

Financial Services Compensation Scheme

Operational Risk & Resilience

The **Financial Services Compensation Scheme (FSCS)** was set up by the government of United Kingdom under the Financial Services and Markets Act 2000 as a non-profit statutory body, independent of the financial services industry and regulators.

Fscs covers deposits, insurance, investments and mortgage broking, debt management business and more recently funeral plans conducted by authorised firms. FSCS protects customers from authorised financial services firms by paying compensation to those customers if the authorised firm they are dealing with fails and owes them money.

Gieom implemented their Risk Central product at FSCS to manage their operational risk & resilience.

THE SCOPE

FSCS sought to appoint a single service provider for an integrated risk and resilience system. The primary requirements for the operational risk & resilience solution included:

Risk Features

- Central registry for managing strategic risks and controls
- Central registry for managing Project risks and controls
- Metrics library and an action plan library
- Monitoring RCSA
- Model-based scoring of inherent and residual risk
- Algorithm-based automated performance risk scoring
- Control testing
- Incident management
- Risk appetite heat maps
- Event dashboards

Resilience Features

- Centralised definition of important business services
- Mapping of key activities and resources
- Conducting business impact analysis
- Assessing impact tolerance
- Performing FMEA
- Impact charts for resilience monitoring
 - Operational
 - Financial
 - Reputational
 - Regulatory

THE CHALLENGE

FSCS was using a hybrid system to manage their risk and resilience. Some part of the functionality was managed in Excel and others in an in-house developed technology system. Some of the key hurdles faced by FSCS included:

- 1. Non-availability of consolidated reports with drill downs**
- 2. Excel-based management was time-consuming and prone to errors**
- 3. Reactive decision-making rather than proactive**
- 4. Lack of clarity on the RACI responsibility matrix**
- 5. Demonstrating adherence to regulatory requirements**
- 6. Limited scalability of current solutions**
- 7. Poor user interface and user experience**

KEY OUTCOMES

- **Single source of truth**

Geom's risk and resilience solution was the single integrated solution referred by everyone within FSCS for all risk and resilience reporting. Be it checking the risk position, tasks allotted, incident reported, resilience status etc. Geom was the solution providing answer to all queries of the user.

- **Compliance to regulation**

UK regulator had published an operational resilience guideline and FSCS through the integrated risk and resilience solution was able to achieve the compliance requirement. The solution helped to address risk and resilience through an integrated framework.

- **Flexibility**

Ease of use, configurable forms and workflows helped FSCS to achieve better user acceptability of the solution enterprise-wide.

- **Alerts & notification**

The alerts and notification feature along with the task management help the users to track on their due and overdue tasks. All deviations and events were tracked as part of the solution.

- **Management reporting**

The configurable dashboards helped the FSCS users with timely and improved reporting. The senior management had a consolidated and better view of the risk and resilience status of the firm which additionally helped in proactive decision making.

- **Extendibility & scalability**

The solution was scalable, allowing FSCS to adapt and grow without the need for significant system overhauls. The business teams are able to setup new workflows and prepare reports and dashboards on their own

IMPACT METRICS

50%

Reduction in rollout time for new modules

70%

Reduction in reporting time

90%

User adoption rate within the first 3 months.

100%

Compliance with UK operational resilience Guidelines.

50%

Improvement in reporting accuracy

75%

Reduction in data errors