
- ▶ They can produce regulator-ready files at short notice, supported by:
  - Consistent audit trails
  - Historical data lineage
  - Clear ownership and governance
- ▶ Reduces stress during PRA dry runs and ensures FSCS payout readiness in the event of resolution or wind-down.

## Cost Savings Through Automation and Efficiency

- ▶ Automating data ingestion, cleansing, transformation, and SCV generation:
  - Reduces dependence on key individuals
  - Minimises risk of human error
  - Lowers operational cost by eliminating manual overhead
- ▶ Over time, institutions report measurable reductions in SCV cycle time, resource allocation, and consultancy reliance.

## Data Trustworthiness Across the Enterprise

- ▶ Enhanced SCV processes drive improvements in overall data governance, accuracy, and lineage, benefiting:
  - Regulatory reporting
  - Risk management
  - Customer communications and product delivery
- ▶ Institutions begin to treat SCV as a strategic asset — not just a compliance obligation.

## Proactive Readiness for Regulatory or Crisis-Driven Events

- ▶ Maturity enables firms to:
  - Run periodic SCV simulations and stress tests
  - Rapidly adjust to FSCS schema updates and PRA reporting changes
  - Respond immediately in high-pressure resolution or failure events
- ▶ Demonstrating proactive compliance strengthens standing with regulators and reduces the likelihood of intrusive supervisory intervention.

## Cross-Functional Collaboration and Accountability

- ▶ SCV maturity is not just a technology upgrade — it fosters alignment between:
  - IT & Data: For platform integration and data pipeline automation
  - Compliance: For regulatory interpretation and file assurance
  - Risk: For governance and incident readiness
  - Business Operations: For customer-centric resolution planning
- ▶ This integrated approach builds organisational resilience and unlocks broader transformation initiatives.

# Structured Implementation Plan for FSCS SCV Compliance

A successful SCV compliance strategy requires more than regulatory awareness—it demands a structured, phased execution plan that ensures alignment between intent and implementation. Institutions often struggle not due to lack of commitment, but due to fragmented processes and misaligned execution. This approach ensures a systematic transition from reactive compliance to proactive, automated readiness.

## **Phase 1: Comprehensive Assessment – Establishing the baseline for transformation**

- Conduct an in-depth audit using the Self-Assessment Checklist to evaluate readiness.
- Identify legacy dependencies, data inaccuracies, and operational inefficiencies.
- Establish a maturity benchmark, mapping the institution's current state against FSCS expectations.



## **Phase 2: Gap Analysis – Pinpointing compliance and operational gaps**

- Utilise FSCS and PRA benchmark indicators to identify process, technology, and policy deviations.

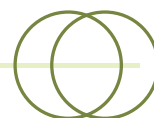
# Structured Implementation Plan for FSCS SCV Compliance

- Map areas requiring urgent remediation, focusing on automation, governance, and regulatory alignment.
- Early gap analysis has been shown to reduce post-implementation errors by 45%, enhancing audit performance.



## Phase 3: Roadmap Design – Strategic planning for phased execution

- Define a structured, stepwise roadmap prioritising high-risk compliance areas.
- Ensure alignment with budget constraints, risk tolerance, and business continuity objectives.
- Incorporate progressive automation strategies, scaling from immediate fixes to long-term optimisations.



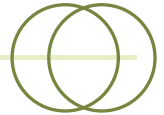
## Phase 4: Execution & Integration – Deploying technology and embedding governance

- Implement Macro Global's FSCS SCV Alliance Suite, ensuring seamless integration with existing systems.
- Standardise SCV processing across departments, establishing consistent governance frameworks.
- Embed data validation mechanisms and automate SCV file generation to eliminate manual dependencies.

# Structured Implementation Plan for FSCS SCV Compliance

## Phase 5: Monitoring, Optimisation & Continuous Compliance – Sustaining maturity and regulatory alignment

- Establish real-time dashboards for continuous SCV monitoring and performance tracking.
- Define compliance KPIs, run quarterly mock drills, and conduct proactive audits to ensure readiness.
- Adapt to evolving FSCS regulations through automated schema updates and ongoing governance reviews.



## Outcome

By following this phased implementation, institutions reduce compliance risk, strengthen regulatory confidence, and achieve structured maturity in FSCS SCV operations. This framework not only ensures compliance but transforms SCV readiness into a scalable, resilient asset for long-term operational excellence.



# How Macro Global's FSCS SCV Solution Suite Supports Benchmark Achievement

Achieving full FSCS SCV compliance requires not only awareness but also the right technology. Macro Global's All-in-One FSCS SCV Enterprise Solution Suite is designed to help institutions progress rapidly through maturity stages with automation, audit readiness, and data governance built in. This solution doesn't just support compliance; it empowers long-term operational improvement and regulatory confidence.

## ● **AI-Driven Data Cleansing:**

Enhances customer data by eliminating duplicates and correcting inconsistencies using intelligent logic.

## ● **End-to-End Automation:**

Reduces manual intervention, streamlining SCV processes and minimising operational risk.

## ● **Built-in Validation Engine:**

Pre-validates SCV output against FSCS rules, ensuring accuracy before submission.

## ● **Real-Time SCV Generation:**

Ensures timely, FSCS-compliant file creation, even under high-load or contingency scenarios.



# How Macro Global's FSCS SCV Solution Suite Supports Benchmark Achievement

## **Audit & Monitoring Tools:**

Provides real-time visibility into reporting processes, enabling proactive issue resolution and traceability.

## **Modular Architecture:**

Integrates seamlessly with legacy systems, supporting phased upgrades and digital transformation efforts.

## **Regulatory Compliance Dashboard:**

Offers a centralized view of SCV readiness, highlighting compliance gaps and remediation actions.

## **Multi-Level Data Validation:**

Implements 175+ rigorous validation checkpoints, ensuring FSCS SCV reports meet PRA-aligned accuracy standards.

## **Automated FSCS Reporting:**

SCV Forza automates the end-to-end reporting process, enabling effortless and accurate electronic submissions to RegData.

## **Data Governance & Security:**

Adheres to ISO standards, ensuring robust encryption, hierarchical security, and compliance with FSCS regulatory requirements.

## **Historical Audit Tracking:**

Maintains a complete audit history, allowing institutions to compare past and present reports to measure improvements.

## **Stress Testing & Simulation:**

Enables institutions to conduct crisis simulations, ensuring SCV readiness under various financial scenarios.

Along with that, SCV from Macro Global also offers AI-driven data Cleansing, which enhances customer data by eliminating duplicates and correcting inconsistencies using intelligent logic.

# Business Benefits

Implementing a maturity model for FSCS SCV compliance, supported by Macro Global's solution suite, delivers tangible and measurable outcomes across compliance, operations, and customer experience. These benefits are not only crucial for avoiding penalties but also serve as foundational pillars for digital resilience and long-term growth.

- **100% FSCS SCV Compliance Readiness:**  
Achieve full regulatory alignment with automated SCV generation, audit trails, and schema validation. Institutions using SCV Alliance report a 95% increase in submission accuracy.
- **Reduced Regulatory Risk and Fines:**  
By improving data quality and submission timeliness, institutions can proactively mitigate the risk of penalties, reputational damage, and supervisory escalations.
- **Optimised Operational Efficiency:**  
Automated workflows and integrated data pipelines reduce manual effort, freeing compliance teams for strategic oversight.
- **Better Customer Experience through Accurate Records:**  
Clean, validated customer data ensures correct and timely compensation in crisis events, building trust and protecting reputation.
- **Futureproofing Against Regulatory Changes:**  
The solution is modular and agile, enabling quick adoption of future FSCS updates or PRA guidelines without major system overhauls.

# Wrapping Up

The FSCS SCV maturity model is more than a compliance exercise—it is a catalyst for operational resilience, regulatory confidence, and long-term agility. It equips institutions with a clear path to benchmark and elevate their SCV readiness.

Firms that adopt a structured, maturity-driven approach unlock faster reporting, improved data integrity, and stronger audit outcomes—while avoiding costly penalties and reputational harm.

Macro Global's All-in-One FSCS SCV Enterprise Solution Suite brings this vision to life. With intelligent automation, real-time validation, and seamless integration, it helps institutions transform compliance from a burden into a business advantage.

Ready to lead the way in SCV excellence? Schedule your strategic consultation with Macro Global and take the first decisive step toward future-ready compliance.

# We are here to help you



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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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