Making TCF MI worth it

Client success story

Making TCF MI worth it

Client success story

Background

The Risk and Compliance Director of a major retail life and pensions group revealed that he had deep concerns about the state of the firm's TCF MI. Consequently he declined the FSA's invitation to take part in the TCF MI pilot review for Major Retail Groups in December 2007 and January 2008.

Our initial analysis of the group's TCF MI suite showed that the client was right to feel concerned, but there was still time to design and implement a robust solution if immediate action was taken.

Detailed analysis revealed that our client's structuring of their TCF MI suite around the FSA's six consumer outcomes had developed into a complicated outcome / business unit matrix spreadsheet.

Elements of various outcomes overlapped several business areas in different ways and in different measures. The result was an MI suite that contained a series of unrelated data points rendering it unfit as an effective tool for assessing and driving TCF-led performance.

The Challenge

In the space of three months our challenge was to develop and implement a MI suite that would meet the March 2008 deadline. This would set the firm on the right trajectory for embedding TCF by December 2008.

The Solution

The client adopted our approach which introduced a macro product lifecycle MI suite, this consisted of quantitative data based on a common understanding of 'fairness' and qualitative data from assurance reviews and business unit commentaries.

Information was reported at three levels with an executive summary that provided an overall picture of TCF performance, decisions and actions. This formed the basis of discussion at the monthly EXCOM meeting driving TCF-led continuous improvement.

The Result

The MI gave a clear summary view of TCF performance to senior management, and a detailed view for each business unit. The MI identified areas of highest risk and enabled clear decision making to be based on tangible evidence.

For example, the product manufacture business unit was able to evaluate all of its existing products for TCF, prioritise in terms of risk, and determine which products required modification to mitigate these risks.

They were able to take the learning from this work and produce a design framework to ensure that new products had fairness designed into them and therefore met the TCF criteria reported through the MI.

The firm received its TCF MI visit from the FSA in March 2008 and has received verbal confirmation from the FSA that it has 'passed' the March 2008 TCF MI deadline.

Huntswood's View

Consumer outcome structured MI suites can be seen by the business as simply 'another compliance requirement that we wouldn't do if we didn't have to', rather than a way of developing a deeper understanding of how the fair treatment of consumers is linked to commercial objectives, which is the key to embedding TCF.

Firms that have simply taken the six outcomes and used them as measures have not thought as deeply about what fairness actually means to them, and consequently, the specific fairness risks they are exposed to now and in the future.

Successful TCF happens when three key elements are combined to produce the TCF MI suite. These are: a working definition of fairness, a product lifecycle approach and recognition of the commercial value the information brings. Only by doing this can a firm begin to see and make use of the real value of TCF MI.

For more information or to discuss your company's approach to TCF please call our enquiry line on 0207 518 1975 or email askhuntswood@huntswood.com

Head Office
Abbey Gardens, Abbey Street, Reading,
Berkshire RG1 3BA
Telephone: 0870 794 0794
askhuntswood@huntswood.com
www.huntswood.com