

Case Study

Reduce risk of promotions to consumers not complying with FSA regulations



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Project background

The financial services divisions of a large home shopping organisation needed to maintain detailed controls and checks in order to provide evidence to the Financial Services Authority (FSA) that the necessary steps were being taken to reduce the risk of non-compliant financial promotions and communications being published to customers.



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Problem

Management were concerned that the company may not be able to prove that financial promotions and communications being published to customers were managed in accordance with Financial Services Authority regulations, so a Six Sigma project was set up.

The team investigated Financial Services Authority regulations, typical concerns and enforcement actions taken when systems and controls weaknesses existed.

The team determined the regulatory requirements concerning level of sign-off, relevance and completeness of information on sign-off records, audit trail, that a defined set of procedures had been followed, and that adequate training had been provided to ensure the regulations were adhered to.

They reviewed over 200 past promotions and identified that opportunities for defects in the sales, marketing and joint venture communications with consumers about financial promotions exceeded 50%.

Solutions

Financial Services Authority typical enforcement actions against other firms which had produced and distributed misleading financial promotions were explored and communicated widely internally.

The team found that either the required forms had not been completed, staff were unaware of the details needed to maintain compliance with FSA regulations, or that where the forms had been completed they did not capture the required information to prove adequate controls to the regulator.

A new sign-off and audit trail sheet and guidance pack were developed, which were shared with the project team, communicated with marketing, sales and joint venture staff, and supported with appropriate training.

Compliance department then instituted a regime of random audit checks to ensure FSA regulations were being met.

Business benefits

Potential Financial Services Authority fines of \$1.6 Million were avoided. Defect rates in sales, marketing and joint venture communications with consumers about financial promotions were cut by over 70%.