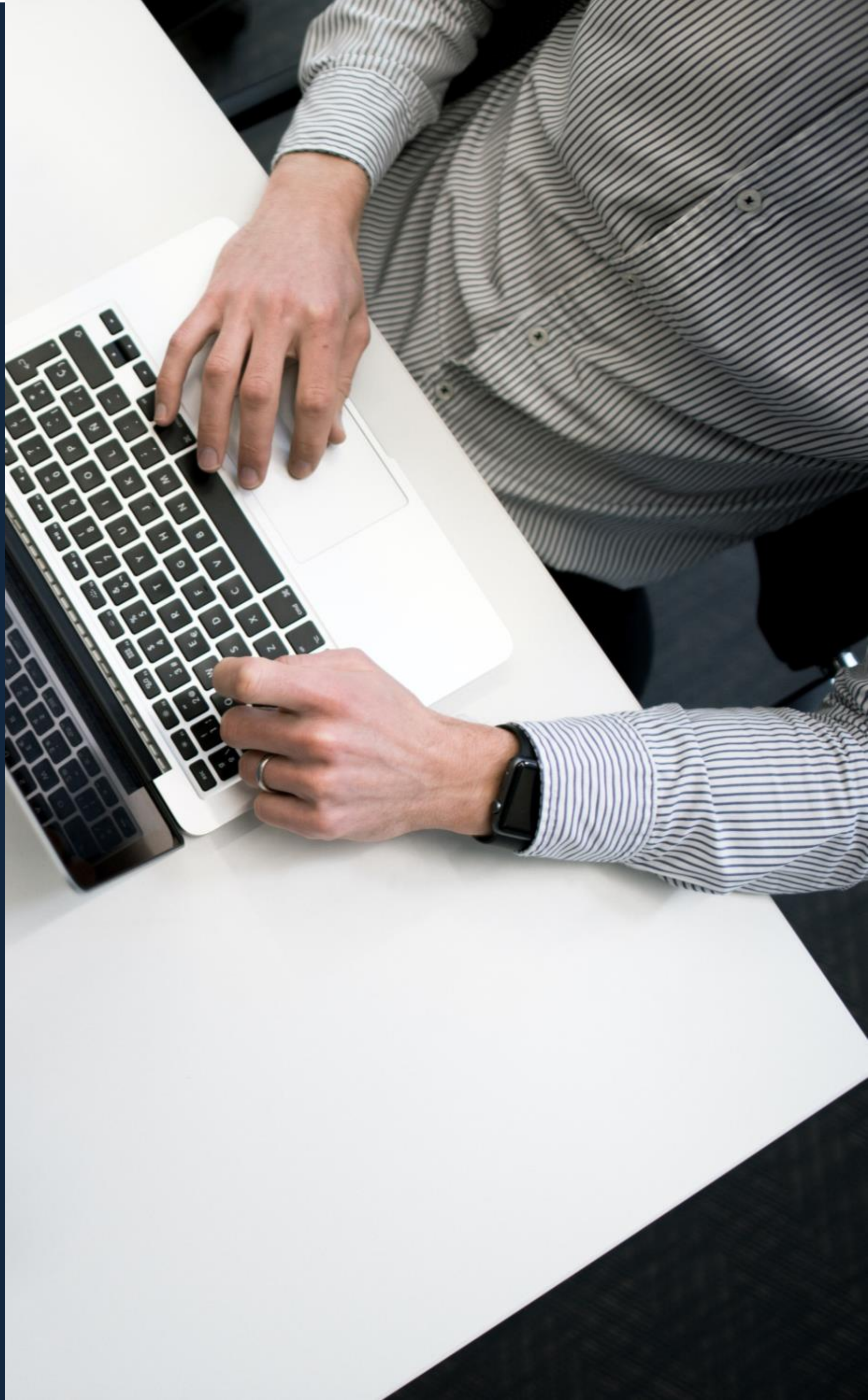
Bank of England

FCA FINANCIAL CONDUCT AUTHORITY

Transforming Data Collection (TDC)

Town Hall
29 March 2023



Contents: Main presentation – links to slides and recordings

Link to place in document	Link to place in recording
Main presentation – first slide	Full event recording
Welcome and opening remarks	Jessica Rusu Introduction Nathaniel Benjamin Introduction
What is the TDC vision?	TDC Vision
What has TDC looked at so far?	Looked at so far
What was committed to in July 2022?	Financial Resilience Survey Quarterly Statistical (DQ) Derivatives Return
What has been delivered to date?	Intuitive Form Design
Update on the phase two use cases	Commercial Real Estate (CRE) data Incident, Outsourcing and Third Party Reporting Strategic Review of Prudential Data Collection Retail Banking Business Model
What's next	What's next and timeline
Closing Remarks	Jessica Rusu closing remarks

Contents: Showcase session – links to slides

On the day we held a Showcase and Networking session for in person attendees. This part of the event was not recorded however, the slides are included in this document.

Please use links on the right to navigate to the sections you would like to view.

Link to place in document
Showcase session – first slide
Firm Portal
Firm View at a Glance
Intuitive Form Design
Commercial Real Estate (CRE) Data
Quarterly Statistical (DQ) Derivatives Return
Strategic Review of Prudential Data
Retail Banking Business Model Data
Incident, Outsourcing and Third Party Reporting
Get Data Service: Counterparty Classification

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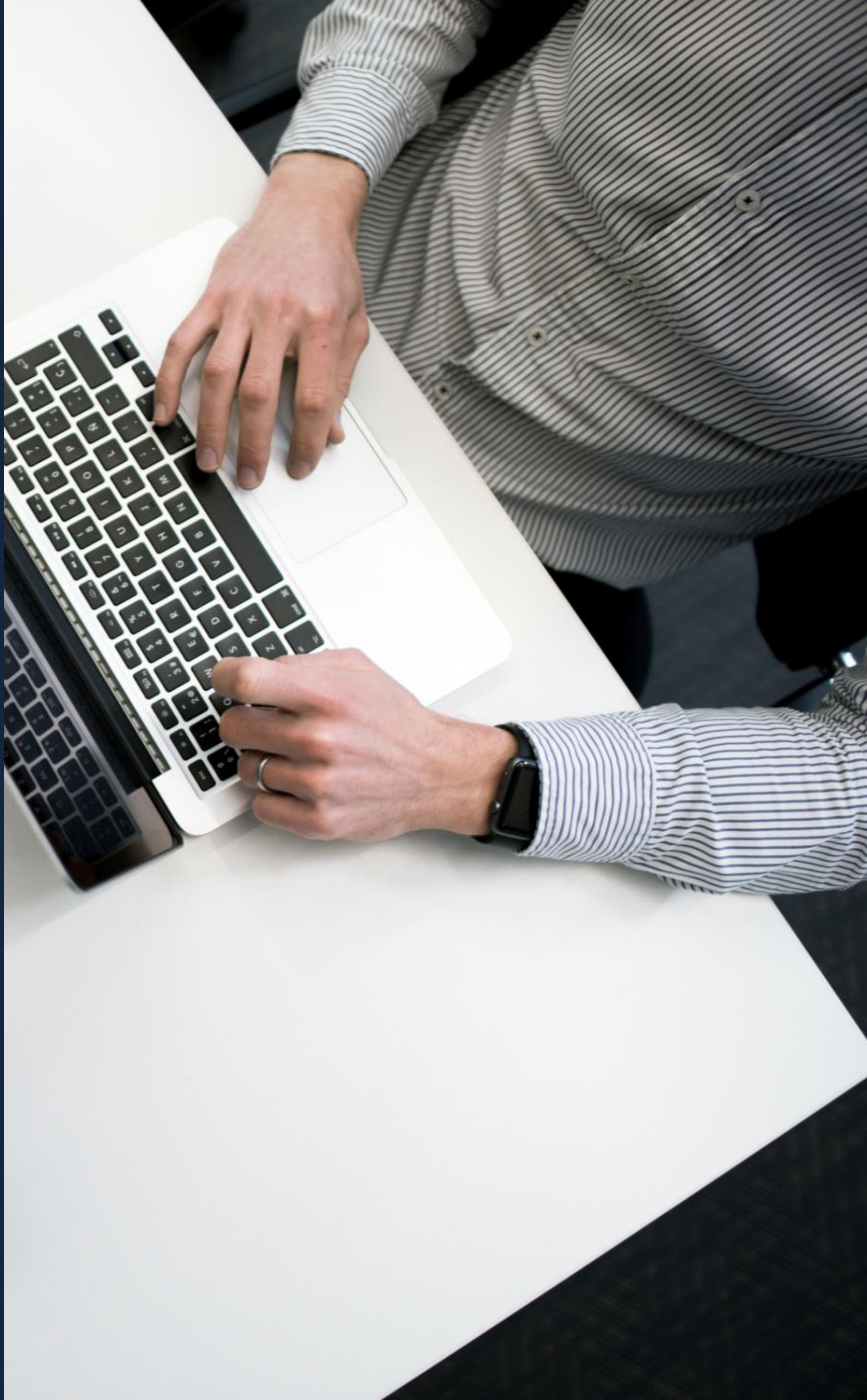
Town Hall main presentation

You can view the full Town Hall recording here



Agenda

	Presenter	Timings
Welcome and opening remarks	Jessica Rusu, FCA Nathaniel Benjamin, BoE	10 mins
Progress update • Overview of use cases • Progress update • Benefits	Lauren Dixon, FCA Angus Moir, BoE	20 mins
Panel and Audience Q&A *****	Panel: Nat Benjamin, BoE Lauren Dixon, FCA Lee Fulmer, UBS Andrew Turvey, Belmont Green Andrew Douglas, DTCC Julie Ampadu, Chair, APCC	20 mins
Reflections from firms	Lauren Dixon, Angus Moir	5 mins
Closing remarks	Jessica, Nat	

***Please note this part of the event was not recorded**

Welcome

Jessica Rusu, ExCo Director and Chief Data, Information, Intelligence Officer, FCA

View Jessica’s introduction here

Nathaniel Benjamin, ExCo Director for Authorisations, Regulatory Technology, and International Supervision, Bank of England

View Nathaniel’s introduction here

What is the TDC vision?

[You can view this section of the presentation recording here]

Data Collection Transformation

Regulators get the data they need to fulfil their mission, at the lowest possible cost to industry

Integrating reporting to increase consistency in designing and delivering collections for value, reuse, and efficiency

Modernising reporting instructions to improve how data is interpreted and implemented by firms.

Defining and adopting common data standards that identify and describe data in a consistent way. These should be open and accessible for use by everyone.

What has TDC looked at so far?

You can view this section of the presentation recording here

TDC Overview – seven use cases

Phase one use cases (2021 – 2022)

1. **Financial Resilience Survey**
2. **Commercial Real Estate Data discovery**
3. **Quarterly Statistical (DQ) Derivatives Return**

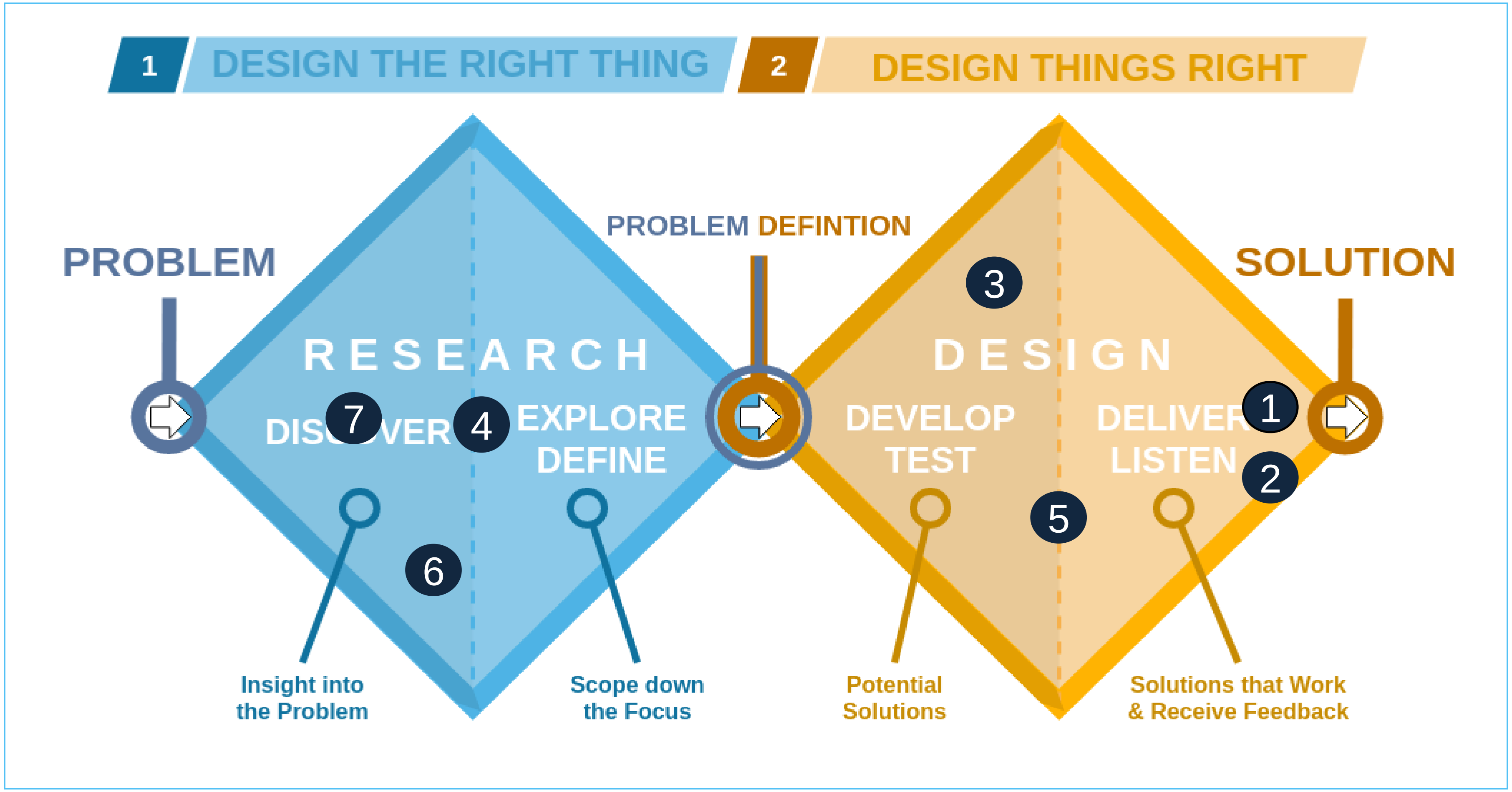
Phase two use cases (2022 – 2023)

4. **Strategic Review of Prudential Data Collection from solo regulated firms**
5. **Commercial Real Estate Data**
6. **Retail Banking Business Model**
7. **Incident, Outsourcing and Third Party Reporting**

Related work

- Commissioned a Data Standards Review from Ernst & Young – due April 2023
- Digital Regulatory Reporting Horizon scan update – due April 2023

How does TDC work?


1 DESIGN THE RIGHT THING
2 DESIGN THINGS RIGHT
PROBLEM
PROBLEM DEFINTION
SOLUTION
RESEARCH
DESIGN
DISCOVER
EXPLORE
DEFINE
DEVELOP
TEST
DELIVER
LISTEN
Insight into the Problem
Scope down the Focus
Potential Solutions
Solutions that Work & Receive Feedback
7
4
6
3
5
1
2

Key

① Financial Resilience Survey
② Commercial Real Estate discovery
③ DQ Return
④ Prudential review
⑤ Commercial Real Estate (2)
⑥ Retail Banking Model
⑦ Incident Outsourcing and Third Party Reporting

Common themes across Firm Research

Firms find the guidance and Handbook **hard to access and understand**

Firms submit data but often **do not receive any feedback** from regulators on what they submit

There are **multiple reporting systems** and it is not easy to keep track of everything

The **purpose of why the data** is needed is not always clear

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What was committed to in July 2022?

You can view the update on the Financial Resilience Survey use case here

You can view the update on the Quarterly Statistical (DQ) Derivatives Return use case here

TDC Overview – seven use cases

Phase one use cases (2021 – 2022)	Phase two use cases (2022 – 2023)
1 Financial Resilience Survey	**4 Strategic Review of Prudential Data Collection from solo regulated firms**
2 Commercial Real Estate Data discovery	**5 Commercial Real Estate Data**
3 Quarterly Statistical (DQ) Derivatives Return	**6 Retail Banking Business Model**
	7 Incident, Outsourcing and Third Party Reporting

Update on implementation of phase 1 recommendations

Financial Resilience Survey (FRS)

Firm portal and home pages - Discovery

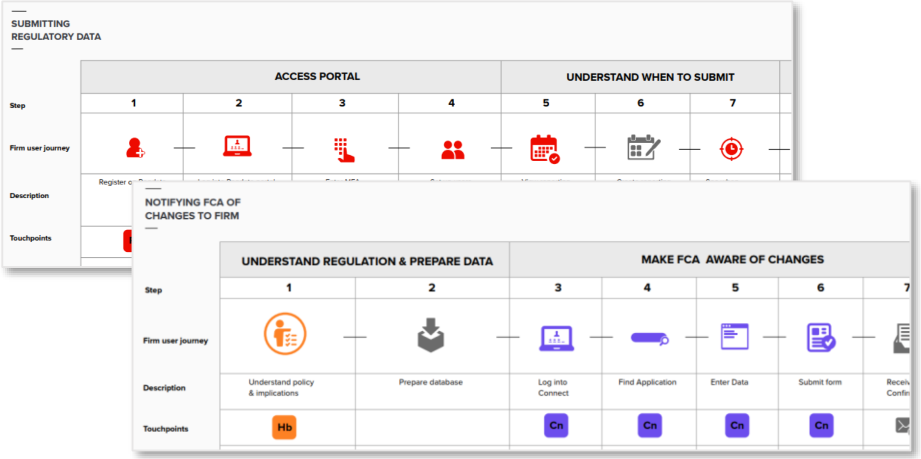
Firm view at a glance - Discovery

Intuitive form design – Alpha/Design

Future Financial Resilience Survey (and data collection process change) – Alpha/Design

Firm Portal – exploring a streamlined reporting platform

A service design-led approach to understand improvement opportunities across the experience



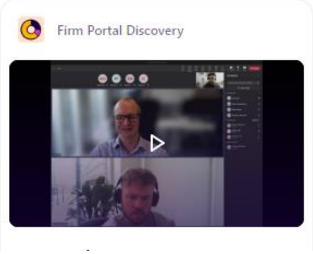
SUBMITTING REGULATORY DATA

	ACCESS PORTAL				UNDERSTAND WHEN TO SUBMIT		
Step	1	2	3	4	5	6	7
Firm user journey							
Description	Register o						
Touchpoints							

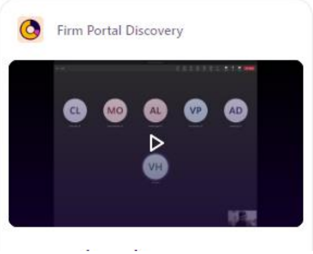
NOTIFYING FCA OF CHANGES TO FIRM

	UNDERSTAND REGULATION & PREPARE DATA		MAKE FCA AWARE OF CHANGES				
Step	1	2	3	4	5	6	7
Firm user journey							
Description	Understand policy & implications	Prepare database	Log into Connect	Find Application	Enter Data	Submit form	Receiv Confir
Touchpoints	Hb		Cn	Cn	Cn	Cn	

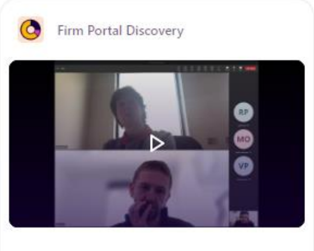
In-depth user interviews with a representative sample



Firm Portal Discovery



Firm Portal Discovery



Firm Portal Discovery

What: User research into a unified regulatory reporting system

Update: Deloitte is conducting discovery and will provide a report with recommendations & options by end of April

Status: 40+ user research interviews with firms completed, 6 key themes identified so far

Firm Portal – key emerging user research themes

1. **Authorisations application processing delays**

2. **Lack of interaction from FCA**

3. **Lack of guidance especially for smaller firms**

4. **System issues**

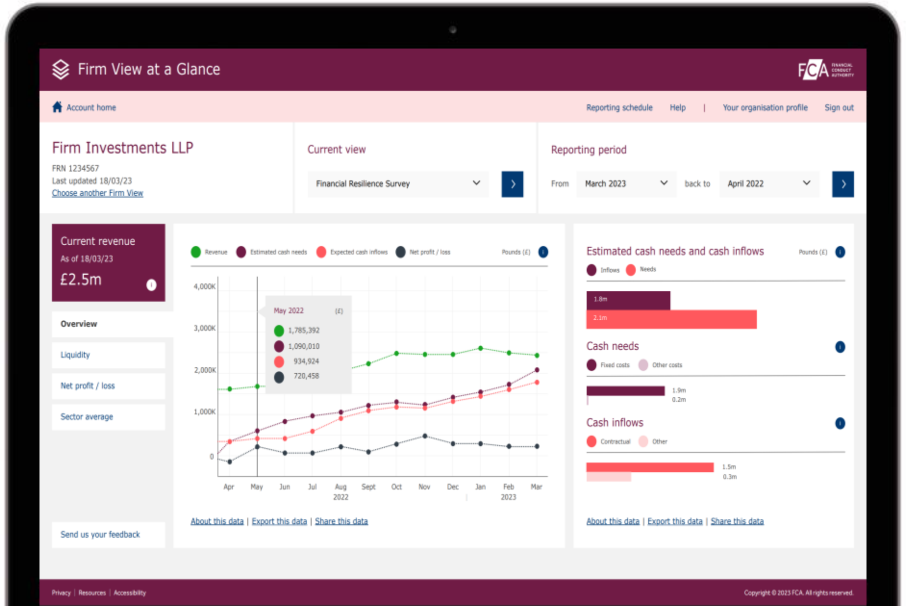
5. **Access management issues**

6. **Data collection not ‘joined up’**

Come speak to us!

We want to hear about your experience – come see us at the Firm Portal Discovery stand

Firm view at a glance



Firm Investments LLP
FRN 1234567
Last updated 18/03/23

Current view: Financial Resilience Survey

Reporting period From March 2023 back to April 2022

Current revenue As of 18/03/23 £2.5m

Firm View at a Glance
Account home
Reporting schedule
Help
Your organisation profile
Sign out
Choose another Firm View
Overview
Liquidity
Net profit / loss
Sector average
Send us your feedback
Revenue
Estimated cash needs
Expected cash inflows
Net profit / loss
Pounds (£)
4,000K
3,000K
2,000K
1,000K
0
May 2022
(£)
1,785,392
1,090,010
934,924
720,458
Apr
May
Jun
Jul
Aug
Sept
Oct
Nov
Dec
Jan
Feb
Mar
2022
2023
About this data | Export this data | Share this data
Estimated cash needs and cash inflows
Pounds (£)
Inflows
Needs
1.8m
2.1m
Cash needs
Fixed costs
Other costs
1.9m
0.2m
Cash inflows
Contractual
Other
1.5m
0.3m
About this data | Export this data | Share this data
Privacy | Resources | Accessibility
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What: Personalised firm view of data that has been submitted

Update: Proof of concept prototype is has been developed

Status: Prototype to be tested with a small group of firms using financial resilience survey data in April 2023

TDC Overview – seven use cases

Phase one use cases (2021 – 2022)

1. **Financial Resilience Survey**
2. **Commercial Real Estate Data discovery**
3. **Quarterly Statistical (DQ) Derivatives Return**

Phase two use cases (2022 – 2023)

4. **Strategic Review of Prudential Data Collection from solo regulated firms**
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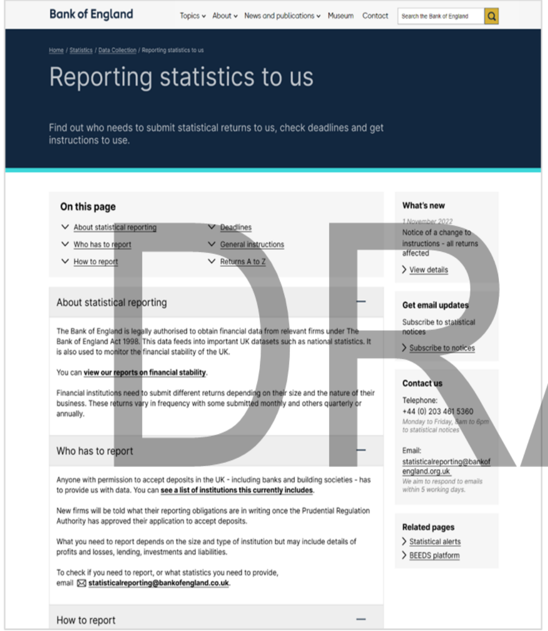
Update on implementation of phase 1 recommendations

Form DQ - Plan



Home / Statistics / Data Collection / Reporting statistics to us

Reporting statistics to us

Find out who needs to submit statistical returns to us, check deadlines and get instructions to use.

On this page

- About statistical reporting
- Who has to report
- How to report
- Deadlines
- General instructions
- Returns A to Z

About statistical reporting

The Bank of England is legally authorised to obtain financial data from relevant firms under The Bank of England Act 1998. This data feeds into important UK datasets such as national statistics. It is also used to monitor the financial stability of the UK.

You can **view our reports on financial stability**.

Financial institutions need to submit different returns depending on their size and the nature of their business. These returns vary in frequency with some submitted monthly and others quarterly or annually.

Who has to report

Anyone with permission to accept deposits in the UK - including banks and building societies - has to provide us with data. You can **see a list of institutions this currently includes**.

New firms will be told what their reporting obligations are in writing once the Prudential Regulation Authority has approved their application to accept deposits.

What you need to report depends on the size and type of institution but may include details of profits and losses, lending, investments and liabilities.

To check if you need to report, or what statistics you need to provide, email ✉ **statisticalreporting@bankofengland.co.uk**.

How to report

What's new

1 November 2022

Notice of a change to instructions - all returns affected

› View details

Get email updates

Subscribe to statistical notices

› Subscribe to notices

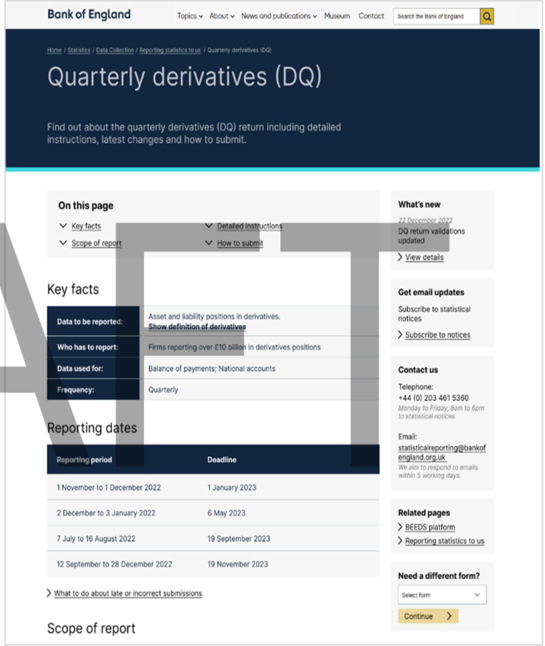
Contact us

Telephone:
+44 (0) 203 461 5360
Monday to Friday, 8am to 6pm to statistical notices

Email:
statisticalreporting@bankofengland.org.uk
We aim to respond to emails within 5 working days.

Related pages

› Statistical alerts
› BEEDS platform



Home / Statistics / Data Collection / Reporting statistics to us / Quarterly derivatives (DQ)

Quarterly derivatives (DQ)

Find out about the quarterly derivatives (DQ) return including detailed instructions, latest changes and how to submit.

On this page

- Key facts
- Scope of report
- Detailed instructions
- How to submit

Key facts

Data to be reported:	Asset and liability positions in derivatives. **Show definition of derivatives**
Who has to report:	Firms reporting over £10 billion in derivatives positions
Data used for:	Balance of payments; National accounts
Frequency:	Quarterly

Reporting dates

Reporting period	Deadline
1 November to 1 December 2022	1 January 2023
2 December to 3 January 2022	6 May 2023
7 July to 16 August 2022	19 September 2023
12 September to 28 December 2022	19 November 2023

› What to do about late or incorrect submissions

Scope of report

What's new

22 December 2022

DQ return validations updated

› View details

Get email updates

Subscribe to statistical notices

› Subscribe to notices

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Related pages

› BEEDS platform
› Reporting statistics to us

Need a different form?

DRAFT

- Better reporting landing pages
- Counterparty classification standardisation
- Restructured reporting instructions

What has been delivered to date?

You can view this section of the presentation recording here

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Intuitive Form Design: Consumer Credit form CCR007

- Plain language, clearer definitions

Clearer instructions

- E.G Total revenue cannot be lower than credit related revenue

Validations

- The form is for calculating annual fee, monitoring permissions & risk assessment

Clear purpose

- Now available on 1 page and in fewer 'clicks'

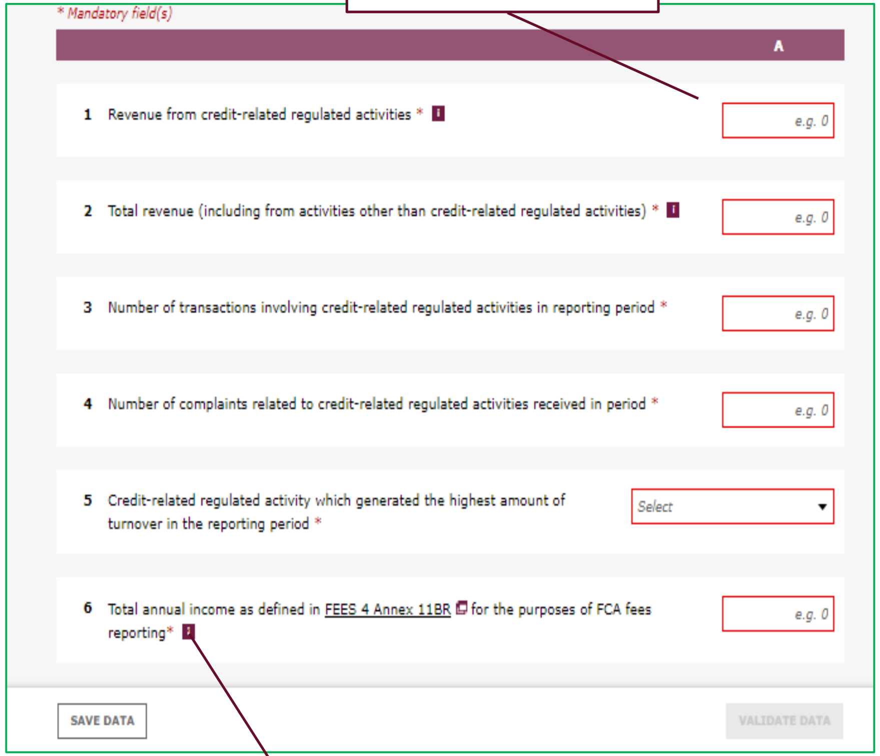
Access to guidance

- Firms are told the information they need upfront
- Increase to 60%

Accessibility

New design

Hard and soft validations



* Mandatory field(s)

1 Revenue from credit-related regulated activities * e.g. 0

2 Total revenue (including from activities other than credit-related regulated activities) * e.g. 0

3 Number of transactions involving credit-related regulated activities in reporting period * e.g. 0

4 Number of complaints related to credit-related regulated activities received in period * e.g. 0

5 Credit-related regulated activity which generated the highest amount of turnover in the reporting period * Select ▾

6 Total annual income as defined in FEES 4 Annex 11BR for the purposes of FCA fees reporting* e.g. 0

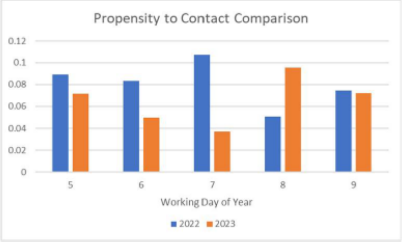
Quick links to specific guidance

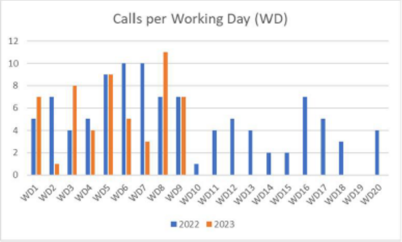
CCR007: Feedback so far

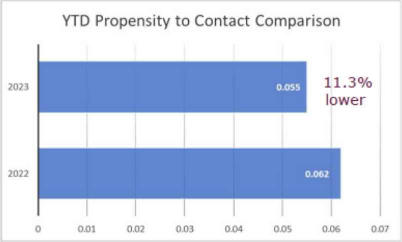
- Change went live January 2023
- Monitoring the **volume and type of calls** to FCA Supervision Hub
- Peak reporting is March and April 2023
- Total revenue reported has increased by £79m compared to last year

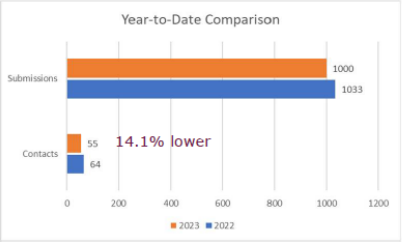
"The notes for question 6 are very good and really help me understand what figures I need to use"
Firm user

"The guidance being on one webpage and easy to navigate has really helped me when speaking to firms"
– Sup Hub supervisor









Next form: FSA038 and built into standard FCA form design

Update on the phase 2 use cases

You can view the update on the Commercial Real Estate (CRE) data use case here

You can view the update on the Incident, Outsourcing and Third Party Reporting (IOREP) use case here

You can view the update on the Strategic Review of Prudential Data Collection use case here

You can view the update on the Retail Banking Business Model use case here

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Commercial Real Estate (CRE) data

Where we are now

Discovery: Phase 1
COMPLETE

- **TDC Phase 1 (September 2021 to March 2022)**
- Explore business practices and processes
- Create problem statements
- Scope – some users of some BOE datasets

Discovery: Phase 2
COMPLETE

- **Oct. 7 until end-Jan**
- Revisiting due to criticality of this use case
- Explore business practices and processes
- User journey mapping
  Project roadmap
- Create problem statements

Alpha: Phase 2
IN PROGRESS

- **Jan. 23 until end-Jun**
- Prioritise problem statements
- Design workshops
- Product Canvas
- **Recommendations to governance committees**

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	⑦ **Incident, Outsourcing and Third Party Reporting**

Incident, Outsourcing and Third Party Reporting (IOREP)

The IOREP use case is split into three distinct phases:

Where we are now

Discovery and Design*
Q1 2023 – Q3 2023

Recommendations
Q4 2023 – Q1 2024

Implementation*
from Q2 2024
(estimated to take 6-18 months)

***to be delivered by external consultants**

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Strategic Review of Prudential Data Collection: Themes identified from Discovery

1. Guidance
2. Data input & validation
3. Data Adequacy
4. Training and Tooling
5. Data quality, trust and timeliness
6. Measurements

Next steps are to test hypotheses in the Alpha phase

- By ensuring a **shared understanding** of what prudential data the FCA needs to fulfil its mission and how it will use that data, the FCA will reduce the reporting burden on firms and itself.

- By providing solo-regulated firms with **simpler, clearer guidance and better data validation** at the point of data entry, the FCA will improve the quality, accuracy and timeliness of the reporting data those firms submit.

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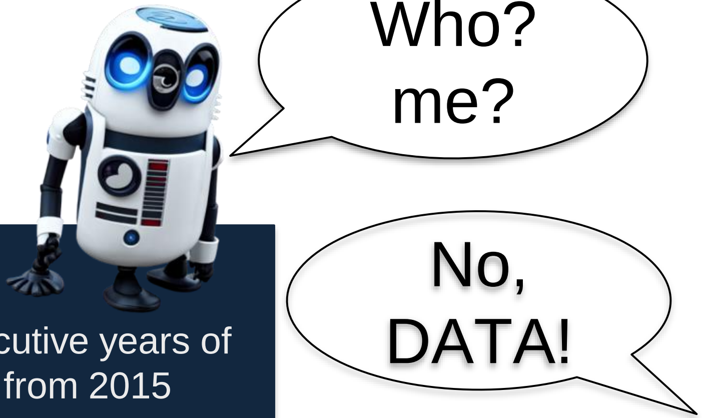
Retail Banking Business Model: Story so far


Who? me?
No, DATA!

Colloquially called R2B2 by some

Understand the market and how competition is working

3 rounds of collection since 2017

7 consecutive years of data from 2015

Collected from 30-50 firms each time

Approx. 2,499 data points on most recent collection

Resulted in 3 external publications (related to 2 of the collections)

4 main user groups: Banks, Competition, Supervision, Policy

Underpins a number of further policy initiatives in the sector

Underpins supervision strategy in the sector

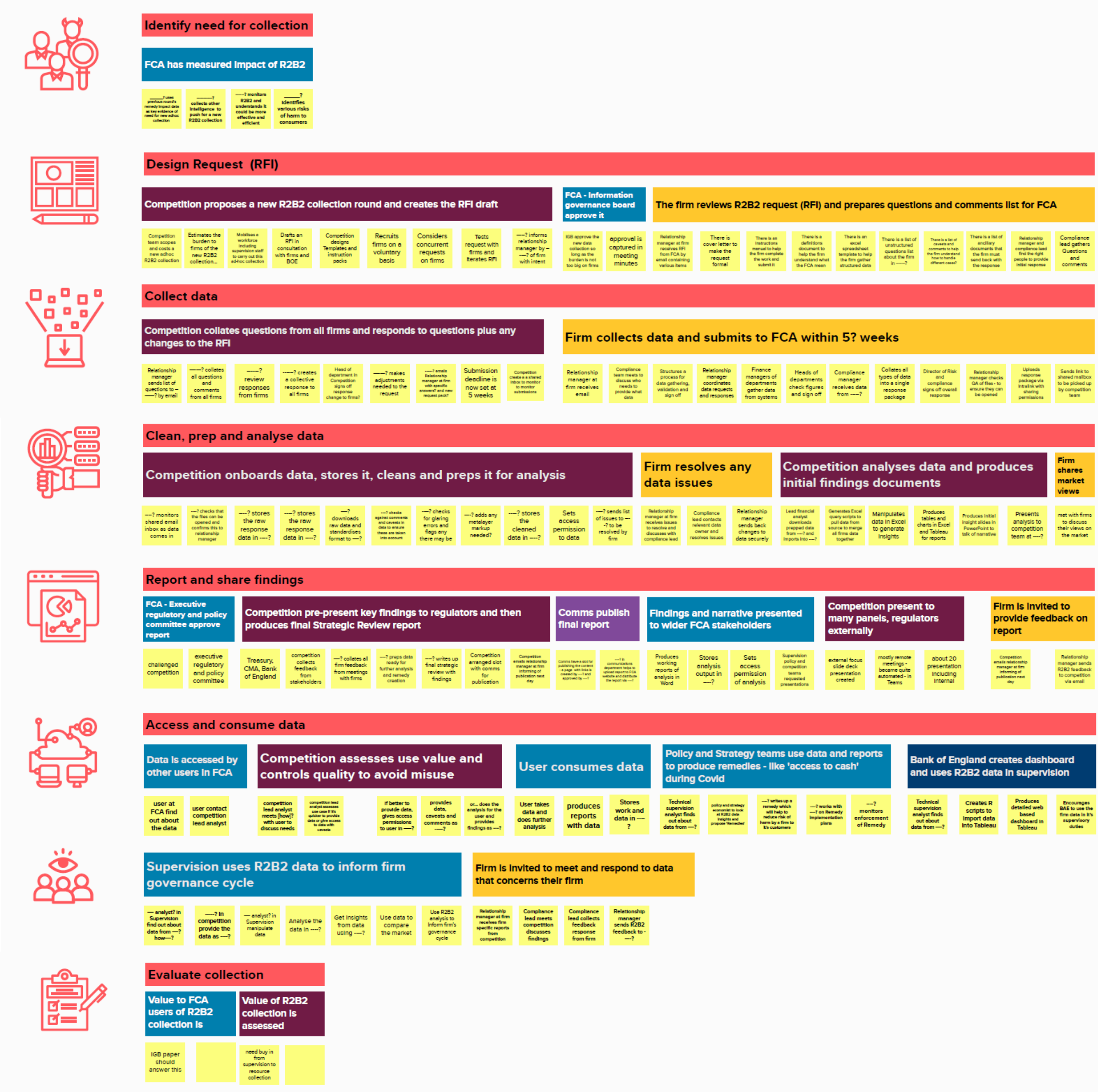
Used across 5 internal divisions

Used by BoE (inc. PRA) and HMT

Journey map

Emerging issues

- Time-consuming to identify the right people
- Definitions are not aligned to businesses
- QA is quite manual and could be more thorough
- Reliance on others to access data



Identify need for collection
FCA has measured impact of R2B2
Design Request (RFI)
Competition proposes a new R2B2 collection round and creates the RFI draft
FCA - Information governance board approve it
The firm reviews R2B2 request (RFI) and prepares questions and comments list for FCA
Collect data
Competition collates questions from all firms and responds to questions plus any changes to the RFI
Firm collects data and submits to FCA within 5? weeks
Clean, prep and analyse data
Competition onboards data, stores it, cleans and preps it for analysis
Firm resolves any data issues
Competition analyses data and produces initial findings documents
Firm shares market views
Report and share findings
FCA - Executive regulatory and policy committee approve report
Competition pre-present key findings to regulators and then produces final Strategic Review report
Comms publish final report
Findings and narrative presented to wider FCA stakeholders
Competition present to many panels, regulators externally
Firm is invited to provide feedback on report
Access and consume data
Data is accessed by other users in FCA
Competition assesses use value and controls quality to avoid misuse
User consumes data
Policy and Strategy teams use data and reports to produce remedies - like 'access to cash' during Covid
Bank of England creates dashboard and uses R2B2 data in supervision
Supervision uses R2B2 data to inform firm governance cycle
Firm is invited to meet and respond to data that concerns their firm
Evaluate collection
Value to FCA users of R2B2 collection is
Value of R2B2 collection is assessed

Opportunities

- Clearer context and purpose
- Support firms with interpretation
- Automation of cleaning
- Help users to discover and use data

What next?

[You can view this section of the presentation recording here]

A new data collection process

Transition State 1 – Discover what doesn't work now and improve it

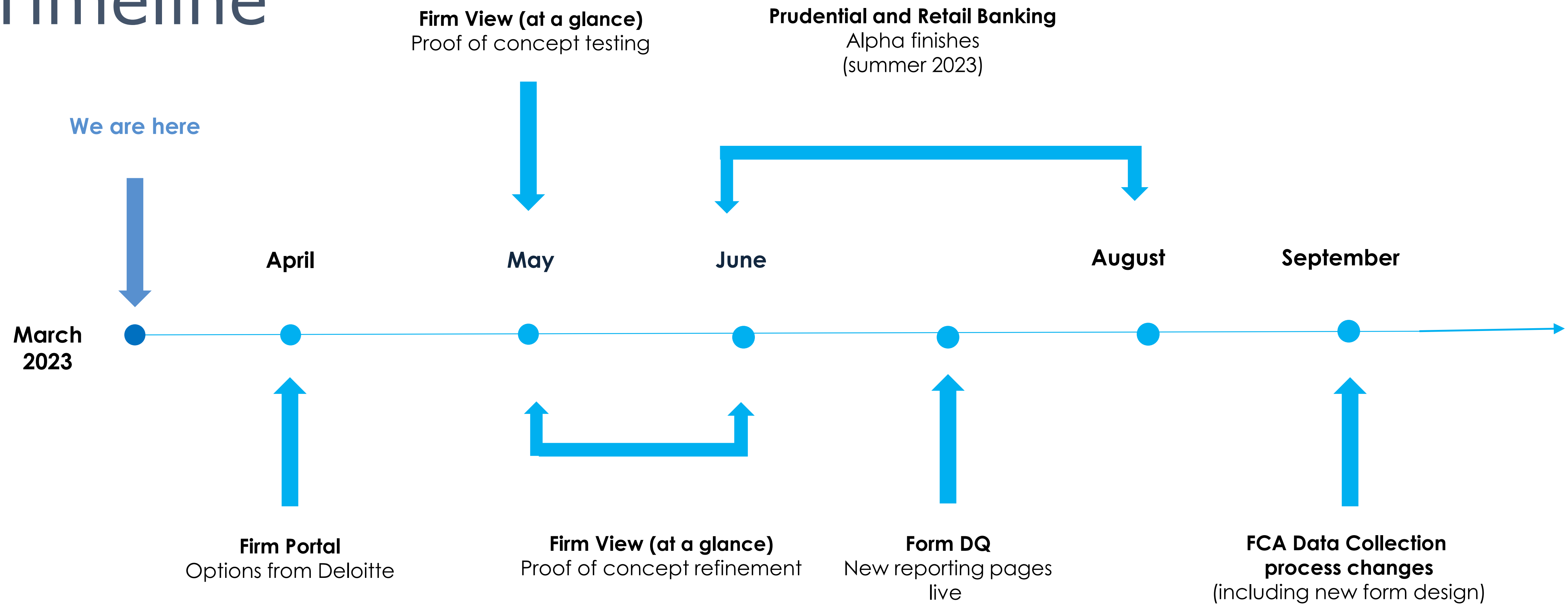
Transition State 2 – Test a new way of collecting data starting with the data need

Build capabilities into Business as Usual:

- FCA and BoE best practice form design
- New end to end collection process / Get Data service (that all new collections or those being improved go through)
- Simpler guidance and instructions for all new collections
- Testing with firms before go live
- Platform improvements (Firm Portal)
- Improved firm feedback

Build these capabilities into BAU

Timeline



Firm View (at a glance)
Proof of concept testing

Prudential and Retail Banking
Alpha finishes
(summer 2023)

We are here

March 2023

April

May

June

August

September

Firm Portal
Options from Deloitte

Firm View (at a glance)
Proof of concept refinement

Form DQ
New reporting pages
live

FCA Data Collection process changes
(including new form design)

Closing remarks

[You can view this section of the presentation recording here]

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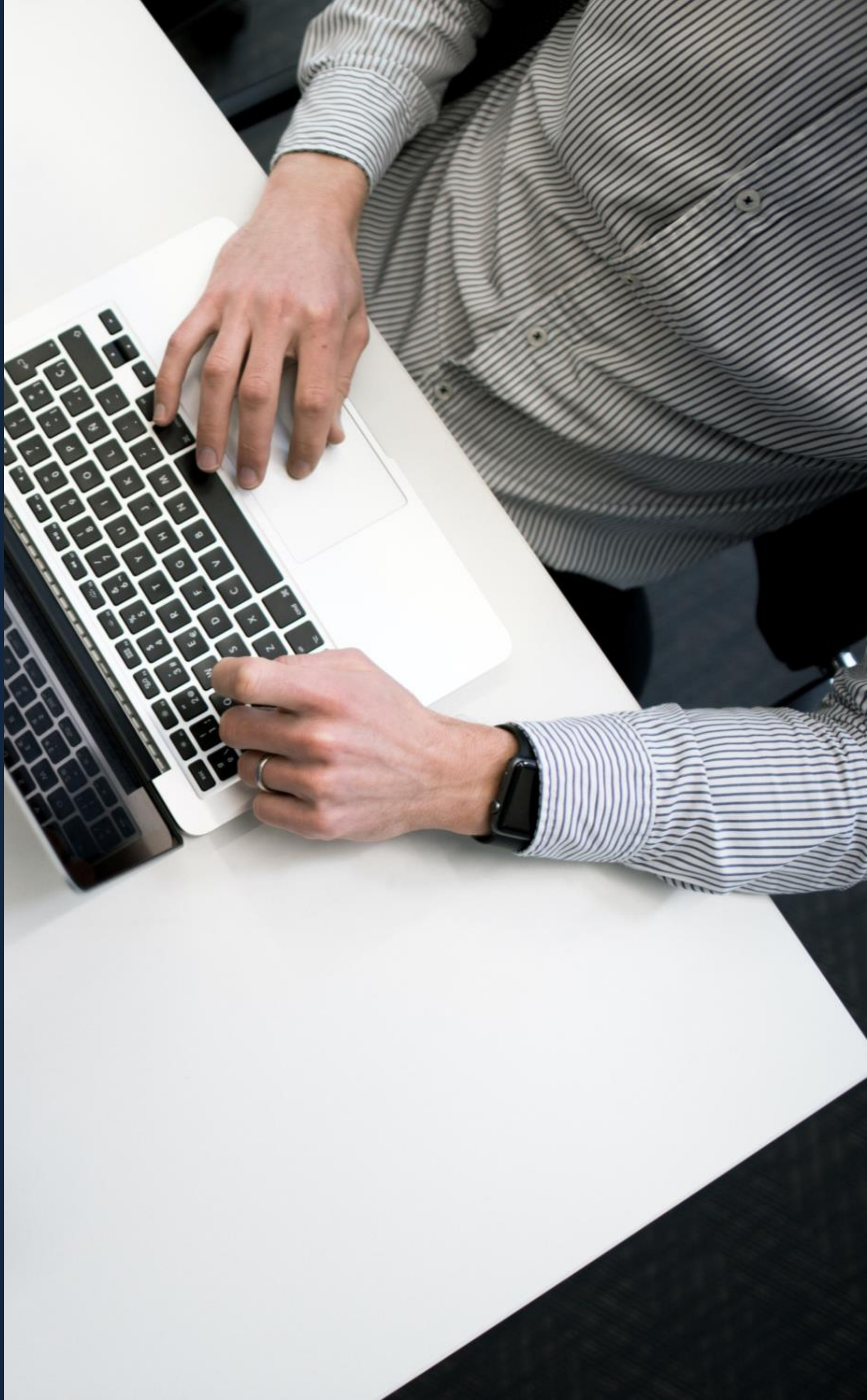
Showcase and networking session slides

29 March 2023



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AUTHORITY

Firm Portal

Scope

The FCA wants to **make it easier for firms to access FCA systems, reducing the burden on firms** as well as on the FCA in supporting Firm access & usage.

Firm Portal Discovery Objectives

1. Understand the existing experience of those interacting with the FCA – internal & external users

2. Identify opportunities to reduce the burden on firms and the FCA when submitting data

3. Develop options for how the FCA can deliver an improved experience for firms

In-scope FCA systems for Discovery:

- RegData
- Connect
- Fees
- Intact
- Ad hoc collections

Approach

Our approach puts the voice of firms at the heart of our Discovery

We have had in-depth conversations with **30+ firms** across a representative sample of:

- Portfolios
- Regions
- Sizes
- Supervision methods

What are we hearing?

“Just getting to the heart of the what the FCA are looking for is sometimes half the challenge”

“Sometimes I think they’re almost a mystical organisation”

“I don’t think they look at what we send them *to be honest”*

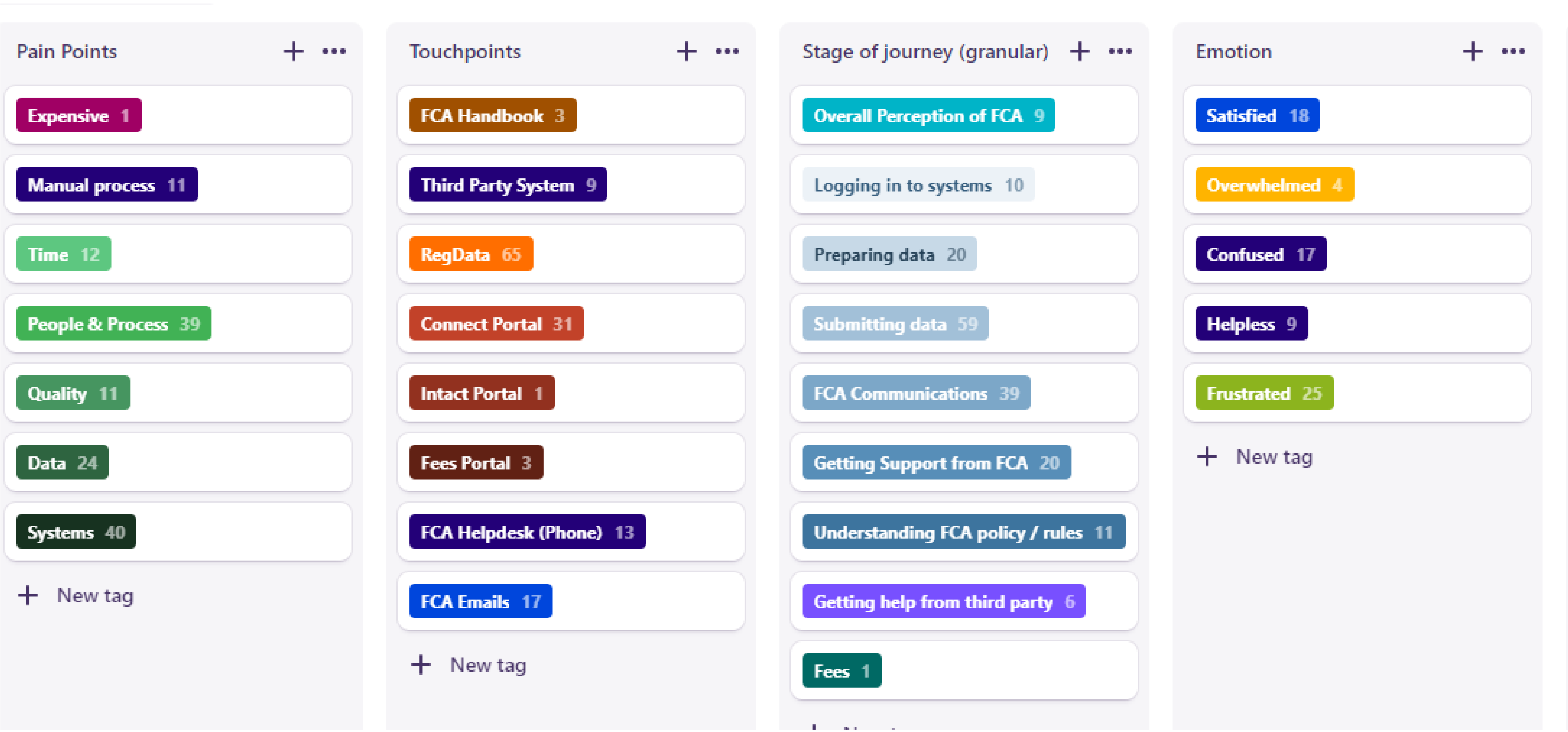
“Honestly, I don’t understand why we have three systems - *I’d like one login instead of three”*

“We’re not sure if the FCA is here to help or hurt us”

“Life’s too short to call the FCA”

“We feel like we’re left to fend for ourselves”

What comes next?
Categorising & tagging research outputs…



Pain Points

- Expensive 1
- Manual process 11
- Time 12
- People & Process 39
- Quality 11
- Data 24
- Systems 40

New tag

Touchpoints

- FCA Handbook 3
- Third Party System 9
- RegData 65
- Connect Portal 31
- Intact Portal 1
- Fees Portal 3
- FCA Helpdesk (Phone) 13
- FCA Emails 17

New tag

Stage of journey (granular)

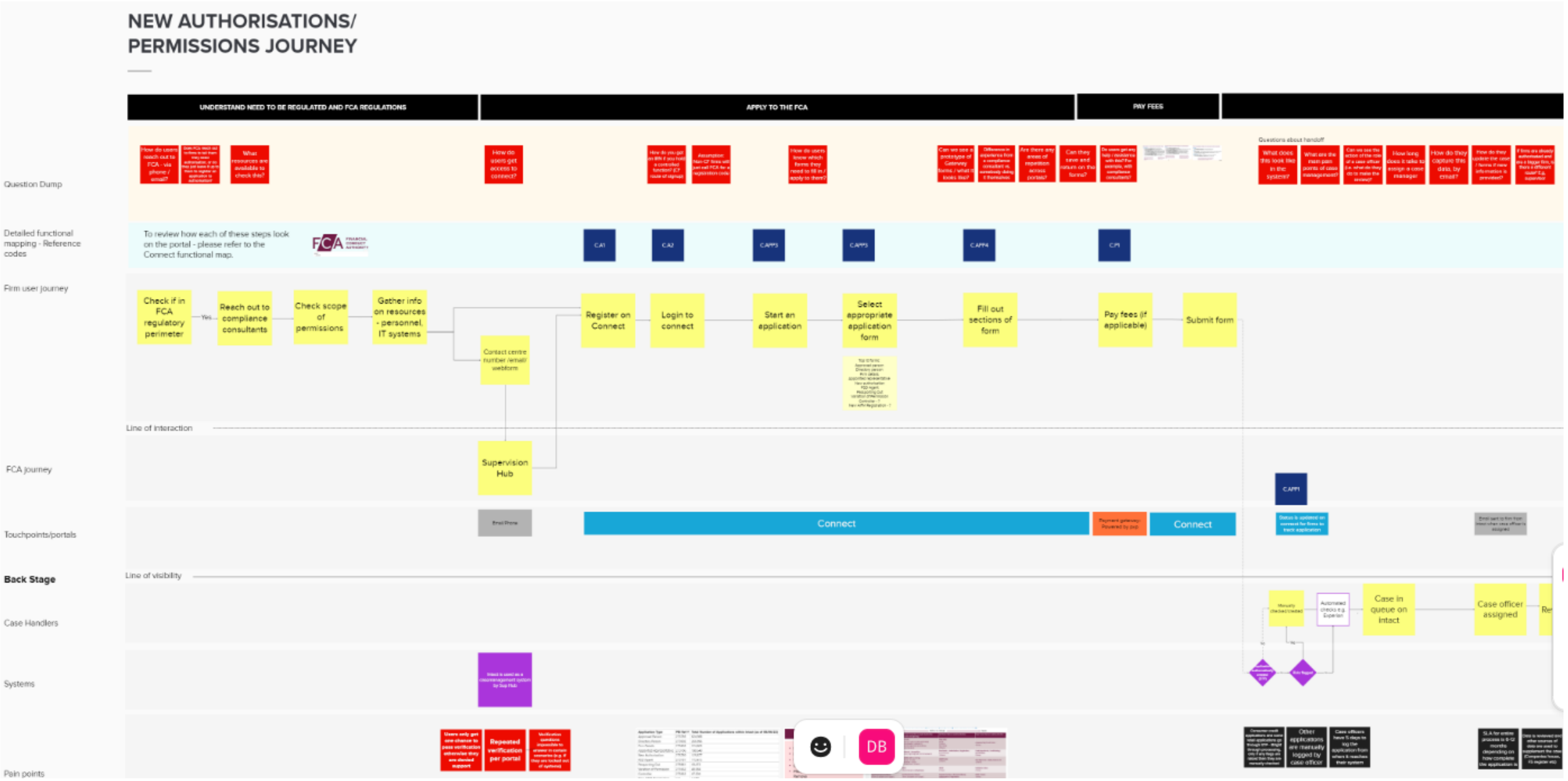
- Overall Perception of FCA 9
- Logging in to systems 10
- Preparing data 20
- Submitting data 59
- FCA Communications 39
- Getting Support from FCA 20
- Understanding FCA policy / rules 11
- Getting help from third party 6
- Fees 1

Emotion

- Satisfied 18
- Overwhelmed 4
- Confused 17
- Helpless 9
- Frustrated 25

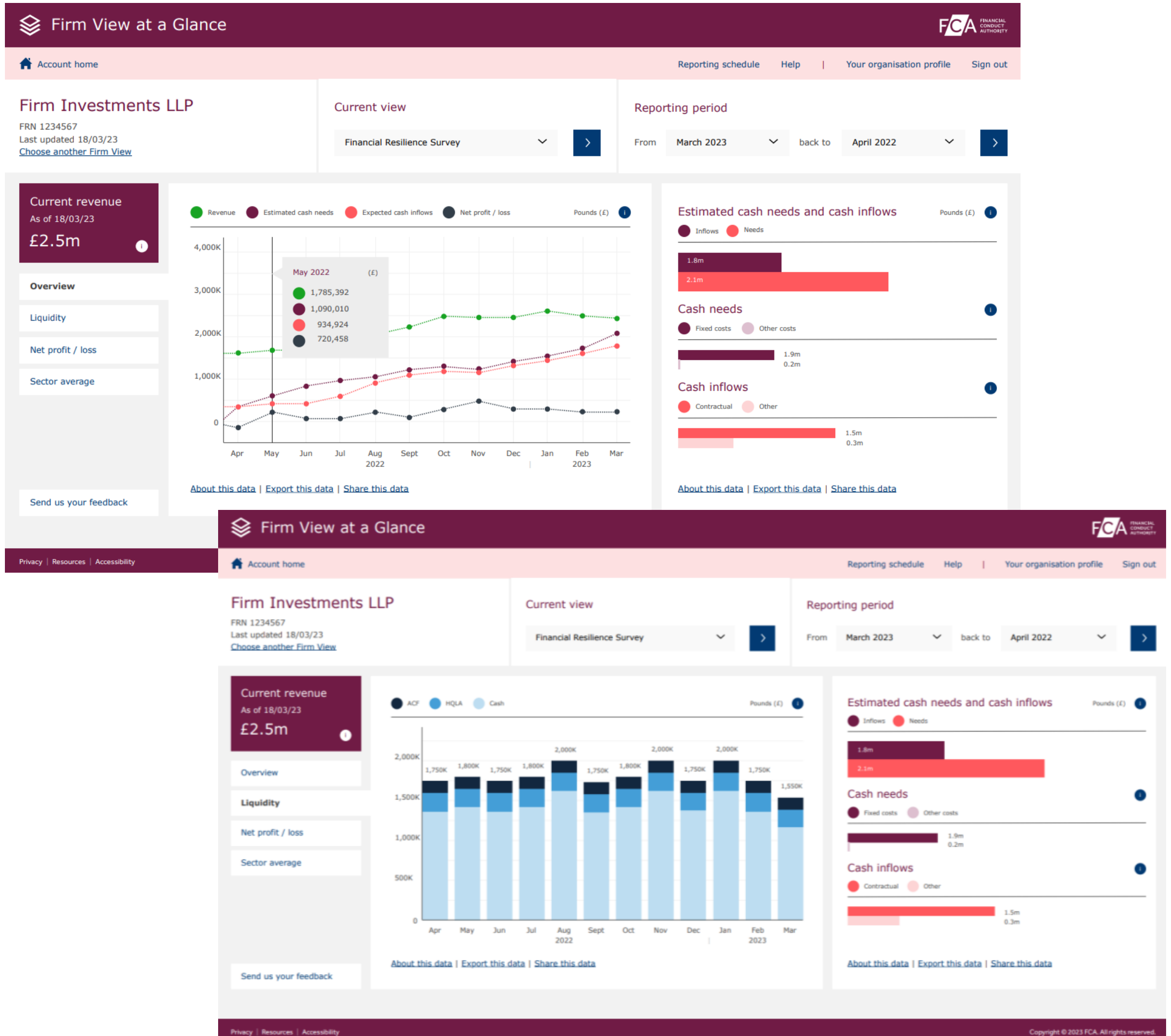
New tag

What comes next?
...and pinpoints areas of opportunity across the user


NEW AUTHORISATIONS/
PERMISSIONS JOURNEY
UNDERSTAND NEED TO BE REGULATED AND FCA REGULATIONS
APPLY TO THE FCA
PAY FEES
Question Dump
How do users reach out to FCA - via phone / email?
What resources are available to check this?
How do users get access to connect?
How do users know which forms they need to fill in / apply to them?
Can we see a prototype of Gateway forms / what it looks like?
Are there any areas of repetition across portals?
Can they save and return on the forms?
Questions about handoff
What does this look like in the system?
What are the main pain points of case management?
How long does it take to assign a case manager
How do they capture this data, by email?
Detailed functional mapping - Reference codes
To review how each of these steps look on the portal - please refer to the Connect functional map.
CA1
CA2
CAPP3
CAPP3
CAPP4
CP1
Firm user journey
Check if in FCA regulatory perimeter
Yes
Reach out to compliance consultants
Check scope of permissions
Gather info on resources - personnel, IT systems
Contact centre number /email/ webform
Register on Connect
Login to connect
Start an application
Select appropriate application form
Fill out sections of form
Pay fees (if applicable)
Submit form
Line of interaction
FCA journey
Supervision Hub
CAPP1
Touchpoints/portals
Email/Phone
Connect
Payment gateway: Powered by psp
Connect
Status is updated on connect for firms to track application
Back Stage
Line of visibility
Case Handlers
Manually checked/created
Automated checks e.g. Experian
Case in queue on intact
Case officer assigned
Systems
Pain points
Repeated verification per portal
Other applications are manually logged by case officer
Case officers have 5 days to log the application from when it reaches their system
SLA for entire process is 6-12 months depending on how complete the application is
DB

Firm View
at a glance

Firm View: mock-up with FRS data



Firm View at a Glance

Firm Investments LLP
FRN 1234567
Last updated 18/03/23

Current view: Financial Resilience Survey

Reporting period: From March 2023 back to April 2022

Current revenue
As of 18/03/23
£2.5m

Account home
Reporting schedule
Help
Your organisation profile
Sign out
Choose another Firm View
Overview
Liquidity
Net profit / loss
Sector average
Send us your feedback
Revenue
Estimated cash needs
Expected cash inflows
Net profit / loss
Pounds (£)
May 2022
1,785,392
1,090,010
934,924
720,458
4,000K
3,000K
2,000K
1,000K
0
Apr
May
Jun
Jul
Aug 2022
Sept
Oct
Nov
Dec
Jan
Feb 2023
Mar
About this data | Export this data | Share this data
Estimated cash needs and cash inflows
Inflows
Needs
1.8m
2.1m
Cash needs
Fixed costs
Other costs
1.9m
0.2m
Cash inflows
Contractual
Other
1.5m
0.3m
Privacy | Resources | Accessibility
ACF
HQLA
Cash
2,000K
1,500K
1,000K
500K
1,750K
1,800K
1,550K
Copyright © 2023 FCA. All rights reserved.

- Reviewed feedback in Phase 1 and translated pain points into a set of user stories
- Produced a high level design focussed on a single collection (FRS)
- We are now working on building a prototype based on the design

FINANCIAL
CONDUCT
AUTHORITY

Intuitive Form Design

FINANCIAL CONDUCT AUTHORITY

Background and why

The intuitive form design project was set up to make improvements to how we deliver RegData forms to make them easier for firms to use and decrease issues the FCA experiences with the data submitted

Firms fed back to us:

- That the returns on RegData could be complex and the questions not clear
- They did not know why we were asking them for the data and what we used it for
- The guidance was not easy to access, the FCA handbook was lengthy and complex and the webpage FAQs not always complete and up to date

FCA users fed back to us:

- Poor quality information was submitted
- Submissions were late and with incorrect data leading to resubmission requests

The process

Worked closely with Data Collections product Group (who own RegData) we set up a working group pf FCA colleagues to review the design of regulatory reports using findings from discovery research and firm engagement

Identified CCR007 as pilot return due to it causing approx. 20% of all regulatory return calls into the Supervision hub as well as data quality issues for Finance

Identified pain points and proposed changes
The group included Sup Hub, Policy, DCPG, UX Design and Finance

We consulted key stakeholder withing the FCA and several Consumer Credit Firms and Compliance Consultants using prototype of new design

The process

Feedback gathered, design updated and passed to DCPG for development in RegData

Carried out Business Acceptance testing with working group members and wider key stakeholders

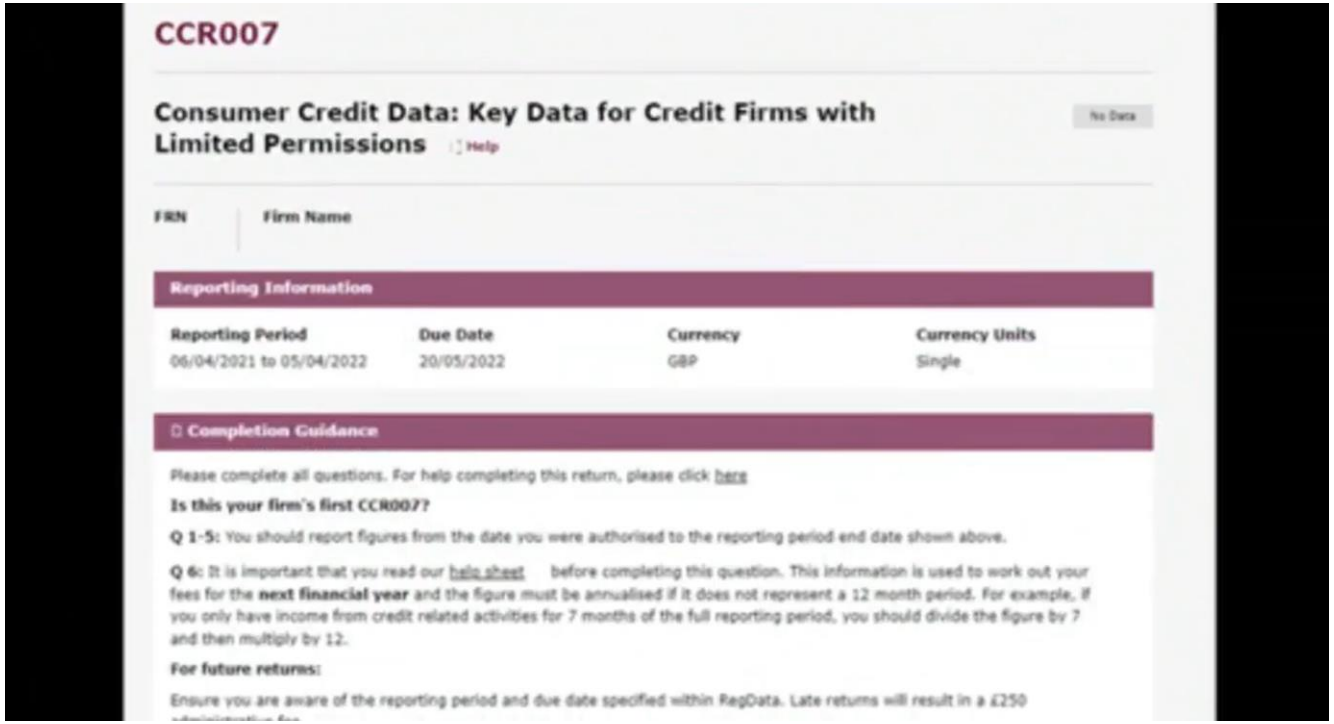
Undertook testing on the RegData Firm testing platform with firms involved in design review

Released new CCR007 version to live and monitored impact and success closely during first month of live

Using this process we are now looking at prudential return FSA038 to consolidate learning

What changes were made: Old design to new design

[View recording demonstration of new CCR007 form with improvements highlighted here]



CCR007

Consumer Credit Data: Key Data for Credit Firms with Limited Permissions

FRN | **Firm Name**

Reporting Information

Reporting Period	Due Date	Currency	Currency Units
06/04/2021 to 05/04/2022	20/05/2022	GBP	Single

Completion Guidance

Please complete all questions. For help completing this return, please click here

Is this your firm's first CCR007?

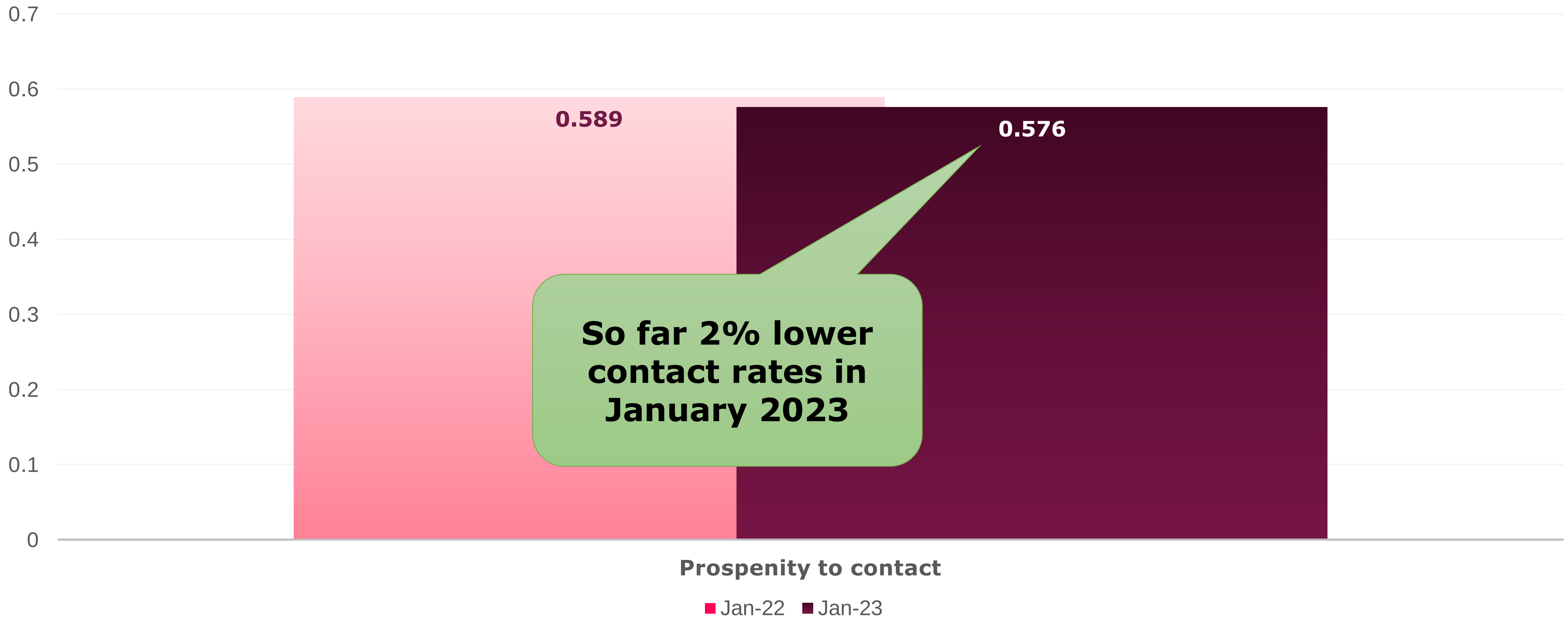
Q 1-5: You should report figures from the date you were authorised to the reporting period end date shown above.

Q 6: It is important that you read our help sheet before completing this question. This information is used to work out your fees for the **next financial year** and the figure must be annualised if it does not represent a 12 month period. For example, if you only have income from credit related activities for 7 months of the full reporting period, you should divide the figure by 7 and then multiply by 12.

For future returns:

Ensure you are aware of the reporting period and due date specified within RegData. Late returns will result in a £250

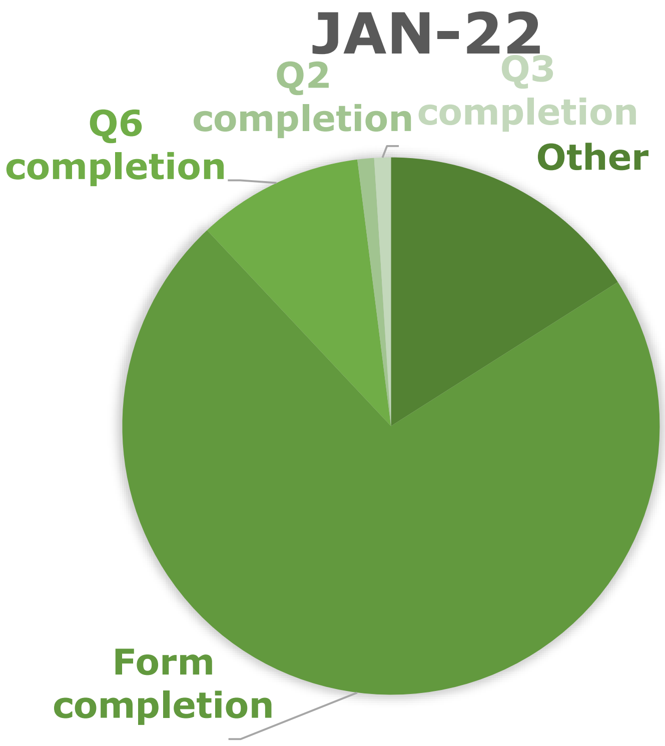
The benefit (pilot measures – Jan 2023)

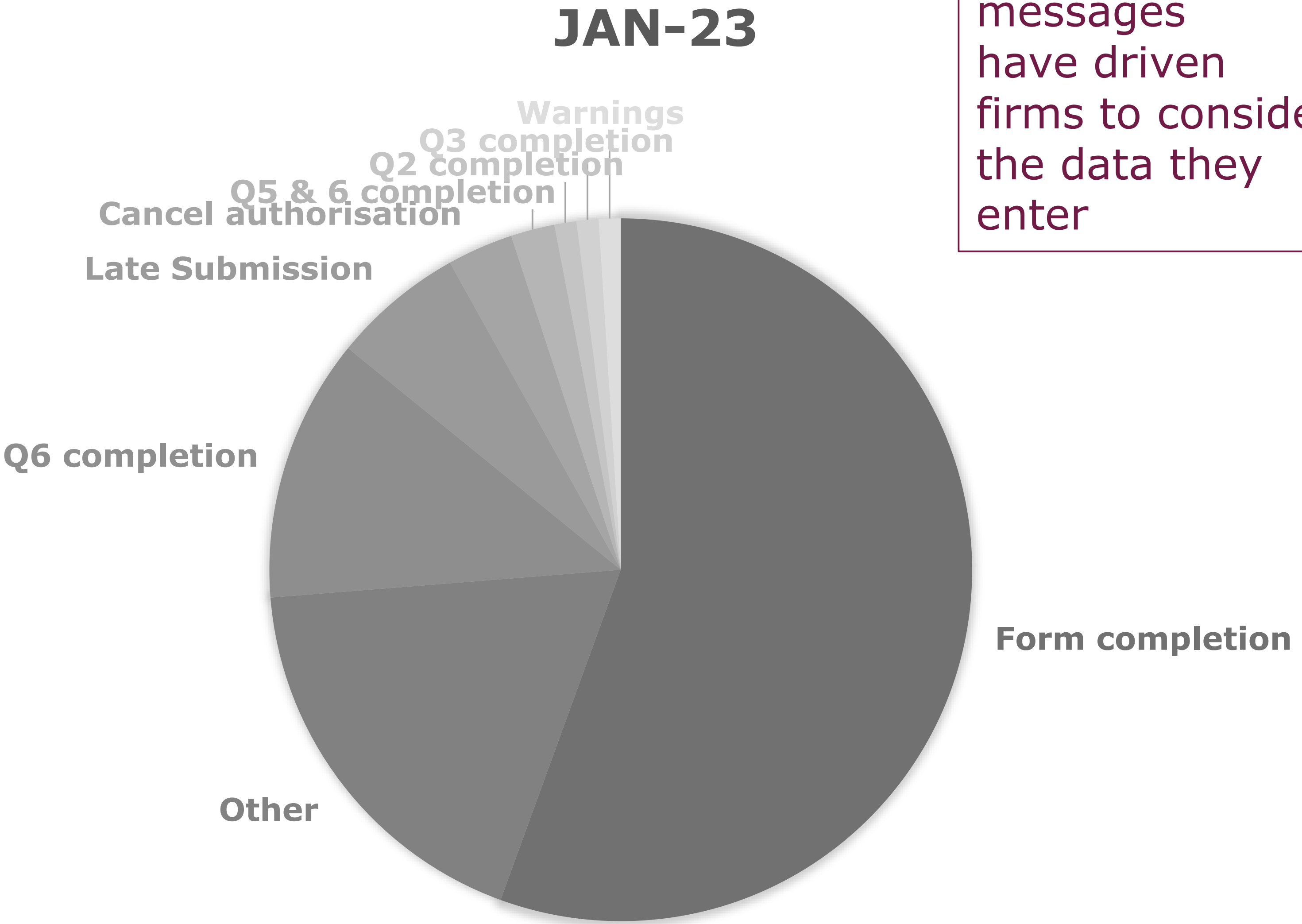


So far 2% lower contact rates in January 2023

The benefit (pilot measures – Jan 2023)

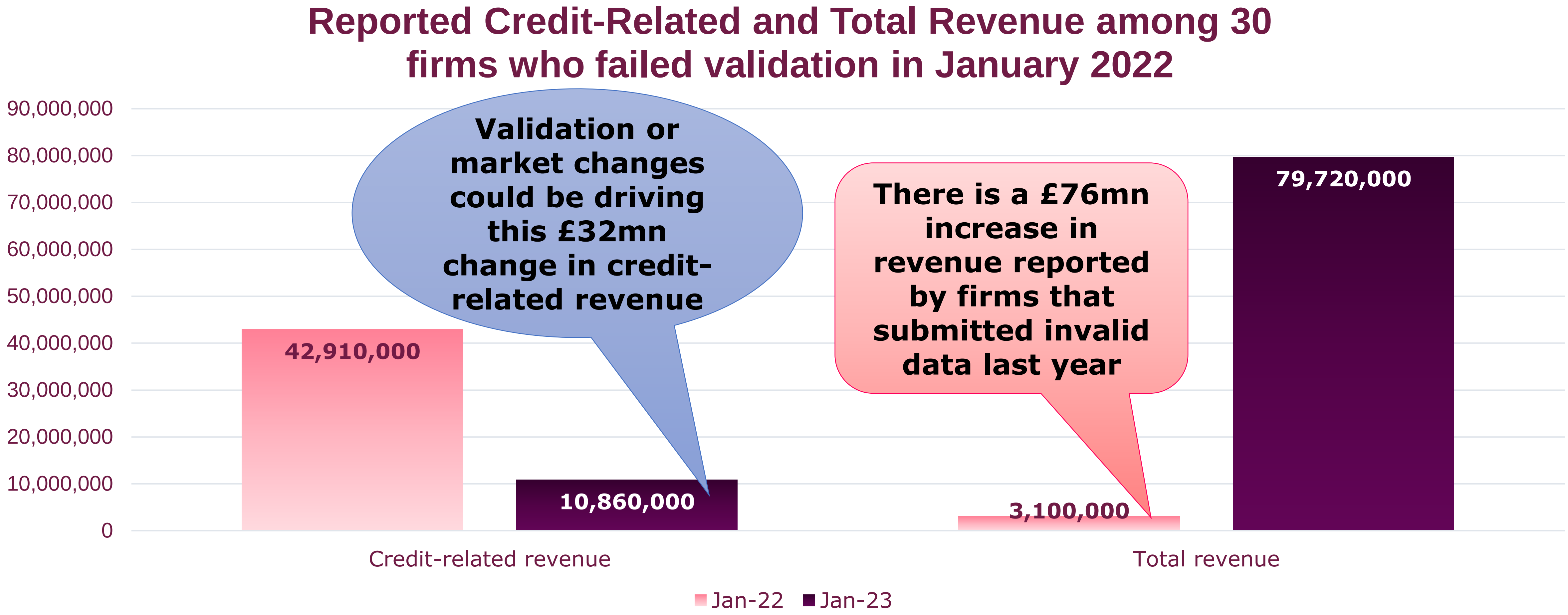
New Validation warning messages have driven firms to consider the data they enter





The benefit (pilot measures – Jan 2023)

Validations have led to higher quality data. Poor quality data poses a risk to our decision-making



Validation or market changes could be driving this £32mn change in credit-related revenue

There is a £76mn increase in revenue reported by firms that submitted invalid data last year

CCR007 Quotes

Before changes

The links to the help text and guidance is confusing, it doesn't take me to the guidance I need for this report.
Firm user

What do I put in the box for revenue, this is a vague question. Could you provide clarity to help me complete this question?
Firm user

After changes

The notes for question 6 are very good and really help me understand what figures I need to use
Firm user

"I feel the CCR007 calls have reduced and even if we were to get a query, it's made it so much easier for us to guide the firm
Sup Hub First Line"
Supervisor

The late returns warning in the Compliance Guidance section really focuses your mind when starting to complete this return
Firm user

"Streamlined access to webpage guidance, question level help and better navigation on page makes it much easier to find the information I need to complete the report"
Firm Primary User

The warnings are good, it prompts me to check what I have entered and make sure it is correct
Firm user

"….the additional notes and warning are useful"
Firm user

SME Quotes

“I’ve enjoyed working on TDC as it has highlighted what can be achieved through collaboration across the organisation. Until mid-2022 a lot the discussions around TDC were very much proposals and blue sky thinking, with little in the way of tangible outputs being observed. Since then, the team that has been put together has shown what can be done with the dedicated resource allocated.

As a Data Steward, and heavy user of the Regulatory Reporting data that we collect, it is great to see some of the intended outcomes being achieved which will ultimately make the FCA a more data-driven regulator.”

Bank of England

Commercial real estate (CRE)data

Transforming Data Collection

CRE Drivers & Goals

Drivers

- Lack of adequate data
- Inefficient process for Bank and firm users
- Lack of standardisation
- Insufficient Coverage of CRE Market

Goals

- Improved data
- A service design for the regulator which is efficient for industry
- Standards and instructions that are understood by industry
- Increased market coverage

Commercial Real Estate (CRE) data - Progress so far

Where we are now

Discovery: Phase 1
COMPLETE

- **TDC Phase 1 (September 2021 to March 2022)**
- Explore business practices and processes
- Create problem statements
- Scope – some users of some BOE datasets

Discovery: Phase 2
COMPLETE

- **Oct. 7 until end-Jan**
- Revisiting due to criticality of this use case
- Explore business practices and processes
- User journey mapping
  Project roadmap
- Create problem statements

Alpha: Phase 2
IN PROGRESS

- **Jan. 23 until end-Jun**
- Prioritise problem statements
- Design workshops
- Product Canvas
- **Recommendations to governance committees**

Commercial Real Estate (CRE) data - Problem statements

Firm perspective

- Expectations not clear
- Changes not well communicated
- High cost of changes
- BoE submission systems not user-friendly
- Reporting requirements not aligned to firm practice

Bank perspective

- Submitted data often not fit for purpose
- Data review process is manual
- Updating collections is time-consuming
- Coverage of collections is incomplete
- Data difficult to access internally
- Little alignment between datasets

Design principles for CRE solutions

Increased emphasis on regular collections, de-emphasis of ad hoc collections

Drafting regular collections to be as flexible as possible i.e. Bank users can answer wide variety of questions from single dataset

Clearly defined expectations for data we collect (data definitions, reporting instructions, timetables and data quality standards)

Ensure reporting requirements are efficient for firms and commensurate with risk

Solution Design ideas for CRE data

Data model

Reporting Instructions as a Service

Submission mechanism

Public data sharing mechanism

Trouble shooting chat bot

Transparent data definitions

Data quality standards

Continuous data streaming

Automated knowledge graphic

Flexibly reported data components

Bank of England

Quarterly statistical derivatives (Form DQ) return

Transforming Data Collection

Form DQ use case

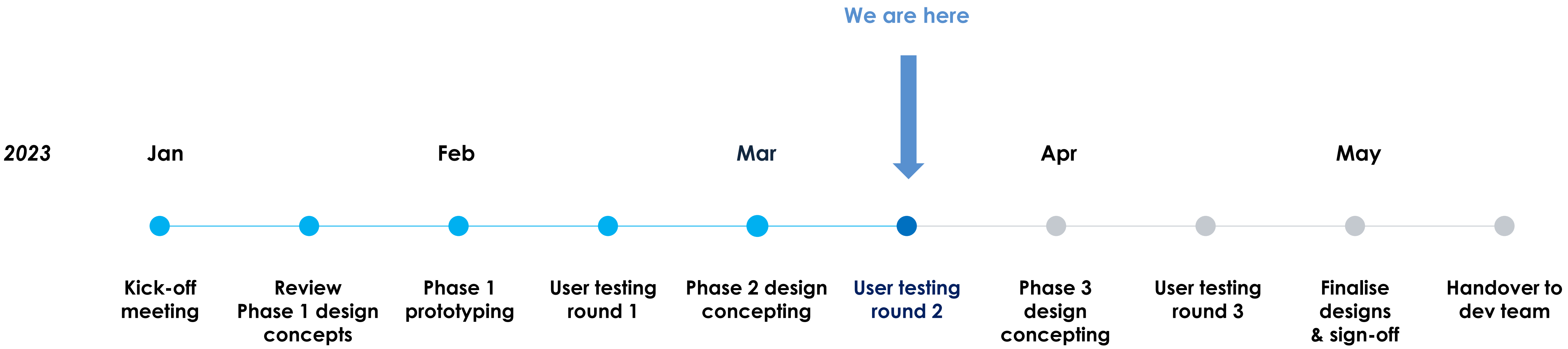
The brief

How can we improve the experience of submitting derivatives data (Form DQ) to the Bank?

Problem to solve

Users find instructions complex and hard to follow

Form DQ: Where in the process are we now?



We are here

2023

Jan

Feb

Mar

Apr

May

Kick-off meeting

Review Phase 1 design concepts

Phase 1 prototyping

User testing round 1

Phase 2 design concepting

User testing round 2

Phase 3 design concepting

User testing round 3

Finalise designs & sign-off

Handover to dev team

Form DQ: The Double Diamond Design process

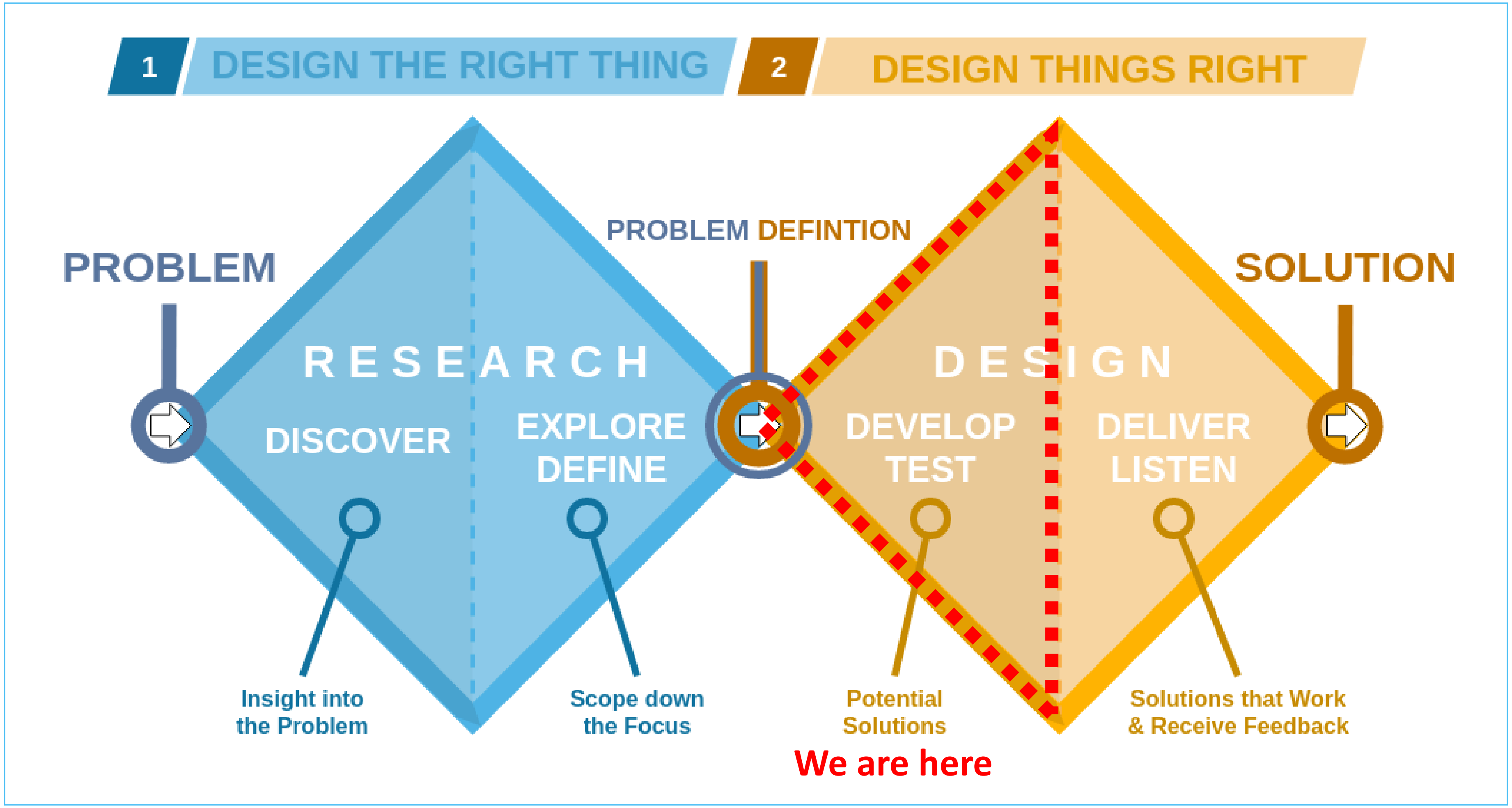
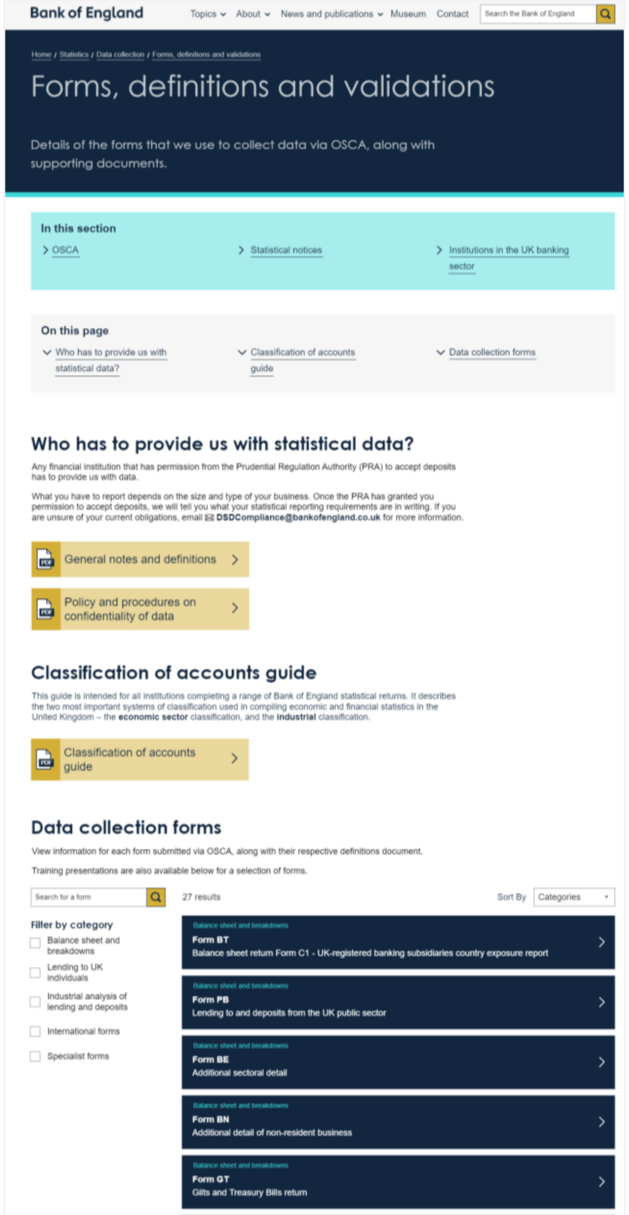

1
DESIGN THE RIGHT THING
2
DESIGN THINGS RIGHT
PROBLEM
PROBLEM DEFINTION
SOLUTION
RESEARCH
DESIGN
DISCOVER
EXPLORE
DEFINE
DEVELOP
TEST
DELIVER
LISTEN
Insight into the Problem
Scope down the Focus
Potential Solutions
Solutions that Work & Receive Feedback
We are here

Image by Digi-ark - https://commons.wikimedia.org/w/index.php?curid=94113884

Form DQ: Review Phase 1 design concepts

PAGE 1



Home / Statistics / Data collection / Forms, definitions and validations

Forms, definitions and validations

Details of the forms that we use to collect data via OSCA, along with supporting documents.

In this section

- OSCA
- Statistical notices
- Institutions in the UK banking sector

On this page

- Who has to provide us with statistical data?
- Classification of accounts guide
- Data collection forms

Who has to provide us with statistical data?

Any financial institution that has permission from the Prudential Regulation Authority (PRA) to accept deposits has to provide us with data.

What you have to report depends on the size and type of your business. Once the PRA has granted you permission to accept deposits, we will tell you what your statistical reporting requirements are in writing. If you are unsure of your current obligations, email ✉ **DSDCompliance@bankofengland.co.uk** for more information.

- General notes and definitions
- Policy and procedures on confidentiality of data

Classification of accounts guide

This guide is intended for all institutions completing a range of Bank of England statistical returns. It describes the two most important systems of classification used in compiling economic and financial statistics in the United Kingdom – the **economic sector** classification, and the **industrial** classification.

- Classification of accounts guide

Data collection forms

View information for each form submitted via OSCA, along with their respective definitions document.

Training presentations are also available below for a selection of forms.

Search for a form

27 results

Sort By Categories

Filter by category

- ☐ Balance sheet and breakdowns
- ☐ Lending to UK individuals
- ☐ Industrial analysis of lending and deposits
- ☐ International forms
- ☐ Specialist forms

Balance sheet and breakdowns
Form BT
Balance sheet return Form C1 - UK-registered banking subsidiaries country exposure report

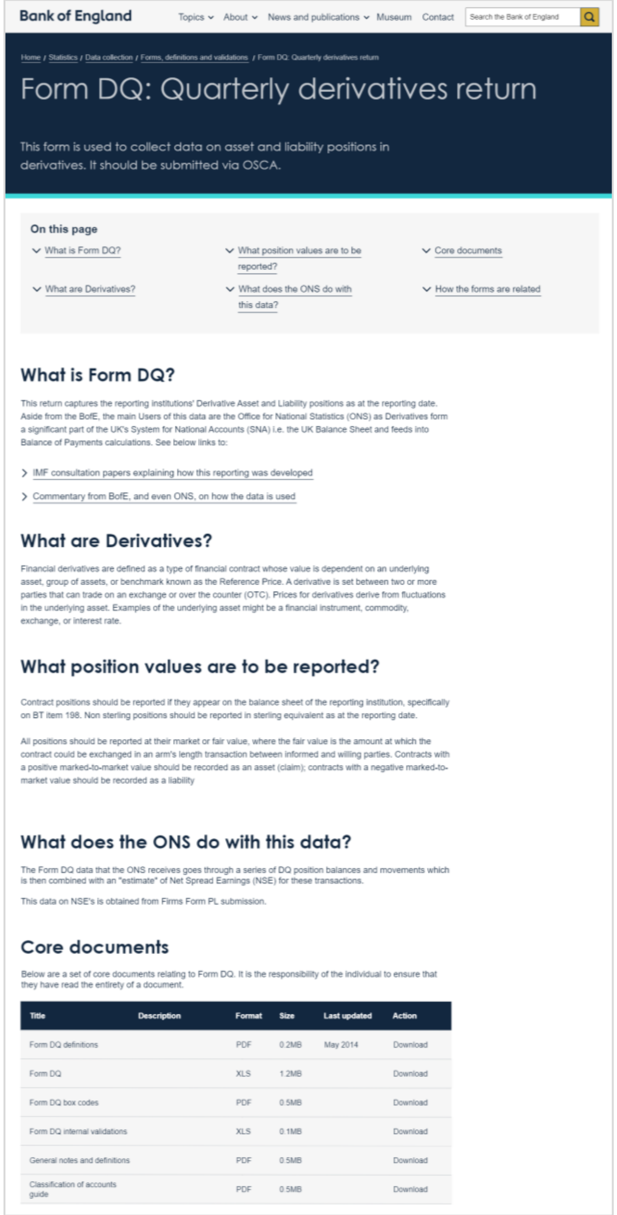
Balance sheet and breakdowns
Form PB
Lending to and deposits from the UK public sector

Balance sheet and breakdowns
Form BE
Additional sectoral detail

Balance sheet and breakdowns
Form BN
Additional detail of non-resident business

Balance sheet and breakdowns
Form GT
Gilts and Treasury Bills return

PAGE 2



Home / Statistics / Data collection / Forms, definitions and validations / Form DQ: Quarterly derivatives return

Form DQ: Quarterly derivatives return

This form is used to collect data on asset and liability positions in derivatives. It should be submitted via OSCA.

On this page

- What is Form DQ?
- What are Derivatives?
- What position values are to be reported?
- What does the ONS do with this data?
- Core documents
- How the forms are related

What is Form DQ?

This return captures the reporting institutions' Derivative Asset and Liability positions as at the reporting date. Aside from the BofE, the main Users of this data are the Office for National Statistics (ONS) as Derivatives form a significant part of the UK's System for National Accounts (SNA) i.e. the UK Balance Sheet and feeds into Balance of Payments calculations. See below links to:

- IMF consultation papers explaining how this reporting was developed
- Commentary from BofE, and even ONS, on how the data is used

What are Derivatives?

Financial derivatives are defined as a type of financial contract whose value is dependent on an underlying asset, group of assets, or benchmark known as the Reference Price. A derivative is set between two or more parties that can trade on an exchange or over the counter (OTC). Prices for derivatives derive from fluctuations in the underlying asset. Examples of the underlying asset might be a financial instrument, commodity, exchange, or interest rate.

What position values are to be reported?

Contract positions should be reported if they appear on the balance sheet of the reporting institution, specifically on BT item 198. Non sterling positions should be reported in sterling equivalent as at the reporting date.

All positions should be reported at their market or fair value, where the fair value is the amount at which the contract could be exchanged in an arm's length transaction between informed and willing parties. Contracts with a positive marked-to-market value should be recorded as an asset (claim); contracts with a negative marked-to-market value should be recorded as a liability

What does the ONS do with this data?

The Form DQ data that the ONS receives goes through a series of DQ position balances and movements which is then combined with an "estimate" of Net Spread Earnings (NSE) for these transactions.

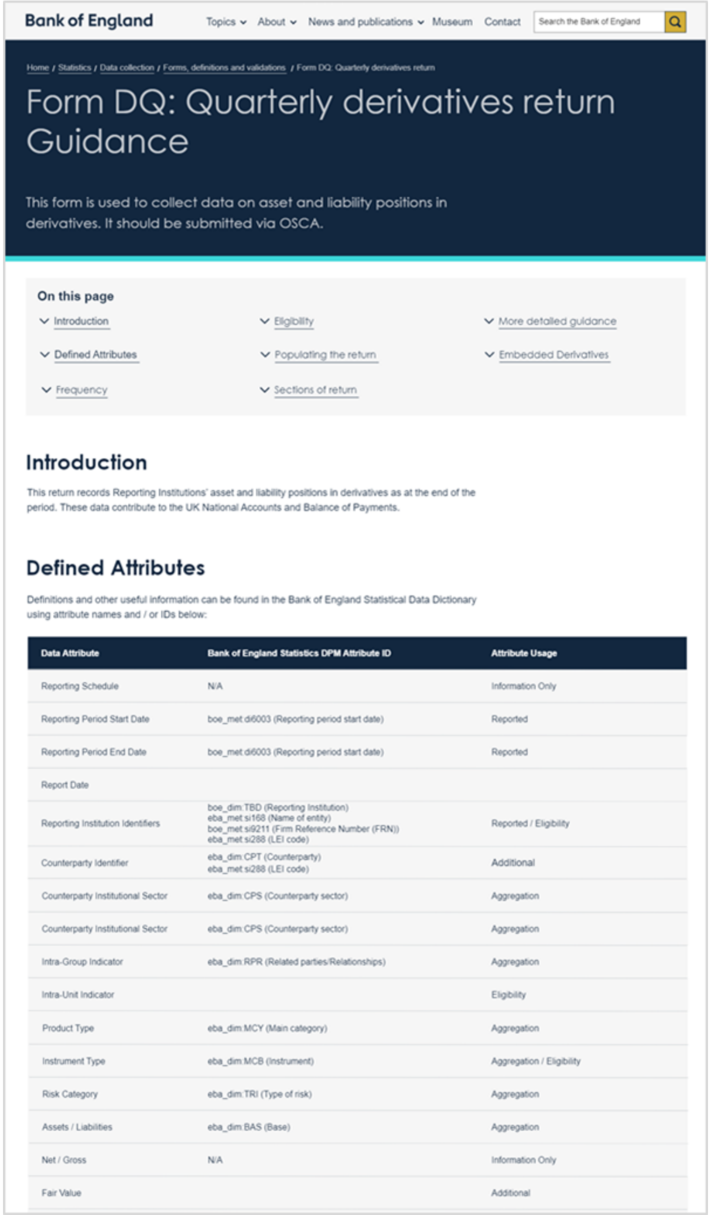
This data on NSE's is obtained from Firms Form PL submission.

Core documents

Below are a set of core documents relating to Form DQ. It is the responsibility of the individual to ensure that they have read the entirety of a document.

Title	Description	Format	Size	Last updated	Action
Form DQ definitions		PDF	0.2MB	May 2014	Download
Form DQ		XLS	1.2MB		Download
Form DQ box codes		PDF	0.5MB		Download
Form DQ internal validations		XLS	0.1MB		Download
General notes and definitions		PDF	0.5MB		Download
Classification of accounts guide		PDF	0.5MB		Download

PAGE 3



Home / Statistics / Data collection / Forms, definitions and validations / Form DQ: Quarterly derivatives return

Form DQ: Quarterly derivatives return Guidance

This form is used to collect data on asset and liability positions in derivatives. It should be submitted via OSCA.

On this page

- Introduction
- Defined Attributes
- Frequency
- Eligibility
- Populating the return
- Sections of return
- More detailed guidance
- Embedded Derivatives

Introduction

This return records Reporting Institutions' asset and liability positions in derivatives as at the end of the period. These data contribute to the UK National Accounts and Balance of Payments.

Defined Attributes

Definitions and other useful information can be found in the Bank of England Statistical Data Dictionary using attribute names and / or IDs below:

Data Attribute	Bank of England Statistics DPM Attribute ID	Attribute Usage
Reporting Schedule	N/A	Information Only
Reporting Period Start Date	boe_met:di6003 (Reporting period start date)	Reported
Reporting Period End Date	boe_met:di6003 (Reporting period start date)	Reported
Report Date		
Reporting Institution Identifiers	boe_dim:TBD (Reporting Institution) eba_met:si168 (Name of entity) boe_met:si9211 (Firm Reference Number (FRN)) eba_met:si288 (LEI code)	Reported / Eligibility
Counterparty Identifier	eba_dim:CPT (Counterparty) eba_met:si288 (LEI code)	Additional
Counterparty Institutional Sector	eba_dim:CPS (Counterparty sector)	Aggregation
Counterparty Institutional Sector	eba_dim:CPS (Counterparty sector)	Aggregation
Intra-Group Indicator	eba_dim:RPR (Related parties/Relationships)	Aggregation
Intra-Unit Indicator		Eligibility
Product Type	eba_dim:MCY (Main category)	Aggregation
Instrument Type	eba_dim:MCB (Instrument)	Aggregation / Eligibility
Risk Category	eba_dim:TRI (Type of risk)	Aggregation
Assets / Liabilities	eba_dim:BAS (Base)	Aggregation
Net / Gross	N/A	Information Only
Fair Value		Additional

Form DQ: Research with users to date

9x

1-hour interviews

UK based participants:

[redacted] [redacted] [redacted] [redacted] [redacted]

Off-shore based participants:

[redacted] [redacted] [redacted] [redacted]

5x

Firms

Bank A:

[redacted] [redacted] [redacted]

Bank B:

[redacted] [redacted]

Bank C:

[redacted]

3rd Party A:

[redacted] [redacted]

Insurance provider A:

[redacted]

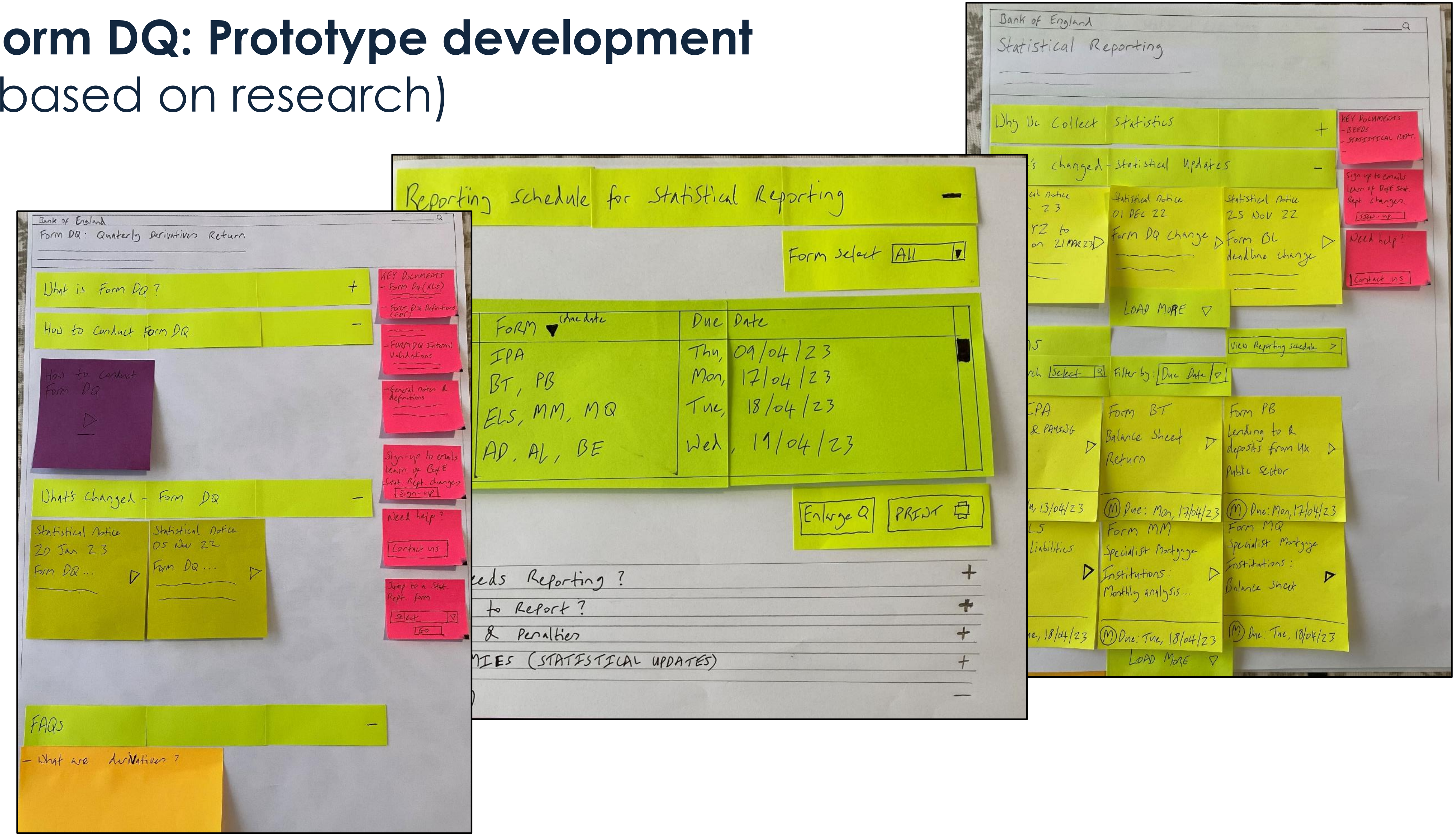
Form DQ: Findings – what are users biggest needs?

Users are: time poor, they need to find & access relevant documents quickly

Users need: to know if reporting requirements or guidance change

Users want: the purpose of every document to be clear

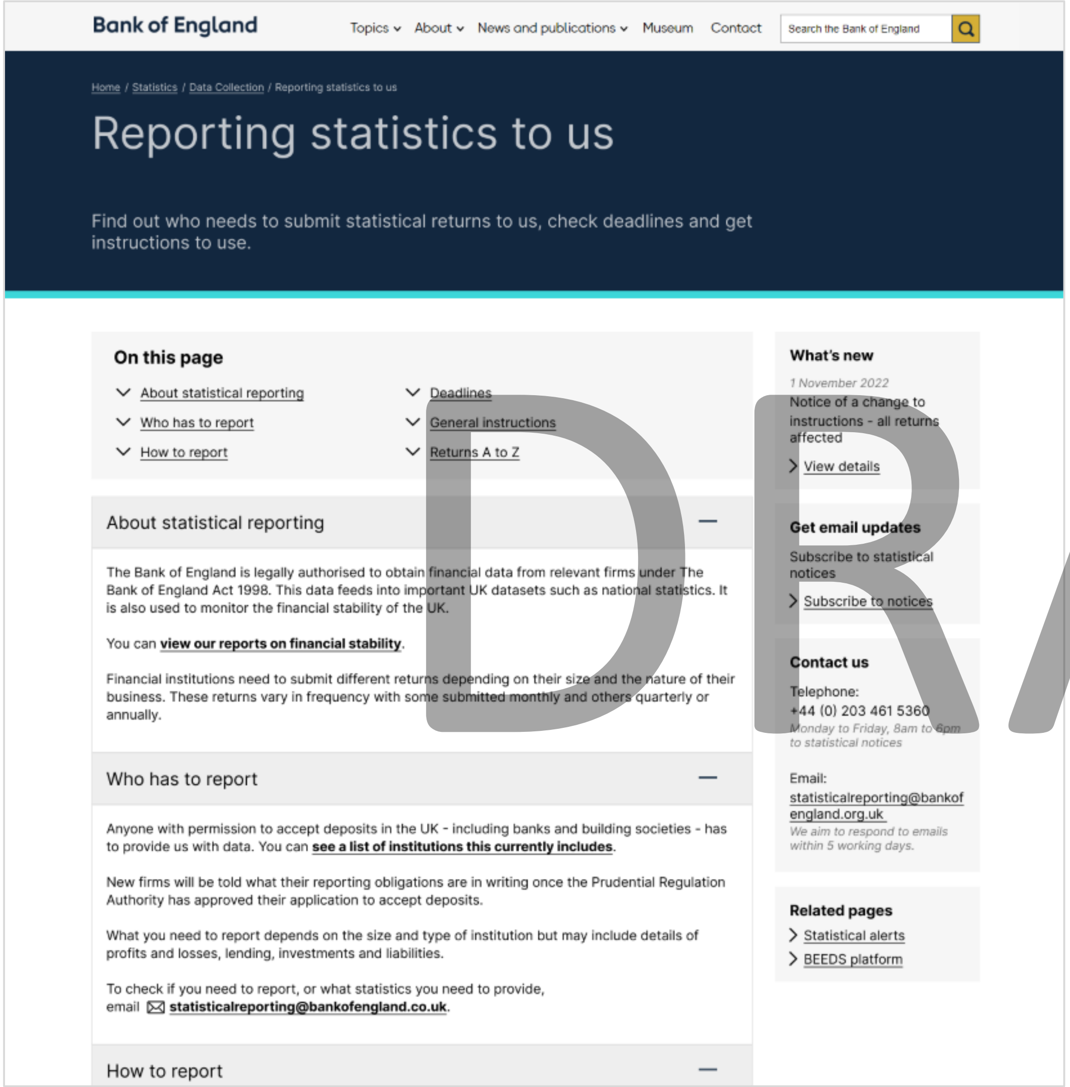
Form DQ: Prototype development
(based on research)



Bank of England
Form DQ: Quarterly Derivatives Return
What is Form DQ? +
How to Conduct Form DQ -
How to Conduct Form DQ
What's Changed - Form DQ -
Statistical Notice 20 Jan 23 Form DQ...
Statistical Notice 05 Nov 22 Form DQ...
FAQs -
- What are derivatives?
KEY DOCUMENTS - Form DQ (XLS) - Form DQ Definitions (PDF)
- FORM DQ Internal Validations
- General notes & definitions
Sign-up to emails learn of BofE Stat. Rept. changes Sign-up
Need help? Contact us
Jump to a Stat. Rept. form Select GO
Reporting schedule for Statistical Reporting -
Form Select All
FORM (due date) | Due Date
IPA | Thu, 09/04/23
BT, PB | Mon, 17/04/23
ELS, MM, MQ | Tue, 18/04/23
AD, AL, BE | Wed, 19/04/23
Enlarge
PRINT
...eeds Reporting? +
... to Report? +
... & Penalties +
...MIES (STATISTICAL UPDATES) +
Bank of England
Statistical Reporting
Why We Collect Statistics +
...'s changed - Statistical updates -
Statistical Notice 01 DEC 22 Form DQ change
Statistical Notice 25 Nov 22 Form BL deadline change
LOAD MORE
View Reporting schedule
Filter by: Due Date
Select
Form BT Balance Sheet Return
Form PB Lending to & deposits from UK Public Sector
M Due: Mon, 17/04/23
Form MM Specialist Mortgage Institutions: Monthly analysis...
Form MQ Specialist Mortgage Institutions: Balance Sheet
M Due: Tue, 18/04/23
LOAD MORE
KEY DOCUMENTS - BEEDS - STATISTICAL REPT.
Sign up to emails learn of BofE Stat. Rept. changes Sign-up
Need help? Contact us

Form DQ: Preview of iterated designs based on user feedback

DRAFT



Home / Statistics / Data Collection / Reporting statistics to us

Reporting statistics to us

Find out who needs to submit statistical returns to us, check deadlines and get instructions to use.

On this page

- About statistical reporting
- Who has to report
- How to report
- Deadlines
- General instructions
- Returns A to Z

About statistical reporting

The Bank of England is legally authorised to obtain financial data from relevant firms under The Bank of England Act 1998. This data feeds into important UK datasets such as national statistics. It is also used to monitor the financial stability of the UK.

You can **view our reports on financial stability**.

Financial institutions need to submit different returns depending on their size and the nature of their business. These returns vary in frequency with some submitted monthly and others quarterly or annually.

Who has to report

Anyone with permission to accept deposits in the UK - including banks and building societies - has to provide us with data. You can **see a list of institutions this currently includes**.

New firms will be told what their reporting obligations are in writing once the Prudential Regulation Authority has approved their application to accept deposits.

What you need to report depends on the size and type of institution but may include details of profits and losses, lending, investments and liabilities.

To check if you need to report, or what statistics you need to provide, email ✉ **statisticalreporting@bankofengland.co.uk**.

How to report

What's new

1 November 2022

Notice of a change to instructions - all returns affected

> View details

Get email updates

Subscribe to statistical notices

> Subscribe to notices

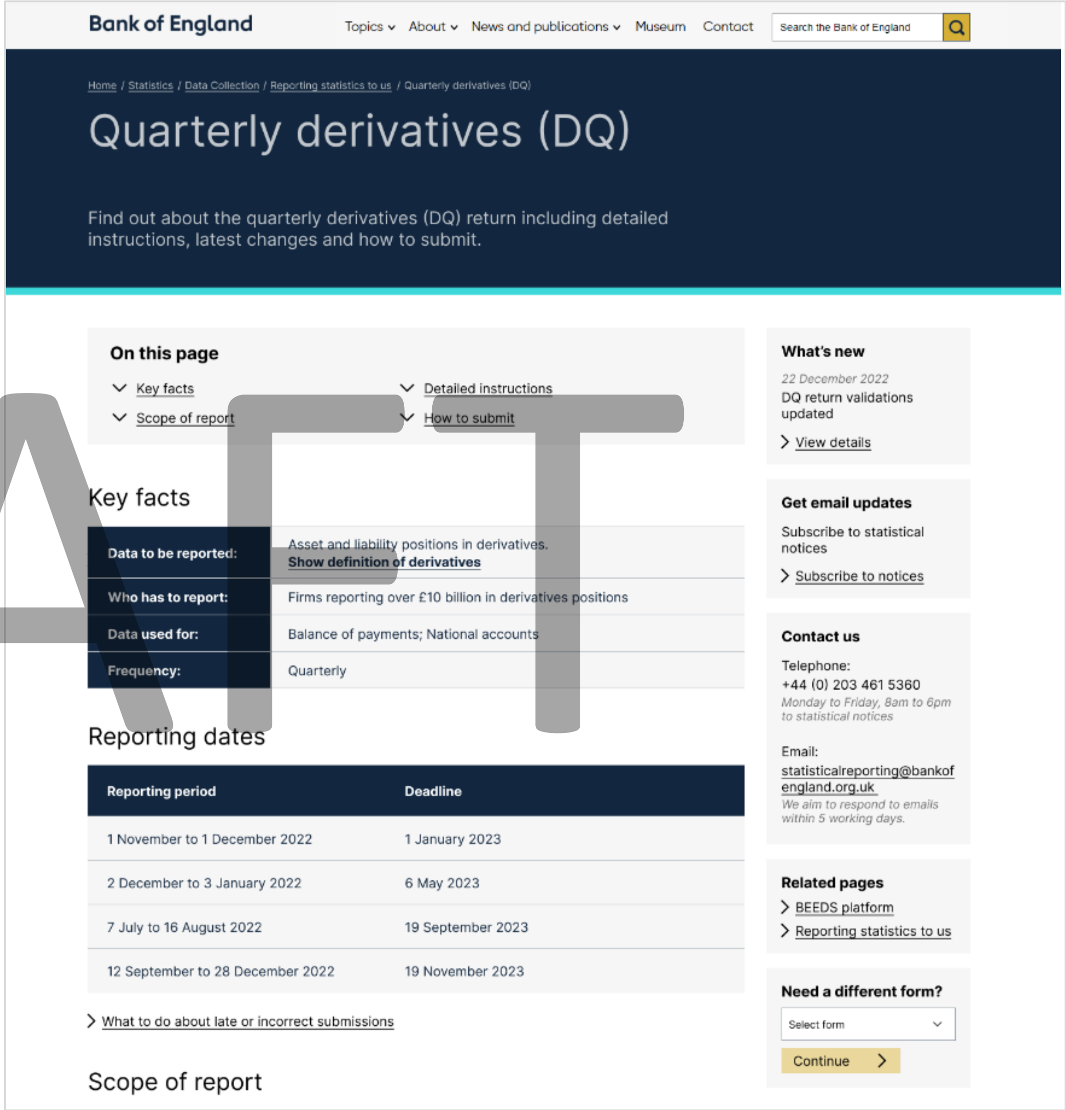
Contact us

Telephone:
+44 (0) 203 461 5360
Monday to Friday, 8am to 6pm to statistical notices

Email:
statisticalreporting@bankofengland.org.uk
We aim to respond to emails within 5 working days.

Related pages

> Statistical alerts
> BEEDS platform



Home / Statistics / Data Collection / Reporting statistics to us / Quarterly derivatives (DQ)

Quarterly derivatives (DQ)

Find out about the quarterly derivatives (DQ) return including detailed instructions, latest changes and how to submit.

On this page

- Key facts
- Scope of report
- Detailed instructions
- How to submit

Key facts

Data to be reported:	Asset and liability positions in derivatives. **Show definition of derivatives**
Who has to report:	Firms reporting over £10 billion in derivatives positions
Data used for:	Balance of payments; National accounts
Frequency:	Quarterly

Reporting dates

Reporting period	Deadline
1 November to 1 December 2022	1 January 2023
2 December to 3 January 2022	6 May 2023
7 July to 16 August 2022	19 September 2023
12 September to 28 December 2022	19 November 2023

> What to do about late or incorrect submissions

Scope of report

What's new

22 December 2022

DQ return validations updated

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Related pages

> BEEDS platform
> Reporting statistics to us

Need a different form?

Strategic Review of Prudential Data

The Discovery Team

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Discovery

We undertook a **discovery** of **prudential data collection** to understand how this can better support the **needs of the data users** and how we can make it **easier for solo regulated firms** to meet the **reporting requirements** set by the FCA.

What we’ve heard from users

"I am 100% confident in what we submit to the FCA, however I am not confident it is what the FCA wants to see..."
Compliance Consultant

"There is no feedback loop [from FCA] – to make things more collaborative – I'd like some more feedback...[which would] help me better manage my business from a risk perspective"
IFA Practice Manager

"It's not always clear for others [within FCA]... where to get the information they need and what tools are available to look at the data we have"
FCA Policy

"Have I got enough time [to prepare and submit all this data to the FCA]? I've got clients to deal with!"
Authorised Mortgage Broker

"The one thing I would change is for all firms to have the same understanding of what to put in the box [on the RegData system]."
FCA Data Scientist

"I could not understand the validation error [on RegData] and would need to speak with somebody [at FCA]. It's clear there is a problem, but not clear what it is or how to address it."
Authorised Mortgage Broker

1 | Guidance

Guidance is not always easy to access and leaves too much room for interpretation often leading firms to second guess what the request is.

Unmet needs

- As a firm I need to be able to refer to simple, understandable guidance by the FCA so that I can ensure the data I submit is accurate, timely and correct.
- As a firm I need to understand what data I need to submit and why I am being asked for it so that I can ensure the data I submit is accurate, timely and correct

Impact for the FCA

The data submitted by firms may be unintentionally misleading or incorrect. The FCA may not be able to compare firms in an efficient way. As a result FCA users may not trust or use that data.

2 | Data input and validation

Users are sometimes unsure about what format the data is in and they have no feedback mechanisms they can rely on to be more confident about it. The way the data is requested is inconsistent (ad-hoc collections vs regular collections)

Unmet needs

- As a firm I need to understand what data I need to submit, in what format so that I can ensure the data I submit is accurate, timely and correct.
- As a firm I need to be given sufficient advance warning of when a submission deadline is due so I can prepare the data in time and avoid late submission fines

Impact for the FCA

The data the FCA relies on contains errors, including formatting that leads to a lack of trust, a lot of re-work and data cleansing. The data is not stored where it needs to be.

3 | Data adequacy

Large amounts of – often unclear – data requests create an extra burden for firms, and the FCA doesn't always get the data it needs to fulfil its mission

---

Unmet needs

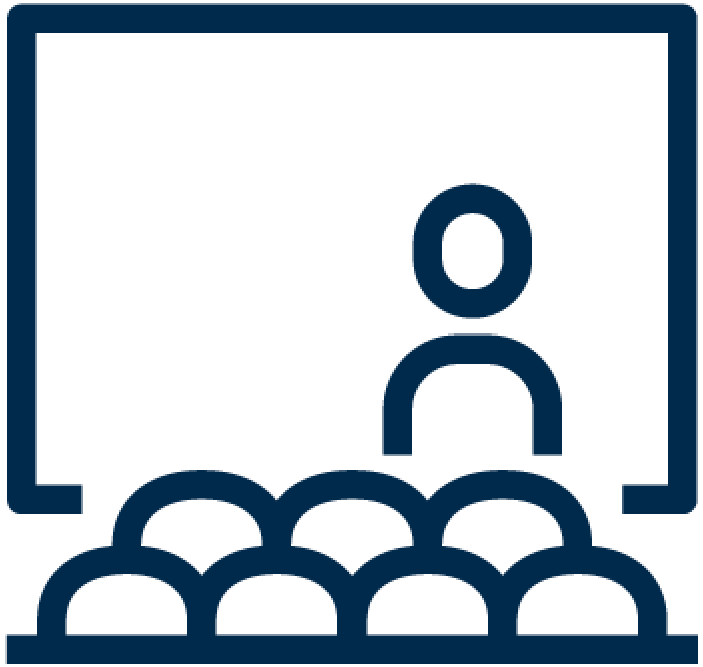
- As a firm I only provide data that is actually required and will be used by the FCA
- As an FCA user I need to receive accurate, non-redundant and up-to-date regulatory reporting from solo-regulated financial firms so that I can meet my organisation's objective of protecting consumers and mitigating risk to the UK economy

Impact for the FCA

The FCA is both asking for unnecessary data but is also missing critical pieces of data. It's hard for the FCA to find the right data

The FCA has a reliance on ad hoc collections which creates more work and has a reputational impact

4 |Training & tooling



FCA employees don't always have the right tools or training to quickly access the data and start acting on it.

Unmet needs

As an FCA employee I need to be able to access and understand the data myself so that I don't have to rely on others.

Impact for the FCA

Overreliance on data specialists to analyse the data and provide actionable insights slows down supervisors and other front line employees' reactivity.

5 | Data quality, trust & timeliness

FCA data specialists and generalists complain about the data being often out of date and/or of poor quality, which drastically reduces overall trust in the data the organisation holds

---

Unmet needs

As an FCA user I need to have up-to-date and accurate data to work with, so that I can proactively monitor firms and make timely interventions to minimise harm to consumers and the market.

Impact for the FCA

Out-of-date and inaccurate data leads to potential crises when an unfolding situation can't be efficiently monitored

6 | Measurements

Measurements were not embedded in existing data systems and processes. Therefore, the data collection services cannot be effectively managed.

Unmet needs

There are limited quantitative measurements in place to allow the organisation to understand where the biggest opportunities for improvement are

Impact for the FCA

Measurements are mostly reactive and don't allow the FCA to understand the root cause of the problems. The FCA doesn't have a full picture on what data is being used and how.

Our hypotheses to test in the Alpha phase:

- By ensuring a **shared understanding** of what prudential data the FCA needs to fulfil its mission and how it will use that data, the FCA will reduce the reporting burden on firms and itself.

- By providing solo-regulated firms with **simpler, clearer guidance and better data validation** at the point of data entry, the FCA will improve the quality, accuracy and timeliness of the reporting data those firms submit.

Retail Banking Business Model Data

Scope

We are doing a discovery about **the collection of Retail Banking Business Model Data** to understand how we can:

- improve efficiency of the process for firms and the FCA.
- improve quality of the data (mainly validity, accuracy, consistency and timeliness).
- provide access to this data for the relevant regulatory users efficiently and safely.

The Story so far

Who? me?
No, DATA!

Colloquially called R2B2

Used to understand the market and how competition is working

3 rounds of collection since 2017

7 consecutive years of data from 2015

Collected from 30-50 firms each time

Approx. 2,499 data points on most recent collection

Resulted in 3 external publications (related to 2 of the collections)

4 main user groups: Banks, Competition, Supervision, Policy

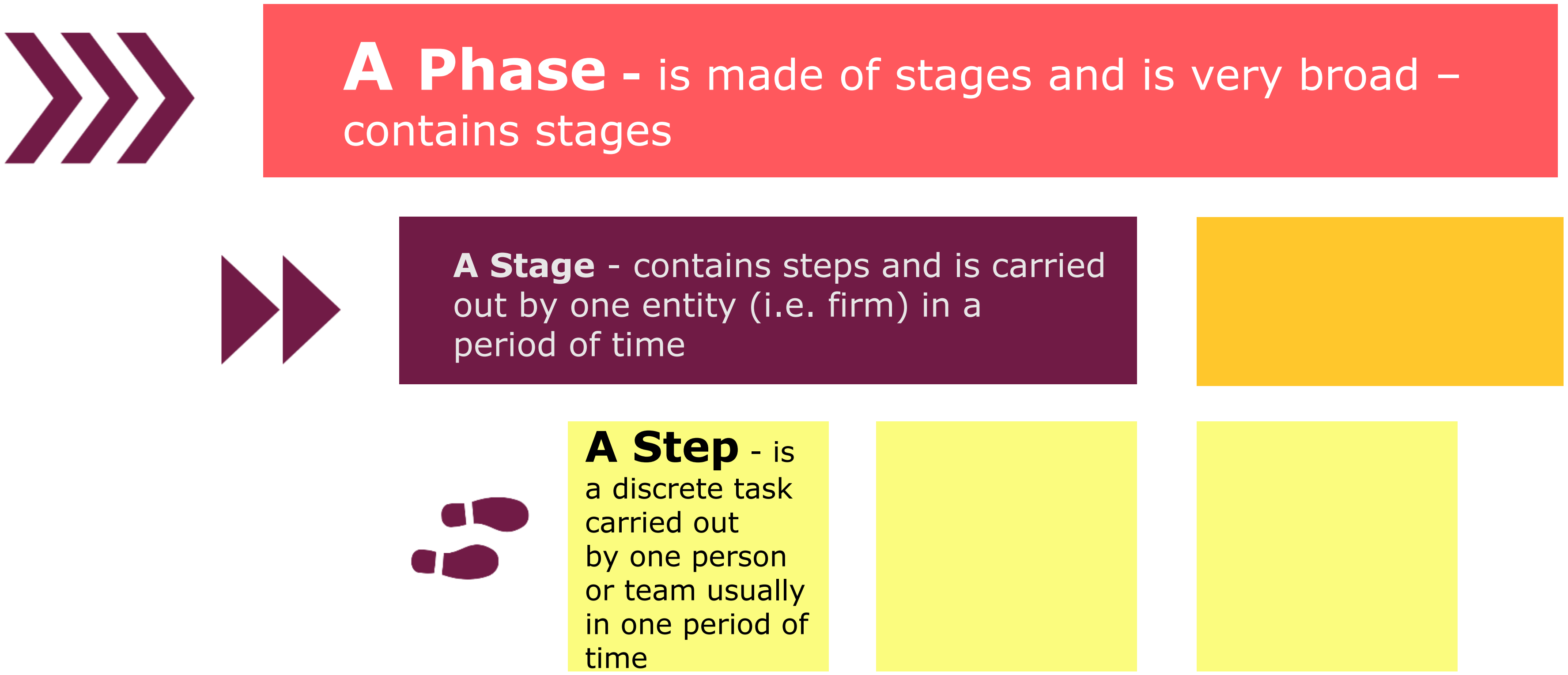
Underpins a number of further policy initiatives in the sector

Underpins supervision strategy in the sector

Used across 5 internal divisions

Used by BoE (inc. PRA) and HMT

Phases, Stages and Steps – How we're building the map



A Phase - is made of stages and is very broad – contains stages

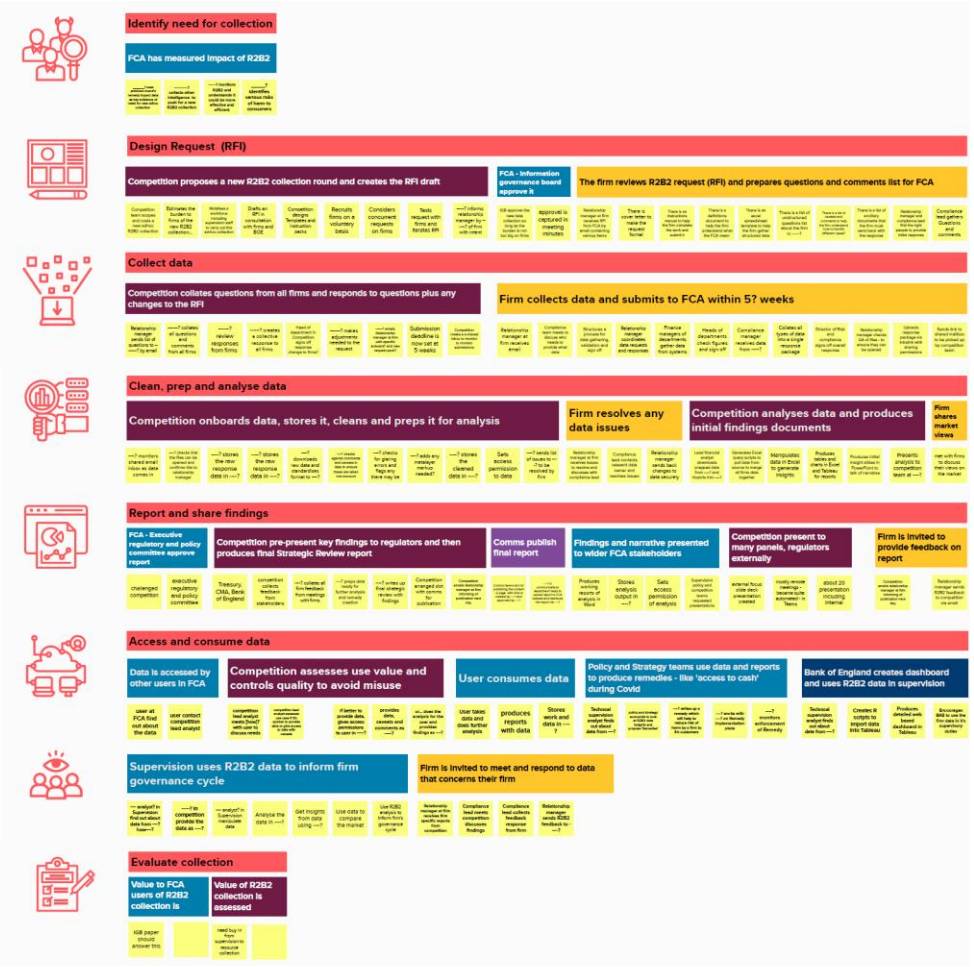
A Stage - contains steps and is carried out by one entity (i.e. firm) in a period of time

A Step - is a discrete task carried out by one person or team usually in one period of time

Journey Map

Emerging issues

- Time-consuming to identify the right people
- Definitions are not aligned to businesses
- QA is quite manual and could be more thorough
- Reliance on others to access data


Identify need for collection
FCA has measured impact of R2B2
Design Request (RFI)
Competition proposes a new R2B2 collection round and creates the RFI draft
FCA - Information governance board approve it
The firm reviews R2B2 request (RFI) and prepares questions and comments list for FCA
Collect data
Competition collates questions from all firms and responds to questions plus any changes to the RFI
Firm collects data and submits to FCA within 5? weeks
Clean, prep and analyse data
Competition onboards data, stores it, cleans and preps it for analysis
Firm resolves any data issues
Competition analyses data and produces initial findings documents
Firm shares market views
Report and share findings
FCA - Executive regulatory and policy committee approve report
Competition pre-present key findings to regulators and then produces final Strategic Review report
Comms publish final report
Findings and narrative presented to wider FCA stakeholders
Competition present to many panels, regulators externally
Firm is invited to provide feedback on report
Access and consume data
Data is accessed by other users in FCA
Competition assesses use value and controls quality to avoid misuse
User consumes data
Policy and Strategy teams use data and reports to produce remedies - like 'access to cash' during Covid
Bank of England creates dashboard and uses R2B2 data in supervision
Supervision uses R2B2 data to inform firm governance cycle
Firm is invited to meet and respond to data that concerns their firm
Evaluate collection
Value to FCA users of R2B2 collection is
Value of R2B2 collection is assessed

Opportunities

- Clearer context and purpose
- Support firms with interpretation
- Automation of cleaning
- Help users to discover and use data

Next Sprint Goals (3)

- Identify what we most need to know to move into alpha/design
- Defining a golden thread with a 'Remedy' in mind
- User personas and identifying next UR steps
- Understand the supervision and policy data needs in more detail
- Understand the “other” retail banking data and PRA structure
- Defining metrics for improvement

Bank of England

Incident, Outsourcing and Third Party Reporting (IOREP)

Transforming Data Collection

IOREP Drivers & Goals

Drivers

- Lack of adequate data
- Process
- Lack of standardisation
- Differing rules and requirements

Goals

- Better data
- Reduce resource and time
- Improved analytics
- Advance the authorities’ statutory objectives

The IOREP use case is split into three distinct phases

Discovery and Design*
Q1 2023 – Q3 2023

Policy Consultation
Q4 2023 – Q1 2024

Implementation*
from Q2 2024
(estimated to take 6-18 months)

***to be delivered by external consultants**

Discovery and Design activities for IOREP

Gather internal and industry views in pre-consultation as part of the TDC Programme to inform development of the draft IOREP Policy.

Explore options for the delivery of incident and OATP reporting collections as part of the IOREP Service

Translate initial user requirements into an end-to-end representation of service journey

Undertake a technical discovery exercise on existing Bank and FCA systems

Deliver multiple design options for the IOREP Service

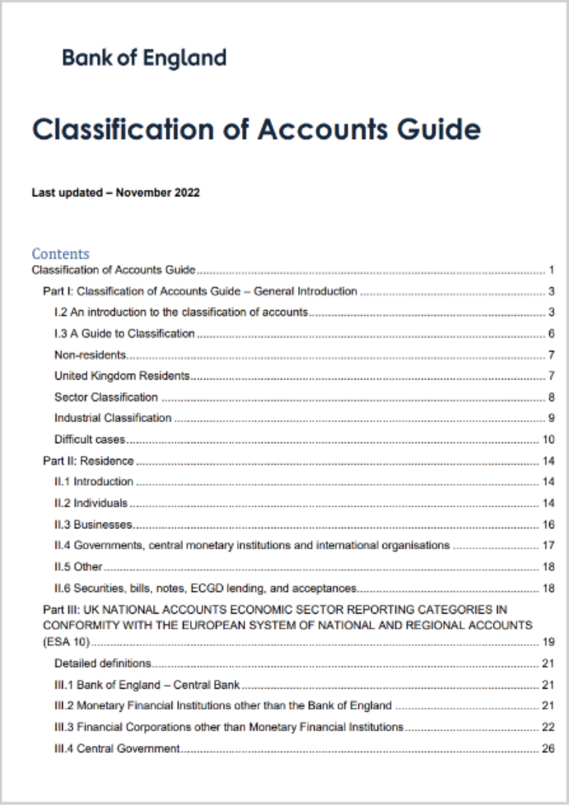
Bank of England

Get Data Service: Counterparty Classification

Transforming Data Collection

Phase 1 discovery – initial problem statements

Classification of Accounts Guide



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Classification of Accounts Guide

Last updated – November 2022

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Classification instructions ("logic") lack standardisation and transparency

Definitions are not precise enough and are difficult to understand

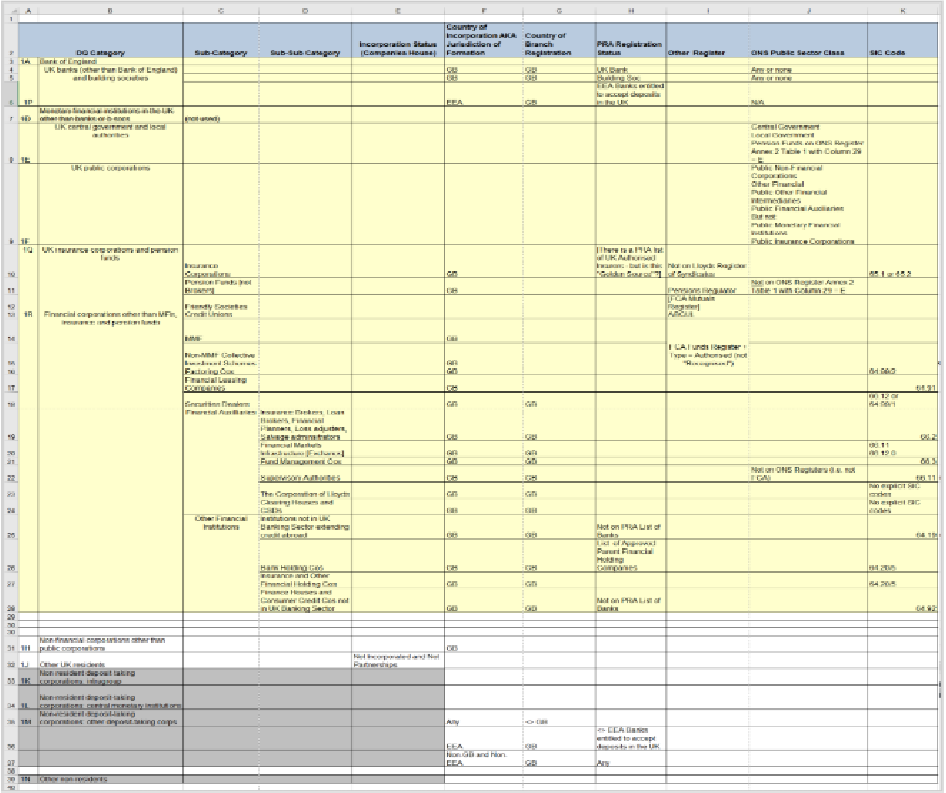
This leads to different interpretations and data inconsistencies

Identifying and removing data inconsistencies leads to inefficiencies and costs on the side of firms and the Bank

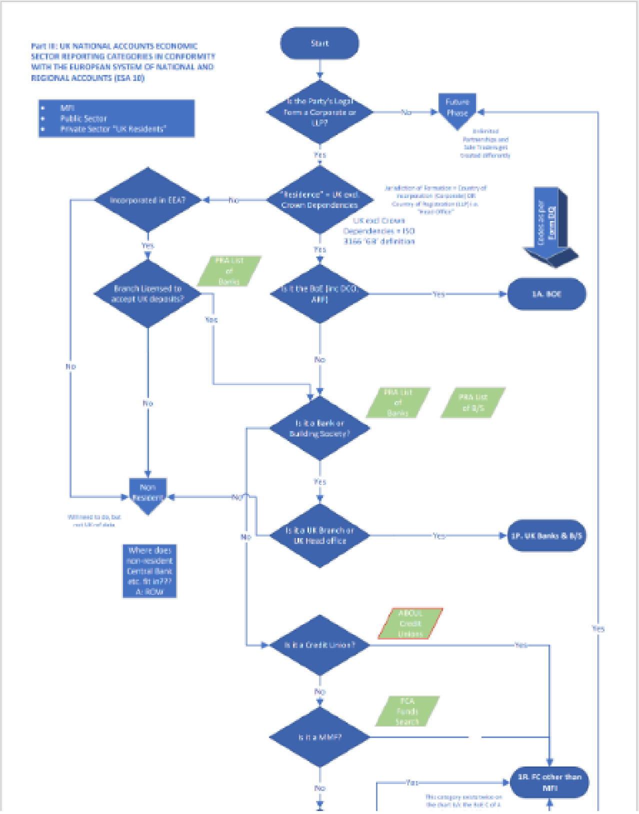
Phase 1 prototypes – tools intended to expose the logic

Three possible solution ideas were developed, which aimed to support firms in understanding the classification instructions.

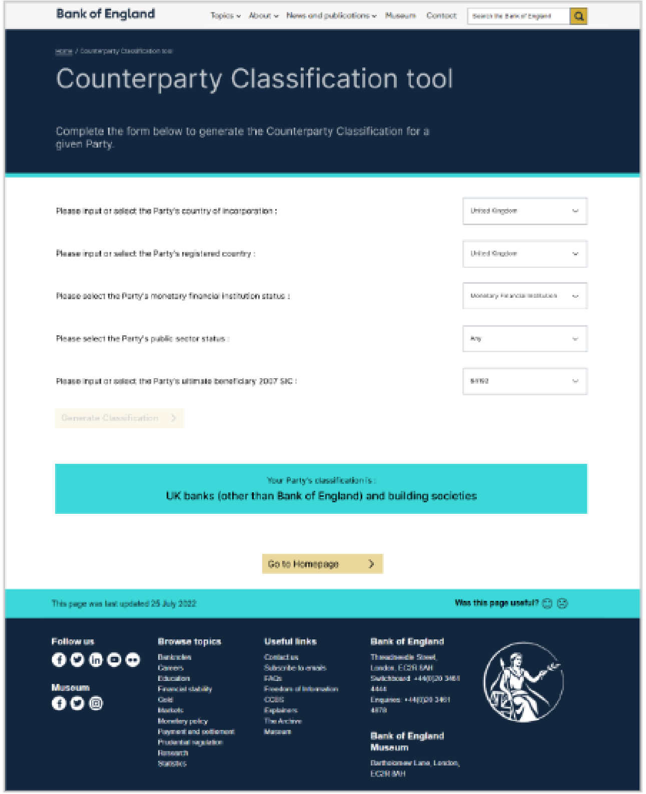
Matrix



Decision Tree


Part III: UK NATIONAL ACCOUNTS ECONOMIC SECTOR REPORTING CATEGORIES IN CONFORMITY WITH THE EUROPEAN SYSTEM OF NATIONAL AND REGIONAL ACCOUNTS (ESA 10)
MFI
Public Sector
Private Sector "UK Residents"
Start
Is the Party's Legal Form a Corporate or LLP?
No
Future Phase
Unlimited Partnerships and Sole Traders get treated differently
Yes
"Residence" = UK excl. Crown Dependencies
UK excl Crown Dependencies = ISO 3166 'GB' definition
Codes as per Form DQ
No
Incorporated in EEA?
Yes
PRA List of Banks
Branch Licensed to accept UK deposits?
Yes
No
No
Is it the BoE (inc DCO, ARF)
Yes
1A. BOE
No
PRA List of Banks
PRA List of B/S
Is it a Bank or Building Society?
Yes
Non Resident
No
Where does non-resident Central Bank etc. fit in??? A: ROW
Is it a UK Branch or UK Head office
Yes
1P. UK Banks & B/S
No
ABCUL Credit Unions
Is it a Credit Union?
Yes
No
FCA Funds Search
Is it a MMF?
No
Yes
1R. FC other than MFI
Yes

Classification Tool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Counterparty Classification tool

Complete the form below to generate the Counterparty Classification for a given Party.

Please input or select the Party's country of incorporation : United Kingdom

Please input or select the Party's registered country : United Kingdom

Please select the Party's monetary financial institution status : Monetary Financial Institution

Please select the Party's public sector status : Any

Please input or select the Party's ultimate beneficiary 2007 SIC : 64192

Generate Classification

Your Party's classification is :
UK banks (other than Bank of England) and building societies

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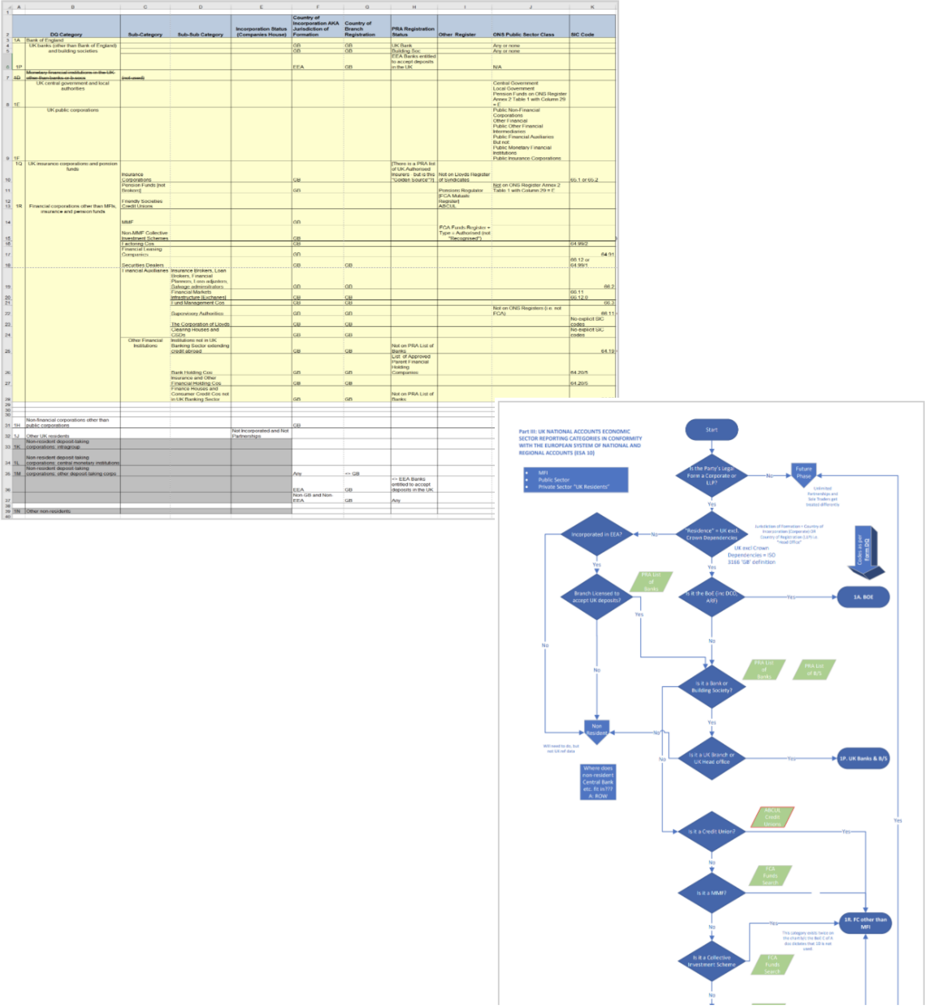
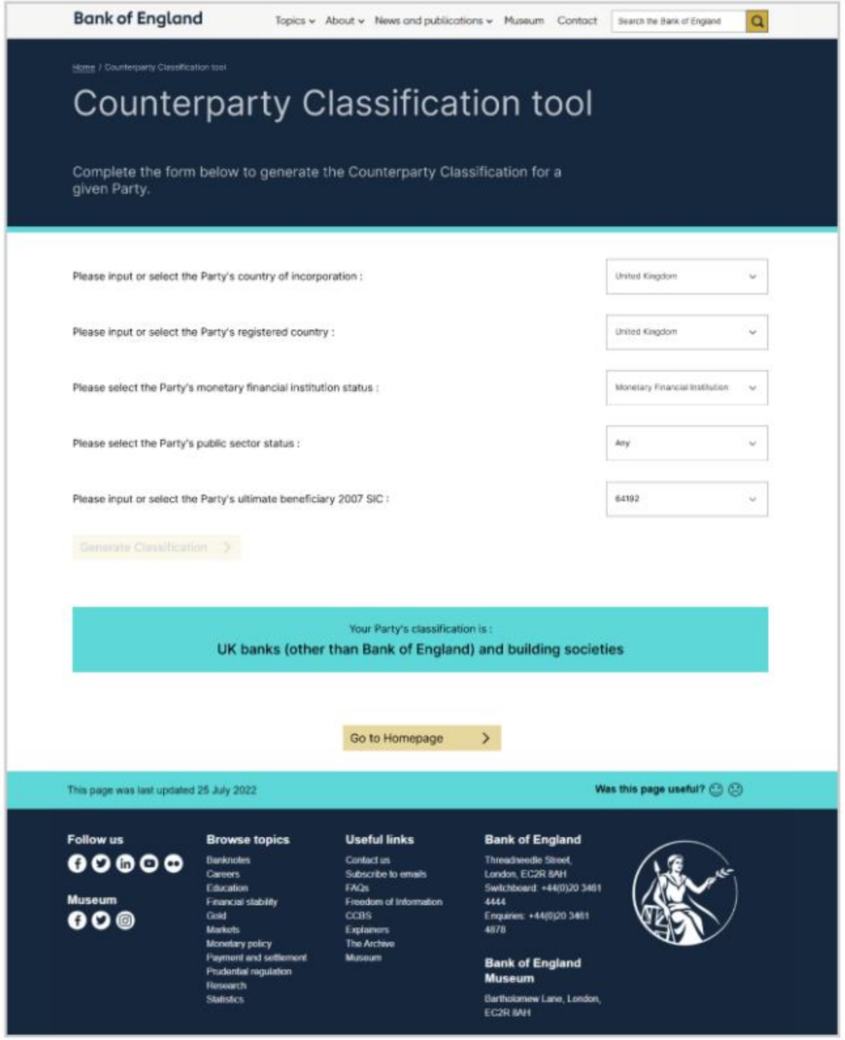
Phase 1 prototypes – matrix and decision tree



- 2 possible visualisations of the logic
- Less ambiguous than written instructions
- Matrix offers potential for a technical (machine-readable) implementation into firms' models/algorithms
- Decision tree is more user-friendly and easier to understand

Phase 1 prototypes – classification tool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Interactive tool

User-friendly and easy to understand/engage

Allows to query the "correct" classification based on the logic

First round of user research/testing

We conducted user interviews with 6 participants in different roles (from 2 UK retail banks and 1 international bank).

Insights:

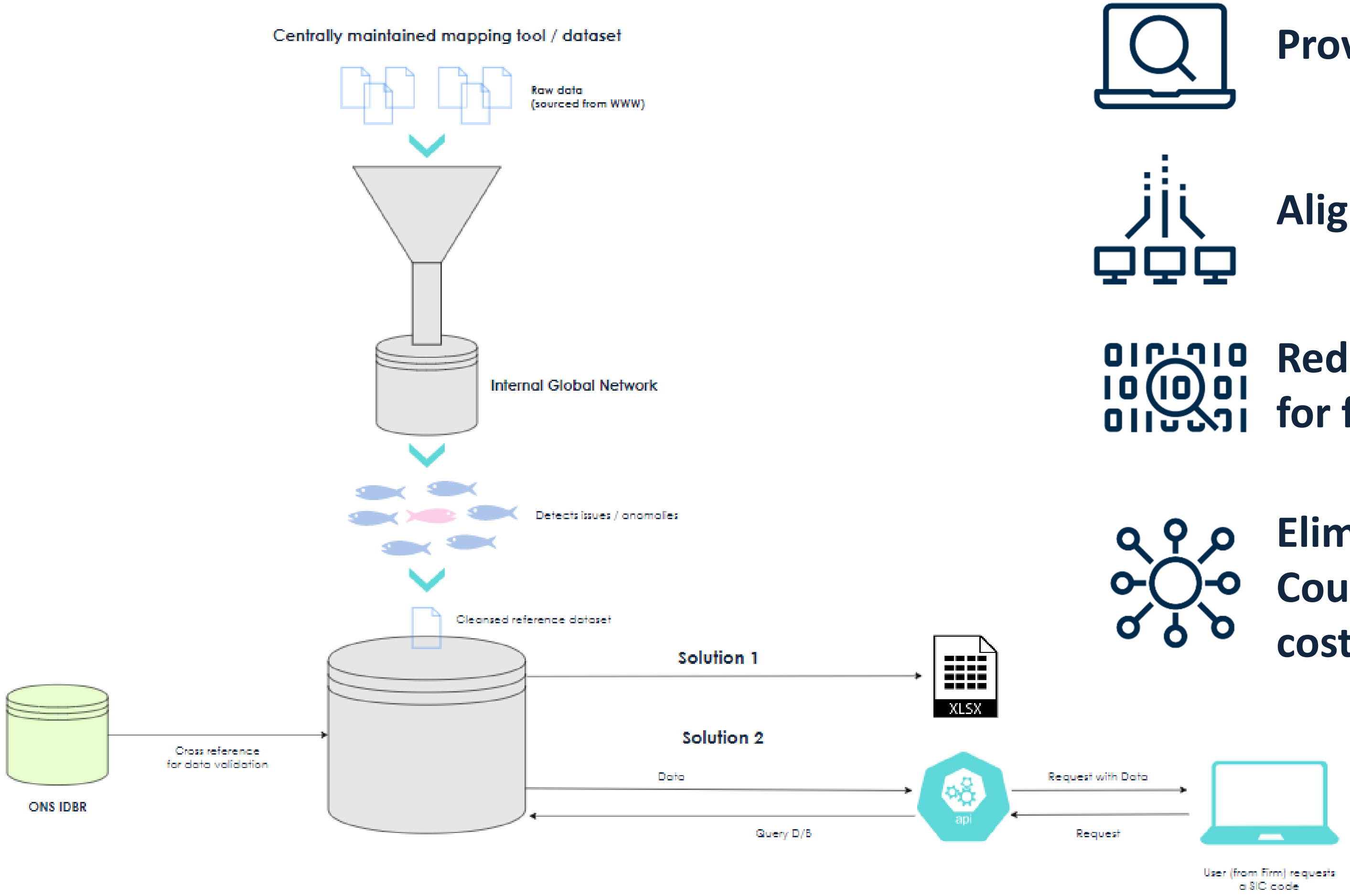
1. Instructions for Counterparty classifications are **difficult to understand**.
2. Firms built **workaround solutions** and **rely on algorithms** to generate classifications.
3. Users at operational level (within large firms) **do not read the classification instructions** published by the Bank.
4. The internal **review** of classifications is mostly **triggered by queries from the Bank**. This leads to manual workload and costs at a **business level**.

Implications for prototypes:

1. Interviewees **could not see the relevance** of the solutions to their work.
2. They are **not implementable into automated processes** and cannot deal with large volume**s** of classifications.
3. They still give **room for interpretation**, and thus, human error.
4. They would not address the problem at a **business level**.

Revised solution idea – aligning data

As a result, we intend to pivot to investigate on different solution ideas and the needs of smaller firms.


Centrally maintained mapping tool / dataset
Raw data (sourced from WWW)
Internal Global Network
Detects issues / anomalies
Cleansed reference dataset
Solution 1
XLSX
Solution 2
Cross reference for data validation
ONS IDBR
Data
Query D/B
api
Request with Data
Request
User (from Firm) requests a SIC code

- Provide a single source of reference data
- Align classifications across databases
- Reduce data inconsistencies and inefficiencies for firms and the Bank
- Eliminate the need for firms to individually map Counterparty information and reduce reporting costs at business level