

State of Play and Non-Binding Guidance Paper

SINGLE CUSTOMER VIEWS IN THE EEA

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SUMMARY

- Within the dominant legal framework for deposit insurers all over the world, aiming at the shortest possible payout periods, requiring deposit taking firms to produce Single Customer View files (SCVs) has emerged as the core element of any efficient compensation process. In Europe, the Deposit Guarantee Scheme Directive¹ (DGSD), Article 4 and 5, has laid down the foundations of SCVs requirements for EU and EEA jurisdictions. It has also reaffirmed the obligation made to DGSs to comply with the applicable data protection regulation.
- SCVs models have to accurately capture all the specificities of the compensation process, itself heavily dependent on numerous technical and legal characteristics: payment methods, data protection implementation, consumer protection measures, various civil or commercial legal provisions, treatments for specific compensation cases, as well as national payout options opened by the DGSD. As a consequence, SCVs models have been integrated in the IT systems of each EEA DGS and that of their member banks' can be considered as unique, addressing a complex set of constraints corresponding to their legal requirements.
- All EEA DGSs which took part in the EFDI survey have defined a standardised format for the data to be collected from banks. Those formats reflect the needs of each DGS and the way responsibilities are shared between authorities, member banks, liquidators and the DGS itself. Structures and contents of the files vary accordingly. Some SCVs incorporate additional functionalities in relation with some related processes: transfer of accounts, bail in, liquidation. Beyond the preparation and execution of payouts, SCVs are used by EEA DGSs for tests and simulations, calculation of contributions or management information.
- This note outlines a set of recommendations for defining and building SCVs. The need for a comprehensive and interactive approach with public authorities and member banks is underlined, taking into account payout requirements, as well as depositor communication objectives, IT efficiency, data protection concerns and other crisis management measures. Apart from the regular stress-testing of SCVs by DGSs, the note also suggests that DGSs, if they do not run those controls directly, should be closely associated with on-site examinations of the quality of the SCVs generated by banks, and that DGSs, or if so needed, a relevant regulatory authority, should have capacity or means to require their member banks to make the appropriate modifications.

¹ Directive 2014/49/EU of the European Parliament and of the Council of 16 April 2014 on deposit guarantee schemes.

1. INTRODUCTION

- 1. As defined by the European Banking Authority (EBA), Single Customer View files (SCVs) are files “containing the individual depositor information necessary to prepare for a repayment by a Deposit Guarantee Scheme (DGS), including the aggregate amount of eligible deposits of every depositor”².** Those data are extracted from banks’ customer files³, sometimes from different master record keeping systems. SCVs are an essential part of any compensation process, not to say its core element, as they include all information needed by the DGS to perform its duties: eligibility of depositors, scope of their covered deposits, eventual restrictions or suspensions and depositor identification details. Closely depending on the way they are recorded and elaborated by banks, SCVs also directly determine the efficiency and speed of the compensation process, a key factor in depositors’ trust in the system as a whole.
- 2. The harmonisation of the 20-day payout requirement in the EEA in 2009, later reduced to 7 days in 2014⁴ has deeply changed the elaboration of EEA DGSs’ SCVs process⁵.** With the previous 3-months payout deadline, some EEA jurisdictions had prepared for alternatives to payout, and were therefore concentrating their efforts on preventative measures, if authorised to do so⁶. With a much shorter (and desirable) payout deadline, working with the bank to produce the relevant payout data after it fails could no longer be an option. It became necessary to work with all members banks on collating the covered deposits data into a format, commonly referred to as SCV, and make them available for the DGS at any point of time. DGSs had to introduce their own internal systems enabling them to verify all their member banks’ SCV and use for production of a payout file. Consequently, member banks and DGSs had to invest in new IT developments over the years to cope with these new SCV requirements.
- 3. Whether directly defining compensation amounts by themselves, or bringing the elements allowing to calculate those amounts together, SCVs are closely aligned with the applicable deposit guarantee regulation.** In that sense, it is likely that the additional harmonisation brought by the Deposit Guarantee Scheme Directive (DGSD) since 2014, has led to some convergence of SCVs data structure models across the EEA in terms of general features.

² EBA Guidelines on stress tests of deposits guarantee schemes under Directive 2014/49/EU – 24 May 2016

³ The term “bank” used in this paper, refers to financial institutions or deposit-taking institutions e.g. credit union, cooperative bank or building society.

⁴ i.e. 7 days at the latest in 2024.

⁵ The SCV process refers to defining the specification of the files by the DGS, the generation of the files by the member credit institutions upon request and examination of the files by the DGS or other authorized party in terms of compliance and quality.

⁶ However, this does not refer to Institutional Protection Schemes which still continue to undertake preventative measures as the nature of such systems is to prevent a bank from insolvency and thus to prevent payouts.

- 4. SCVs may also carry a number of national characteristics which make each of them quite unique to any given EEA DGS and its specific member bank population.** The implementation of the deposit guarantee regulation comes with various elements of national laws (civil law, consumer law, privacy law, bankruptcy law etc.) critical to the compensation process and the payment systems. In particular, different payment methods will require, through the SCVs, different sets of data, within the margins left by the applicable privacy law. Similarly, the definition of coverage and the treatment of special cases, mixing EU DGS legislation and national regulations⁷, come with specific information needs. Depending on the process DGSs have built, this results in a complex arbitrage between industrialisation and swiftness on one side, simplicity and tailor-made solution on the other side.
- 5. EFDI launched the DGSD2 Implementation Initiative (“D2I”) to identify the main challenges and issues DGSs are facing in the implementation of the DGSD.** Supported by surveys and dedicated workshops, the D2I aims at assessing the state of play of the DGSD implementation in the EEA, as well as developing non-binding guidance in regard to technical topics such as the SCVs process⁸. As part of this initiative, an *EFDI Workshop on SCVs* was held on 12 and 13 April 2018 in Amsterdam, the Netherlands, organised by the Dutch Central Bank, which is also the Dutch deposit insurer. The workshop highlighted that whilst all SCV files share the same objectives, enabling fast and efficient depositor payout, SCVs significantly differ from one jurisdiction to the other, in relation to the diversity of banking systems and products, the coverage options and the treatments implemented by DGSs within their local legal and technical frameworks.
- 6. This state of play and non-binding guidance note focuses on the building and content of SCVs within the EEA.** The control and testing of SCVs are a separate exercise which will be addressed in another paper dedicated to the stress-testing of DGSs’ operations.

2. BACKGROUND AND STATE OF PLAY

2.1. LEGAL BACKGROUND

- 7. While offering enhanced harmonisation of deposit protection across the EEA in terms of definition of deposits, coverage features, financing or use of funds, the DGSD has not directly set any technical rules or minimal content for SCVs.** Such an exercise would probably have been beyond the scope of the Directive. Given its nature and entanglement with various national banking features, payment systems and laws, it would also have likely proven to be impossible.

⁷ See „EFDI state of play and non-binding guidance on covered deposits in the EU: definition and special cases“, issued on 12 September 2018.

⁸ The power to issue non-binding guidance is laid down in article 3.2 of the statutes of EFDI.

- 8. Still, the DGSD has set the elements of the regulatory framework that were needed to build SCVs processes in EEA jurisdictions.** Article 4(8) states that “*Member States shall ensure that a DGS, at any time and upon the DGS’s request, receives from their members all information necessary to prepare for a repayment of depositors, including markings under Article 5(4)*”. This Article 5(4) further specifies that “*Member States shall ensure that credit institutions mark eligible deposits in a way that allows an immediate identification of such deposits.*”

In times of crisis, as made clear by Article 8(6), “*the credit institution shall transmit the necessary information on deposits and depositors as soon as requested by the DGS*”. In addition, Article 7(6) mentions that “*Member States shall ensure that DGSs may at any time request credit institutions to inform them about the aggregated amount of covered deposits of every depositor.*”

Additionally, Article 14(4) of the DGSD sets forth “*Member States shall ensure that DGS of the home Member State exchange information referred to under Article 4(7) or (8) and (10) with those in host Member States*”.

As a consequence, while refraining from specifying the content of the SCVs, those provisions put a clear obligation on member banks of each DGS to comply with prescriptions that will allow the construction of SCVs and their immediate use when and if time comes.

- 9. The DGSD also addresses privacy issues related to the use of depositors’ data.** In that field, Article 4(9) states that “*DGSs shall ensure the confidentiality and the protection of the data pertaining to depositors’ accounts. The processing of such data shall be carried out in accordance with Directive 95/46/EC⁹*”, while Article 4(11) further specifies that “*DGSs shall use the information necessary to perform stress tests of their systems only for the performance of those tests and shall keep such information no longer than is necessary for that purpose.*” According to those provisions, the DGS should take the appropriate measures at all times, to ensure protection and confidentiality in compliance with the applicable rules.

2.2. ADDITIONAL BACKGROUND ELEMENTS

- 10. As an element of context, IADI Core Principle 15 (“Reimbursing Depositors”) also provides for indications about a desirable SCVs framework, certain aspects of which go somewhat beyond EU prescriptions.** Essential Criterion 4 in Core Principle 15 underlines that the deposit insurer should have “*access to depositors’ records at all times, which includes the authority to require banks to maintain depositor information in a format prescribed by the deposit insurer in order to expedite insured depositor reimbursement.*” The Handbook for Assessment of Compliance with the CPs also indicates

⁹ Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data, repealed by the Regulation (EU) 2016/679 of 27 April 2016 (General Data Protection Regulation).

that the deposit insurer's "ongoing" access to the records should be "direct and not through the supervisory agency or the central bank".

Essential Criterion 4 goes one step further, adding that the deposit insurer should have "the authority to undertake advance or preparatory examinations (e.g. on site and independently or in conjunction with the supervisory authority) on the reliability of depositor records and [have] tested member institutions IT systems and data to ensure the capability to produce such records". Besides reliability, the Handbook mentions the verification of the "accuracy" of data.

11. Within the EU deposit protection framework, which offers a unified approach and many common, or harmonised rules across the EEA, each SCVs template is likely to be unique for any given DGS. It is worth exploring further the impact of some technical features and national laws on SCVs format and content which helps to explain that diversity.

- **Payment methods:** All payment methods require depositor identification data, possibly specific to each method. For instance, the use of an agent bank to compensate depositors allows to rely on the staff of this bank to check the identity of depositors to be compensated and the authenticity of the documents they provide; of course, it requires the collection of the corresponding identification data from the bank ahead of the compensation. At another end of the spectrum, a digital compensation process through a dedicated website cannot rely on any verification by human staff and should therefore rely for example on the concordance of both "strong" (e.g. national/bank ID) and "weak" (e.g. address) pieces of information collected from the banks beyond mere identity data.
- **Status of the DGS:** In relation to the payment method, a DGS under the auspices of the Central Bank or the Ministry of Finance might have access to another account number, to an ID kept by a public body or to the tax number of depositors and use that information to complete the information in the SCVs and to provide the compensation.
- **Data protection laws:** Depending on the jurisdictions, banks will be allowed, or not, to collect specific depositor data, such as national identity numbers for individuals or any equivalent, and then to integrate those data in the SCVs. National laws can be quite strict in that field, to avoid aggregation of personal data derived from different systems. When allowed, national identity numbers facilitate the identification of depositors, both by banks and by DGSs, and help chasing duplications and avoiding double compensations. However, the corresponding SCVs processes may need some adjustments or other procedures used for compensating people who do not have identity numbers or other data that the SCVs must use (e.g. foreign depositors, expatriates or inpatriates, minors etc). On the contrary, an SCVs process which does not or cannot rely on national identity numbers may need more information to correctly cope with duplication risks; but it may also more easily apply to all depositors whatever their origin or residence.

Cross-border cooperation between EEA DGSs may also further complicate this issue, for instance, when a host DGS where the compensation system relies on national identity numbers, is requested to compensate host depositors identified by the home DGS regardless of the identity numbers.

- **Depositor information:** The structure and content of SCVs also depend on the information DGSs provide to depositors when compensating. The communication to insured depositors may be limited to aggregated compensation amount only, with a list of compensated accounts; alternatively it may provide the detail of accounts balances at the time of the failure and information about their integration in the total compensation figure; or even offer additional information about non-eligible accounts, non-compensated or uninsured amounts, depositors' compensation directly served in the hands of creditors (e.g. accounts with a seizure by tax authority) etc.
- **Consumer protection:** As an additional consumer protection measure, jurisdictions may also require from the failed bank that it sends their clients a closing statement of their accounts, separately of the compensation information and amount they receive from the DGS. The information from the bank (account statement process) and the information from the DGS (SCVs process) should be convergent, not to say identical. If this is not the case depositors will face confusion and the DGS may be overwhelmed with queries and/or complaints and even litigation procedures. Such a reconciliation between banks and DGSs implies both additional elements and controls in the SCVs process.
- **Data anonymisation / pseudonymisation / encryption:** Depositor data may be protected in various ways, including through a protection of the communication channel, a protection/ encryption of the file and an encryption or pseudonymisation (except at the time of an actual failure) of individual data themselves. The anonymisation or pseudonymisation of data helps to limit the risks associated with data theft; it also makes the analysis of the quality of the file and the chase for duplication more difficult, especially for big banks.
- **SCVs content:** SCVs may, besides identification data and eligible amounts, provide for bank account data with no consolidation on customer level, bank account data consolidated on customer level or eligible amount per depositor with no bank account data.
- **Civil, commercial and tax laws:** The aforementioned EFDI state of play and non-binding guidance on the definition of covered deposits and handling of special cases has evidenced the impact of non-harmonised national laws on the assessment of compensations served to various categories of depositors. Consequently, whether national laws:
 - differentiate between professional and personal assets and accounts of depositors;
 - permit or not the use of unequal split for joint accounts;

- institute or not an undivided co-ownership regime for the community of heirs of a deceased person;
 - allow or not the use of banking accounts with dismemberment of the right of ownership;
 - authorise or not a double seizure by the tax administration,
- the information collected in SCVs will reflect the corresponding needs and requirements of the DGS.

- **Temporary High Balances (THB) provisions:** Some jurisdictions limit the benefit of the THB regime to depositors who have used specific dedicated accounts to that end; or, may impose a requirement for all THBs to pass through such dedicated accounts. In such a case, banks have to precisely identify THB balances in their own systems and within their SCVs on an on-going basis. If the DGS eligibility rules do not require specific accounts dedicated to THB funds, THB compensation will occur after the initial payment of compensation (to the maximum harmonized level of €100,000 or currency equivalent), and likely require depositor claims.
- **National options and specific treatments:** THBs are only one example of the differences and additional requirements which various technical and legal provisions could bring to SCVs processes. National options left open by the DGSD (such as eligibility of small local public authorities, small pension schemes, guarantee deposits, set-off provisions, social purposes deposits...), as well as the treatment of various claims relating to (beneficiary account regime, consideration of creditors rights, accounts assorted with a seizure, bankrupt depositors, depositors under guardianship...) lead to various additional data requirements and, in the end, to quite different SCVs models.
- **Use for the calculation of contributions:** As an overarching principle, the DGSD sets that the contribution base is equal to the amount of covered deposits held by each bank. While it looks logical, then, to use SCVs for calculating each bank's contribution, that might not always be the case. Data needed for contribution calculations may be collected by another entity, for instance the supervisor, using its own processes and secured channels to capture deposits bases, as well as risk factors. SCVs are also extremely precise and detailed instruments with individual depositor data, the building of which could disturb banks' other IT processes, especially at months' ends and for the biggest banks. Finally, the use of SCVs for tariff data reporting purposes and to calculate levy contributions leads to incorporating in the SCV file design the details of precise compensation calculation rules used by the DGS. While this incorporation within the SCVs allows member banks to validate the contribution base retained by the DGS and limits misunderstanding, more global and statistical approaches could be tolerated for calculating contributions.
- **Cross-border payout:** SCVs data, developed by EU and EEA DGSs also play a crucial part in a cross-border compensation cases, which are highly complex and require a comprehensive advance preparation by the home DGS. Whilst this is unlikely to lead to a harmonization of SCVs across the EU and EEA, which would ignore the numerous

differences in national legal frameworks, specificities and banking products, a DGS may consider incorporating within its SCVs process some additional features, which it does not need at the national level, but could facilitate cross-border compensation and cooperation.

- **Additional uses:** SCVs, built for compensation purposes, may be used as a solid basis for addressing other related purposes such as banking accounts transfers (purchase and assumption transactions) under resolution measures (including bail-in implementation) or the collection of data for the liquidation of the bank (non-eligible deposits or depositors, customers' debts etc.). These additional usages imply supplementary set of data, IT treatments and tests within the SCVs process, but increase the effectiveness of the DGS's instrument toolkit, while potentially saving costs.

2.3. STATE OF PLAY IN THE EEA

- 12. The D2I workshop held by EFDI in April 2018 gave the opportunity to share the technical solutions developed by European DGSs to implement their SCVs generation processes.** As evidenced above, as well as in the examples below¹⁰, those solutions differ from one jurisdiction to another, depending on the various features of payment methods used by each DGS and on existing legal provisions and requirements.
- 13. All EEA DGSs have an SCV process in place.** Those SCVs processes have been adjusted since 2014 to integrate the requirements of the DGSD (and, in some cases, those of the BRRD). DGSs have also addressed the definition of covered deposits, the handling of special cases or the cross-border cooperation needs. Member banks across Europe have accordingly developed their IT systems and processes to be able to cope with the DGSD requirements.
- 14. Based on the survey run by EFDI (25 respondents), it appears all DGSs have a standardised format for the data delivery from member banks.** The legal basis of this format varies between DGSs: regulations and laws, DGSs' by-laws, contracts, etc. In most cases, DGSs decide on the required format, but the SCVs format may be established in cooperation with other regulatory bodies or entities (supervisory authority, central bank, agent bank, member banks, etc.), or even, in a few cases, set directly by those bodies. Two-thirds of the respondents require the failed bank to provide them with an SCVs from one to five working days after the default.

¹⁰ These examples are not meant to be exhaustive. Their inclusion in this note does not imply an appreciation, nor a recognition by others.

15. SCVs formats built by EEA DGSs reflect the needs of each DGS, according to their payment methods, as well as taking into account the role attributed to member banks, the agent bank or the liquidator. As a result, they do not display a single structure. Data may for instance be structured around a single depositor dataset linked to depositor ID reference, or with multiple tables containing elements of the depositor details (contact details, account references, compensation data); or with separate sections containing general information and aggregate data, depositor data and account specific data, linked by a unique customer ID.

16. In terms of content, some SCVs contain only bank account data and do not consolidate those data on customer level; at the other end of the spectrum, some SCVs offer eligible amounts per depositor, but do not specify any bank account data; somewhat in the middle, other SCVs contain bank account data consolidated on customer level.

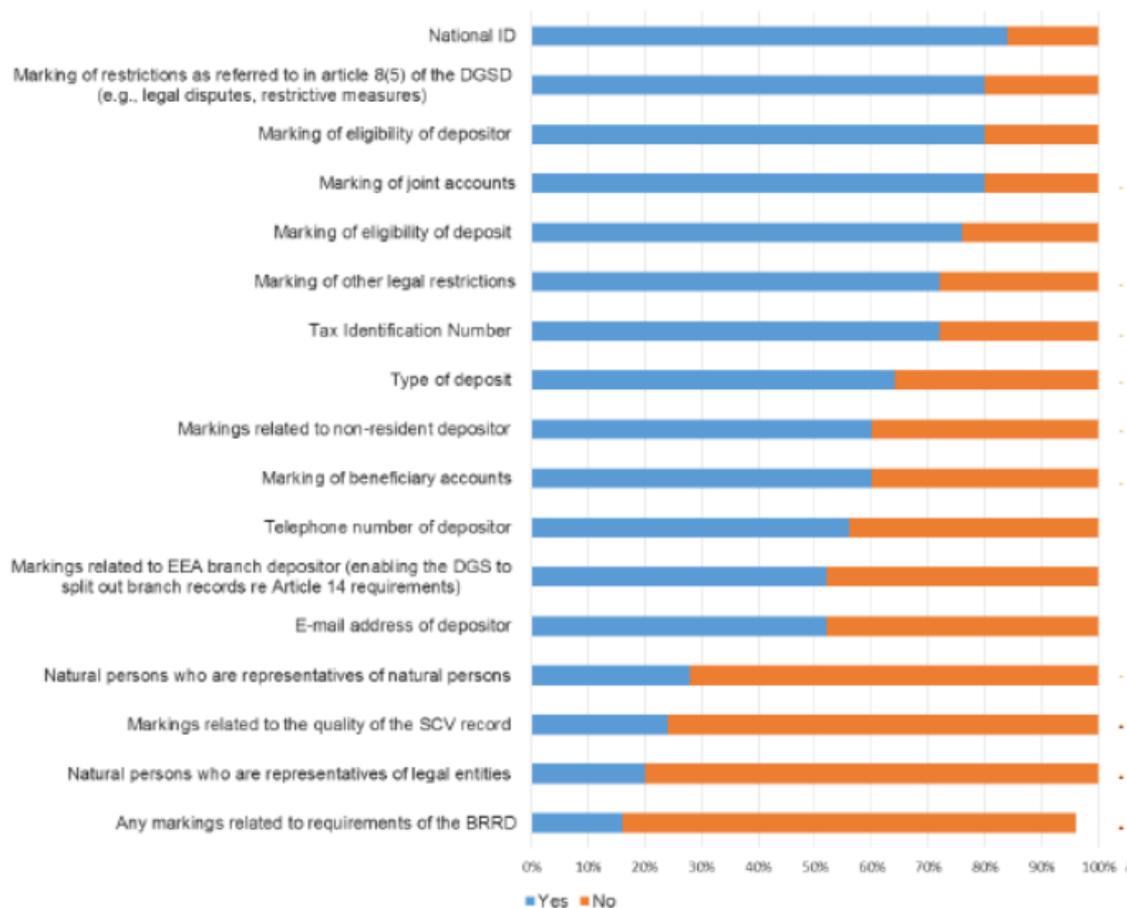
As a consequence of the various needs of each DGS and of the specificities of each market, the markings used and collected within the SCVs in addition to bank and compensation data show significant differences, as evidenced by the table below.

17. Regarding non-payout functionalities, roughly 30% of respondents indicate that they collect various data for other needs (transfer of accounts, resolution, liquidation etc) within their SCVs: transferable eligible deposits, product types, authorised overdrafts, non-eligible deposits, SMEs' deposits etc.

18. EEA DGSs use SCVs for a large range of usages. In relation to the variety of structures and contents of SCVs, while 30% of the respondents use those files solely for the payouts or their preparation, the other 70% report supplementary uses: testing and simulation, calculation of levies, management information, resolution (roughly 30% of respondents for each item), as well as a support for assessing adequacy of DGSs available financial means, compared with the risks they face on each member bank, all from data contained within the SCVs.

In addition to DGSs' immediate compensation functionalities, a minority of 20% of DGSs control the consistency with SCVs data and the accuracy of the last account statements sent by banks to their former customers, a practice followed in 30% of the cases.

Additional markings in EEA DGSs' SCVs



3. NON-BINDING GUIDANCE

19. Thanks to the general provisions of the DGSD and their transposition in national legislations, all EEA DGSs benefit from the appropriate legal basis for their SCVs processes. The EU legal framework provides for a general and comprehensive obligation, allowing the flexibility which is decisively needed for all the adaptations necessary at the DGS level.

This non-binding guidance note aims at providing a reference basis on defining the content of the SCVs which a DGS needs to implement within the existing EU regulatory framework. It will stop short of defining a harmonised format for SCVs content, but will propose an approach along several steps, from prior analysis and interactions with public authorities and member banks, to the appropriate training of IT staff and data protection concerns.

20. EEA DGSs should first assess their needs in terms of data. Ahead of proposing structure or content of the SCVs, DGSs should clearly evaluate the data they need to collect, considering all relevant technical, communication and regulatory requirements, in particular:

- The payment method(s) they should or will use for the compensation,
- The process for identifying depositors in a secure and safe manner,
- The identification of depositors in EEA cross-border branches,
- The range of banking accounts or products to be covered, some of them possibly requiring additional data collection (e.g. THB, structured deposits),
- The range of account holders' categories that need to be specifically identified (e.g. deceased depositors, SMEs, depositors under guardianship),
- A requirement for blocked or suspended accounts to be marked and the reason for such marking to be identified by the banks,
- The way DGSs intend to handle their special cases (see EFDI state of play report and non-binding guidance referred above), including but not limited to THBs,
- The scope of information to depositors on their insured deposits to be paid and the uninsured part, The method of encryption of bank data while transferring them to the DGS,
- The relevant applicable laws (including data protection, consumer protection, civil law, commercial law etc.),
- Whether SCVs data will also be used to calculate contributions and whether precise compensation calculations should be included in SCVs themselves,
- Last, and quite importantly, whether SCVs will be used for additional purposes than payouts, such as transfer of banking accounts, resolution measures, data collection for the liquidation, other management information tools, like indicators for the number and type of complex cases, depositors living abroad, number of representatives, minors or vulnerable depositors etc.

21. In relation to payment methods used, DGSs should give special attention to the collection and treatment of depositor identification data and the way duplications and false data will be tracked and eliminated. Data allowing a perfectly secure identification of the actual owner of deposit constitute a key element of the process, both for correctly allocating accounts and for safely effecting the compensation payment due. SCVs also need to be thoroughly analysed and cleansed to correctly identify duplications of depositors, a process which may require exponential IT resources. The way data will be handled and used during the payout process should be taken into consideration by the DGS when designing the SCVs template and defining its content.

- 22. EEA DGSs should also work as closely as possible with public authorities on the definition of the applicable compensation provisions, especially within the options provided for by the DGSD, so that the operational constraints of the SCVs process are also taken into account at an early stage.** Sometimes payout provisions (e.g. scope of coverage or inclusion of “small” public authorities) are too complex, causing operational challenges for the deposit insurer (technical hurdles, accessibility of data), which may then contradict the public policy objective of fast payout and imply high costs for little benefit. Therefore, public authorities need to be made aware of these possible difficulties ahead of any decisions on new regulations relating to the implementation of the DGSD or SCV requirements.
- 23. For the same reasons, EEA DGSs should also work closely and interactively with their member banks and identify the difficulties they may face in collecting and structuring the needed data.** Consolidating data throughout customer files in order to produce a single customer view of each eligible depositor within the member bank is an exercise which can impact significantly on a bank’s human and IT resources. In some cases (e.g. the exact determination of individual compensations), it might be collectively more efficient, when the regulation permits, to put some more burden on the DGS itself and concentrate some costs there, rather than duplicating a treatment on many member banks. Similarly, it might be more effective in some cases (e.g. beneficiary accounts) to collect the compensation data from the failed bank after it fails, instead of building a costly architecture to get the information from all banks in real time, even if that were possible. However, it must be noted that the collection of the data is by default primarily the bank’s responsibility, and banks should therefore bear the costs.
- 24. As for the treatment of complex and special cases, DGSs should as far as possible develop a thoughtful analysis of the benefits and drawbacks of an ex ante (within the SCVs) and an ex-post collection of data in each case.** This analysis should consider the frequency of the case, the usefulness for depositors, the difficulty and costs for banks, the manageability and implications for the DGS, as well as the implications in terms of data privacy.
- 25. In defining their SCVs needs, EEA DGSs should as far as possible adopt a forward-looking approach.** Considering the difficulties and costs of building and adjusting SCVs processes both for DGSs and member banks, it may be advisable to future proof against possible evolutions of the payout process. For example, asking for content within the SCVs possibly wider than currently needed (e.g. recording email/social media account, mobile phone number), so to better prepare for possible evolutions (as long as the associated costs stay limited and controllable). Special consideration could also be given to the additional usages (accounts transfers, resolution measures etc.) the DGSs and public authorities may be willing to perform on the basis of SCVs. Furthermore, it must be taken into account that DGSs should be able to extract the necessary data from the SCVs in a reasonable time for the generation of the corresponding Payment Instruction Files in the context of home-host cooperation.

- 26. With all these elements, DGSs may well wish to review the initial assessment of their needs.** The final design of SCVs may ideally come as a well-thought arbitration by the DGS balancing forward-looking needs, costs and complexity for the DGS, cost and complexity for member banks, while of course allowing the DGS to carry out its mission in a safe and timely manner in terms of both compensation and associated information. Ultimately the SCV has been implemented to ensure depositors receive their funds in a timely and efficient manner and allowing DGSs to contribute to consumer confidence and financial stability.
- 27. Only after a thorough analysis, should DGSs define the content, structure and format of the SCVs to be built by member banks.** The SCV content should of course reflect the needs of the DGS; the data should allow an efficient and direct payment after verification; the prescribed electronic SCV format should be flexible enough (e.g. CSV or XML format) to allow easy adjustments while not consuming unnecessary storage capacity; last, given the key role of banks in the process, SCVs should capture all data which has a clear significance in terms of identifying eligible depositors and their covered deposits and reimbursing them within 7 working days.
- 28. SCVs template should be accompanied by a clear, precise and unequivocal technical note, handbook prepared by the DGS, or formal regulation issued by the authorities ensuring that the data banks shall collect precisely correspond to the requirements specifications.** SCVs are usually built and fulfilled by IT staff of member banks, who might not be familiar with compensation objectives and terminology. It should be noted that member firms of DGSs may range from systemically important institutions to small community firms who will have differing IT capabilities which need to be considered by the DGS, and communication regarding SCV format and process tailored accordingly. The quality of SCVs may also partly depend on the ability of DGSs to be very specific about their requirements. Explaining the reasons why they need specific information and the way this will be used, may also be helpful to ensure the accuracy of SCVs data file. Testing SCVs templates and handbook whilst in development with selected member institutions might be a useful practice of the DGS before their final implementation.
- 29. DGSs should specify clear and protective rules for the collection, transmission, use and retention/ deletion of SCVs data with a level of protection equivalent to the one applicable for their member banks.** While many options are open in that field within the scope of applicable data privacy provisions, DGSs should be highly aware of the risks associated with a possible theft of depositor data, both in peace times (for SCVs testing) and in times of a crisis (for instance, when addressing compensations on new accounts). DGSs should take all appropriate measures, including through anonymisation / pseudonymisation / encryption/ deletion rules, to mitigate those risks. Dealing with banking data protected by bank secrecy, DGSs should aim at the same standard of protection as applicable to their member banks. Stress-testing the corresponding protection should be accordingly planned.

- 30. Given the paramount importance of SCVs' accuracy in the payout process, the quality of the making of the SCVs by banks, including the reliable extraction of data from the core systems, the quality of core processes (such as onboarding of customers) and general administrations should be available for testing on site.** Besides the regular off-site stress-testing of SCVs by DGSs to ensure they are consistent and useable in case of a failure, the control of the accuracy of data provided by banks requires on-site verifications over the data being produced to populate the SCVs. Therefore, DGSs, or, if so needed, the relevant supervisory authorities, should be allowed to run those on-site controls. As a minimum, those controls should be part of the control program of the relevant supervisory authority and DGSs teams should be closely associated to that part of the program. In addition, in case of identifying deficiencies in the quality of the SCVs, DGSs, or the relevant regulatory authorities, should have capacity or means to require member banks to make the appropriate modifications.

Nota Bene: this document may be completed or further developed at a later stage especially in view that the SCV specification is a work in progress and that the regular (off-site and on-site) SCV reviews shared by our members may result in adaptable amendments to both the specification and the SCV process.