

# Assessment framework for supervision of compliance with requirements of Single Customer View Policy Rule

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DeNederlandscheBank

EUROSYSTEEM

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# Summary

**DNB adopted the Single Customer View Policy Rule in July 2017. The assessment framework specifies DNB's supervision of compliance with the requirements of this policy rule.**

The Single Customer View Policy Rule sets out the requirements for record-keeping and the procedures and controls that banks need to have in place to create complete, accurate and timely SCV files. This comprises the correct functioning of the SCV system, the delivery time of the SCV files and ensuring the required data quality. Failure by a bank to comply with the Single Customer View Policy Rule constitutes a violation of Section 26a of the Prudential Rules (Financial Supervision Act) Decree. The assessment framework details the criteria and standards required to monitor and assess compliance with the policy rule.

To ensure compliance with the policy rule, DNB determined a growth path for the period 2020 – 2023. This new version of the assessment framework now sets the standards for 2024 and beyond. DNB can intervene if banks do not sufficiently comply with these standards. Intervention is based on the existing *AFM and DNB Enforcement Policy*.

**The degree of banks' compliance with SCV legislation will be assessed on the basis of the following indicators.**

Timeliness of the SCV file	<ul style="list-style-type: none"> <li>■ The number of working days between the reference date (date of 'activation DGS') and the time at which the SCV file is submitted by the bank (on the condition the file is accepted by DNB).</li> <li>■ Average number of delivery attempts before file acceptance</li> </ul>
Quality of the SCV file	<ul style="list-style-type: none"> <li>■ Percentage of SCVs in a SCV file that comply with automated checks</li> <li>■ Percentage of validation errors in SCV file taking into account the total number of signalling validation errors set off against the total number of submitted SCV's</li> <li>■ Findings from plausibility checks on (samples of) content</li> <li>■ Statement by the bank in case of peaks and deviations in data values and markings</li> <li>■ Statement by bank that SCV files are complete and requirements are structurally secured in the SCV system</li> </ul>
Timely delivery of audit reports	<ul style="list-style-type: none"> <li>■ Delivery of audit reports by the internal audit department and external accountants within five months of the end of the reporting year (reporting year for audits runs from 1 April to 31 March)</li> </ul>
Quality of the SCV system	<ul style="list-style-type: none"> <li>■ Assessment and findings in internal audit department report</li> <li>■ Opinion by external auditor in ISAE 3402 report</li> <li>■ Bank takes measures to ensure findings are resolved in a timely fashion</li> </ul>
Informing DNB in a timely manner about relevant developments	<ul style="list-style-type: none"> <li>■ Bank informs DNB in a timely manner about relevant changes and incidents</li> </ul>

The following table provides a summary overview of the norms for 2024 and beyond, which still includes a limited growth path for the period 2024 - 2026. The objective remains to get as close as possible to a comprehensive SCV file with 100% correct SCVs.

	2024	2025	2026 and beyond
Timeliness and quality of the SCV file	<ul style="list-style-type: none"> <li>■ Ability to deliver SCV file <u>without blocking errors</u> and <u>within 3 working days</u> = status accepted (where reference date is announced a few days in advance)</li> <li>■ At least <b>97% of the SCVs comply with the automated checks</b>. If between 95% - 97%, DNB can (temporarily) tolerate this lower score based on the bank's substantiation</li> <li>■ At least 20% fewer errors in the SCV file unless total number of validation errors is less than 1% of total number of SCV's</li> <li>■ Findings from plausibility checks on (samples of) content are addressed and resolved</li> <li>■ Immediately after submitting the SCV file, the bank issues a statement of completeness SCV file and securing of SCV requirements in SCV system</li> </ul>	<ul style="list-style-type: none"> <li>■ Ability to deliver SCV file <u>without blocking errors</u> and <u>within 3 working days</u> = status accepted (where reference date is announced a few days in advance)</li> <li>■ At least <b>98% of the SCVs comply with the automated checks</b>. If between 95% - 98%, DNB can (temporarily) tolerate this lower score based on the bank's substantiation.</li> <li>■ At least 20% fewer errors in the SCV file unless total number of validation errors is less than 1% of total number of SCV's</li> <li>■ Findings from plausibility checks on (samples of) content are addressed and resolved</li> <li>■ Immediately after submitting the SCV file, the bank issues a statement of completeness SCV file and securing of SCV requirements in SCV system</li> </ul>	<ul style="list-style-type: none"> <li>■ Ability to deliver SCV file <u>without blocking errors</u> and <u>within 3 working days</u> = status accepted (where reference date is announced a few days in advance)</li> <li>■ At least <b>99% of the SCVs comply with the automated checks</b>. If between 95% - 99%, DNB can (temporarily) tolerate this lower score based on the bank's substantiation</li> <li>■ At least 20% fewer errors in the SCV file unless total number of validation errors is less than 1% of total number of SCV's</li> <li>■ Findings from plausibility checks on (samples of) content are addressed and resolved</li> <li>■ Immediately after submitting the SCV file, the bank issues a statement of completeness SCV file and securing of SCV requirements in SCV system</li> </ul>
Timeliness and findings of audits	<ul style="list-style-type: none"> <li>■ Timely delivery of audit reports by IAD <u>and</u> external auditor (no later than on reporting deadline in DLR)</li> <li>■ <b>Positive opinion IAD and unqualified opinion ISAE 3402 type 2</b></li> <li>■ Bank takes measures that ensure findings are resolved within the set timeframe</li> </ul>	<ul style="list-style-type: none"> <li>■ Timely delivery of audit reports by IAD <u>and</u> external auditor (no later than on reporting deadline in DLR)</li> <li>■ <b>Positive opinion IAD and unqualified opinion ISAE 3402 type 2</b></li> <li>■ Bank takes measures that ensure findings are resolved within the set timeframe</li> </ul>	<ul style="list-style-type: none"> <li>■ Timely delivery of audit reports by IAD <u>and</u> external auditor (no later than on reporting deadline in DLR)</li> <li>■ <b>Positive opinion IAD and unqualified opinion ISAE 3402 type 2</b></li> <li>■ Bank takes measures that ensure findings are resolved within the set timeframe</li> </ul>
DNB informed on time about relevant developments	<ul style="list-style-type: none"> <li>■ DNB informed and notified on time based on Article 13 of the SCV policy rule</li> <li>■ The Bank informs DNB proactively and in a timely manner (in principle 3 months before the effective date of the change) about all changes relevant to the SCV system and DGS process, including mergers and acquisitions, major changes to systems and processes, changes in the DGS crisis organization, relevant contact persons and relevant runbook(s). In addition, a bank informs DNB immediately after the occurrence of incidents that impact the (control over the) SCV system and/or the possibility of delivering the SCV file on time</li> </ul>	<ul style="list-style-type: none"> <li>■ DNB informed and notified on time based on Article 13 of the SCV policy rule</li> <li>■ The Bank informs DNB proactively and in a timely manner (in principle 3 months before the effective date of the change) about all changes relevant to the SCV system and DGS process, including mergers and acquisitions, major changes to systems and processes, changes in the DGS crisis organization, relevant contact persons and relevant runbook(s). In addition, a bank informs DNB immediately after the occurrence of incidents that impact the (control over the) SCV system and/or the possibility of delivering the SCV file on time</li> </ul>	<ul style="list-style-type: none"> <li>■ DNB informed and notified on time based on Article 13 of the SCV policy rule</li> <li>■ The Bank informs DNB proactively and in a timely manner (in principle 3 months before the effective date of the change) about all changes relevant to the SCV system and DGS process, including mergers and acquisitions, major changes to systems and processes, changes in the DGS crisis organization, relevant contact persons and relevant runbook(s). In addition, a bank informs DNB immediately after the occurrence of incidents that impact the (control over the) SCV system and/or the possibility of delivering the SCV file on time</li> </ul>

# 1 Introduction

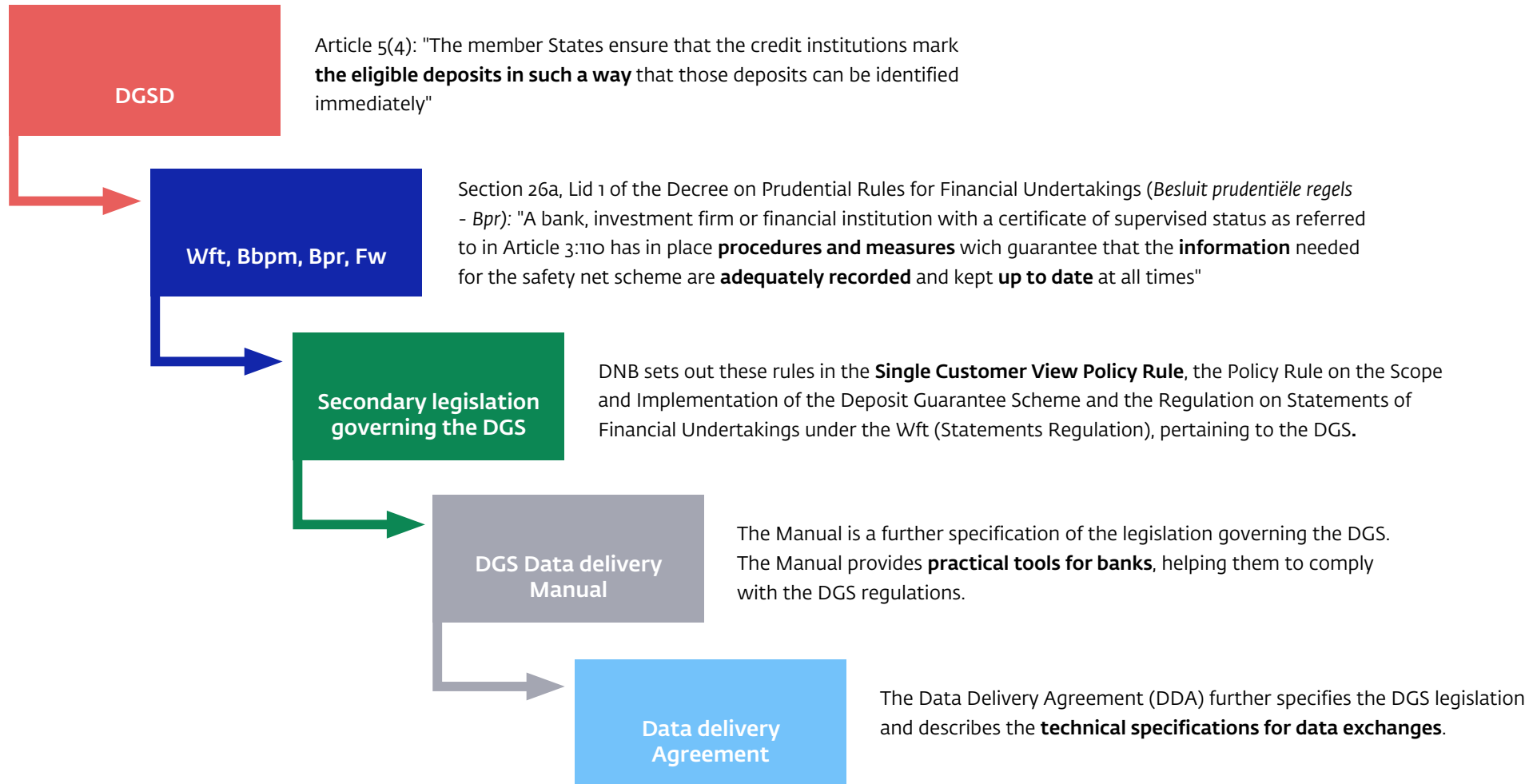
**DNB established the Single Customer View Policy Rule<sup>1</sup> in July 2017. A transitional period to implement the Policy Rule was in place until 1 January 2019. Since that date banks are required to supply data compliant with the Single Customer View Policy Rule. In that respect, Article 15 of the Policy Rule addresses DNB's role in reviewing the quality of the SCV files and control of a bank's SCV system. This publication describes the assessment framework used by DNB to that end.**

Section 3:17 (2) opening lines and (d) of the Financial Supervision Act (*Wet op het financieel toezicht – Wft*) stipulates that rules may be laid down in or pursuant to a general administrative order with regard to the sound and ethical business operations of banks in the light of the deposit guarantee scheme. Under Article 26a of the Decree on Prudential Rules for Financial Undertakings (*Besluit prudentiële regels – Bpr*), a bank must be capable of providing DNB with the information it requires to administer the DGS, i.e. the SCV file, at DNB's request in a manner and within a time period specified by DNB. To do so, a bank must have procedures and controls in place to ensure that this information is continuously updated and adequately documented (referred to as the "SCV system"). DNB explains these requirements in greater detail in the Single Customer View Policy Rule. Failure by a bank to comply with the Single Customer View Policy Rule constitutes a violation of Section 26a of the Bpr. The assessment framework further details the criteria and standards required to monitor and assess compliance with the policy rule.

In order to achieve compliance with financial legislation, DNB has legal powers and enforcement instruments which include being able to take formal and informal measures. How DNB applies these enforcement instruments is set out in the *AFM and DNB Enforcement Policy*. This existing policy is also the underlying document to enforce Article 26a of the Bpr. Appendix 2 provides an overview of the measures which DNB may take to enforce SCV legislation.

<sup>1</sup> Policy Rule containing rules on the preparation of single customer view files by banks for the benefit of the deposit guarantee scheme and resolution.

Figure 1 Legal framework SCV legislation



## 2 Assessment method and criteria

The assessment framework specifies DNB's supervision of compliance with the requirements in the Single Customer View Policy Rule. The assessment framework sets out in specific terms DNB's supervisory role in reviewing the quality of the SCV file and control of a bank's SCV system.

### 2.1 Supervisory approach

Supervision by DNB focuses on the timeliness and quality of the SCV files and DGS-related reports submitted by a bank, and on the management of the procedures and controls a bank has put in place to ensure promptness and quality. The supervisory approach is based on two pillars (see figure 2).

Figure 2 Supervisory approach compliance with SCV policy rule

	SCV file	SCV system
Timeliness	Aimed at timeliness of the SCV file	Aimed at timely delivery of reports by IAD and external auditor
Quality	Aimed at accuracy and completeness of SCV file	Aimed at control of banks' procedures and measures
	Requesting and assessing SCV file	Audit by internal audit department and external auditor

The first pillar involves requesting and assessing a bank's SCV file at least once a year. To assess a bank's control of the SCV system, DNB uses the periodic reviews by the bank's internal audit department<sup>2</sup> (IAD) and the external auditor (second pillar). The SCV system comprises all processes, procedures and controls by the bank to

compile and deliver the SCV file including the bank's relevant core processes. The statement about the SCV system determines to what extent DNB is able to rely on the outcomes of the first pillar. On-site observations at a bank are important to determine whether the SCV file is complete, whether the data and markings included are in line with the bank's records and whether recordkeeping itself is of sufficient quality.

The requirements in the Single Customer View Policy Rule, together with the Manual and the DDA are considered the system of standards with which DNB forms its opinion.

The findings are regularly fed back to the bank including in an annual letter to its Governing Board. DNB's feedback consists of its findings and includes its expectation that the bank resolves the findings and takes measures.

**The basic principle for supervision is the degree to which DNB is able to promptly establish and pay out the correct DGS compensation.**

That means that DNB must be able to pay out a depositor promptly and correctly and that DNB prevents the disbursement of any compensation to the wrong person or for the wrong amount. That places high demands on the SCV of the depositor and the data and

<sup>2</sup> Although the Single Customer View Policy Rule refers to 'internal accountant department', this can also be read as 'internal audit department' given the type of audit requested.

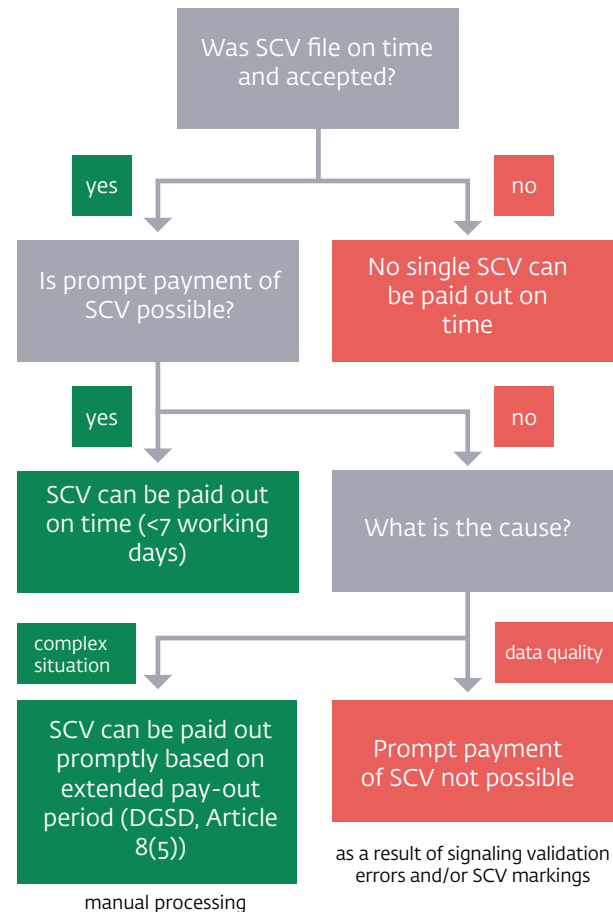
markings included in it. The starting point is that a bank's records contain full and accurate details of deposits and depositors. The bank's procedures and measures must be implemented in such a way as to guarantee the accuracy and completeness of both the data required for the compilation of single customer views and the data in the single customer views themselves.

As soon as the SCV file has been submitted by the bank and has been accepted by DNB, DNB will determine whether the depositor qualifies for compensation and will subsequently determine and pay out that compensation. DNB is able to do this if the SCV meets the following conditions:

1. The **identity** of the beneficiary has been determined indisputably
2. There is **no doubt** about the **eligibility** for DGS
3. the **amount** of the compensation can be determined
4. there are natural persons who are able and authorised to **apply for** the compensation (depositor or their representative(s))
5. **address details** are available making individual notification of the depositor possible

The first three conditions are important for establishing the compensation. The fourth supports the prompt pay-out through DNB's payment system. The fifth condition enables DNB to meet the requirement to inform depositors individually about effectuating the DGS. This is illustrated in Figure 3.

Figure 3 Diagram of prompt and correct payment



Whether an SCV meets these conditions is a criterion for the accuracy of the SCV.

## 2.2 Assessment criteria and subsequent indicators

In addition to **timeliness** of the SCV file, the **accuracy** of an SCV and the **completeness** of the SCV file are important criteria in assessing the quality of the SCV file. Other criteria include the **plausibility** of the data and markings in the SCV file and the **robustness** of the SCV system.

- **Timeliness** of the SCV file is a basic condition for prompt pay-out. A bank must be able to deliver on time an SCV file that can be processed by DNB (with no blocking errors). Without an SCV file, DNB is unable to pay out to a depositor before the payout deadline of the payment term.
- **Accuracy** means the extent to which the depositor's SCV, and the data and markings included in it, enable DNB to determine and pay out accurate DGS compensation on time. To begin with, accuracy implies the lack of validation errors that hinder processing and pay out. Furthermore, the markings applied by a bank itself for 'reliability' or 'doubtfulness' are an indicator for the quality of the underlying source system(s) and processes within the SCV system. Based on the validation rules and markings, the accuracy of an SCV can be established through automated checks. These automated checks, however, do not



yet show the full picture. Additional plausibility checks on (samples of) content may lead to additional findings concerning the accuracy of an SCV.

Validation rules<sup>3</sup> provide an insight into the lack of essential (i.e. compulsory) data, the failure to correctly apply data definitions and markings and incorrect linking within the SCV file (internal consistency and data plausibility).

The banks' records must be of such quality that reliability or doubtfulness markings should be unnecessary. That does not detract from the fact that when applicable, banks must apply these markings correctly as this prevents DNB making incorrect pay-outs to persons. Although these markings also result in an inaccurate SCV, DNB when forming its opinion takes into account the extent to which banks correctly apply those markings. DNB expects banks to take measures to resolve the underlying quality issues.

- **Completeness** means that the SCV of all depositors, including the related deposits, data and markings are incorporated in the SCV file as set out in the Single Customer View Policy Rule in conjunction with the Manual and the DDA.

- **Plausibility** of the data and markings in the SCV file can be assessed by detecting outliers in the reported data. This is done by establishing whether values deviate from the usual pattern or that certain values are exceptionally high or low compared to similar institutions.

Another criterion for plausibility of the data is how it corresponds with other reports by the bank (for example the DGS quarterly reports) or the findings from the IAD audits and the bank's external auditor..

- **Robustness** is the degree to which the requirements of the Single Customer View Policy Rule have been secured in the SCV system on a structural basis so that an SCV file can be submitted in a timely, accurate and complete fashion at any given time. For that reason, DNB also assesses the continuity of the timeliness and quality of the submissions. If a bank is able to deliver an SCV file that does not lead to a technical blocking error, the expectation is that a next delivery will also meet the (technical) requirements.

<sup>3</sup> The validation rules are specified in the Data Delivery Agreement. Validation results are communicated through the Digital Reporting Portal after each delivered SCV file.

The above criteria have been converted into the following indicators.

Timeliness of the SCV file	<ul style="list-style-type: none"> <li>■ The number of working days between the reference date (date of 'activation DGS') and the time at which the bank delivers the SCV file (on the condition the file is accepted by DNB)</li> <li>■ Average number of delivery attempts before a supplied file is accepted.</li> </ul>
Quality of the SCV file	<ul style="list-style-type: none"> <li>■ Percentage of SCVs in a SCV file that comply with automated checks</li> <li>■ Percentage of validation errors in SCV file taking into account the total number of signalling validation errors set off against the total number of submitted SCV's</li> <li>■ Findings from plausibility checks on (samples of) content</li> <li>■ Statement by the bank in case of outliers and deviations in data values and markings</li> <li>■ Statement by bank that SCV files are complete and structurally secured in the SCV system</li> </ul>
Timely delivery of audit reports	<ul style="list-style-type: none"> <li>■ Submission of audit reports from internal audit department and external auditors within 5 months of the end of the reporting year (reporting year for audits runs from 1 April to 31 March)</li> </ul>

Quality of the SCV system

- Assessment and findings in internal audit department report
- Opinion by external auditor in ISAE 3402 report
- Bank takes measures to ensure findings are resolved in a timely fashion

Informing DNB in a timely manner about relevant developments

- Bank informs DNB in a timely manner about relevant changes and incidents

The indicators are explained in more detail in the next sections. Please refer to the growth path in chapter 3 for the standards. How the score reflects adherence to the standard is the starting point for the analysis of any underlying causes, DNB's opinion-forming and the measures to be taken. This requires a tailored approach.

In addition to the indicators referred to above, an essential requisite is that banks inform DNB promptly about any major changes to the SCV system<sup>4</sup>. If DNB has knowledge of material changes to the SCV system in due time, it can take that into account when supervising compliance with the SCV requirements. Examples of material changes to the SCV system include integration with another bank after a merger, acquisition or the transfer of a deposit portfolio, or the introduction of a new IT system used for the purposes of the SCV system. It is also

important that a bank immediately informs DNB about incidents that impact the ability to deliver a high-quality SCV file on time.

## 2.3 Notes concerning the assessment of the timeliness of an SCV file

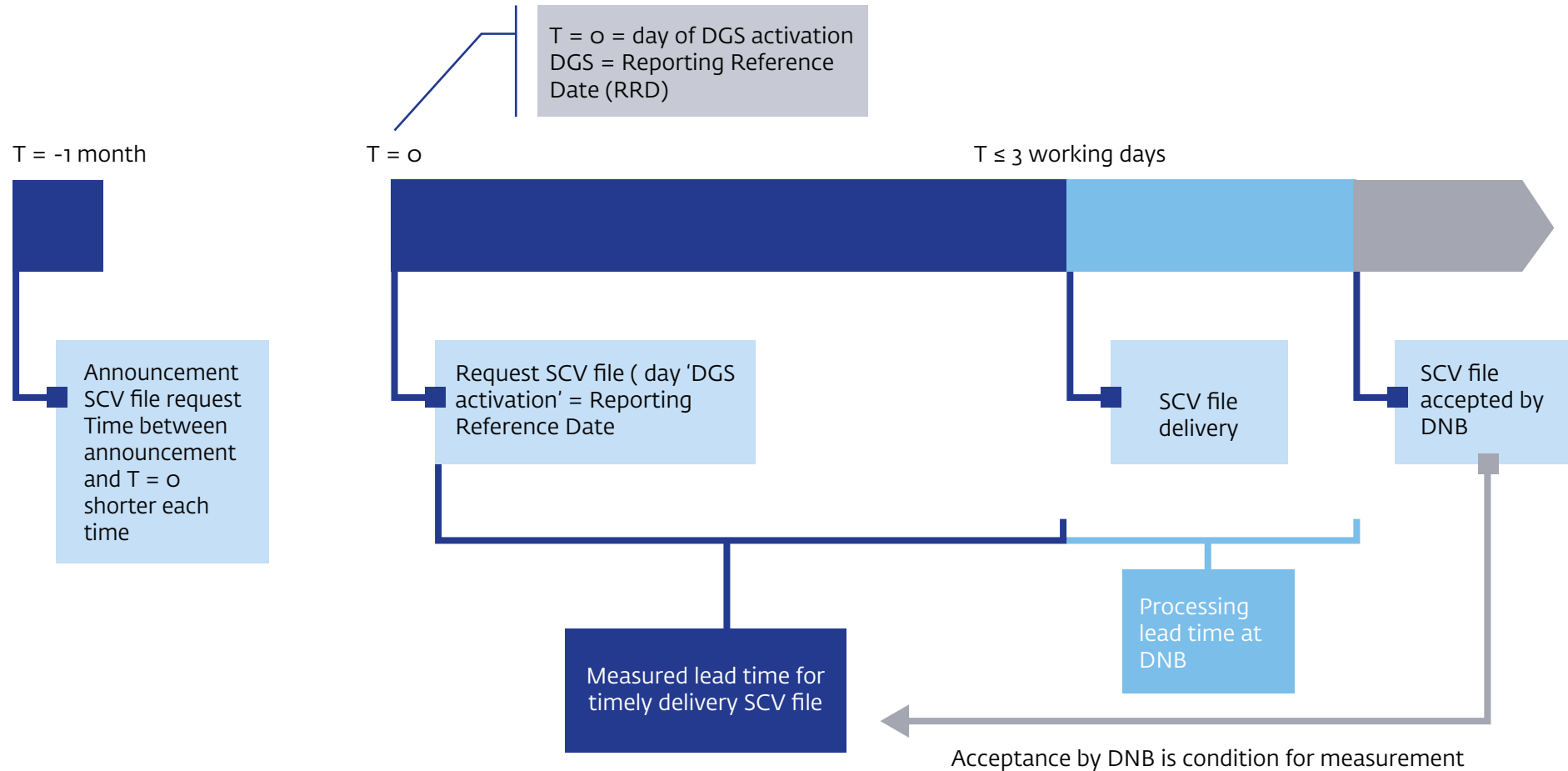
To be able to pay out compensation within seven working days, DNB needs to receive the SCV files from a bank within three working days of the DGS being activated. Files are submitted through Logius, the government portal for the exchange of data. In order for DNB to assess whether the bank is able to deliver files within three working days, DNB makes such a request at least once a year. DNB sets the date that qualifies as the reference date for the SCV file. That day (T=0) represents the day on which the DGS is activated (= Reporting Reference Date). DNB will announce its request ultimately a few days in advance<sup>5</sup> whereby the time between the announcement and T=0 will gradually get shorter. The time between T=0 and the date of delivery is the measured lead time. That date of delivery is indicated in the Digital Reporting Portal (Digitaal Loket Rapportage – DLR)<sup>6</sup>. One condition for a valid lead time measurement is acceptance by DNB. The lead time for processing by DNB does not count towards establishing whether the SCV file was delivered within three working days. Figure 4 shows a diagram of the assessment of timely delivery.

<sup>4</sup> See article 13 of the Single Customer View Policy Rule.

<sup>5</sup> As a rule, DNB will not make the request for annual delivery in the months of January and February (year-end closing) and in the months of July and August (holiday period), unless the situation at a bank gives reason to do so.

<sup>6</sup> The return message from Logius is insufficient proof of delivery.

Figure 4 Diagram of the assessment of timely delivery of SCV file



## 2.4 Notes concerning the assessment of the quality of an SCV file

The SCV files are assessed based on the indicators i) percentage of SCVs that comply with automated checks, ii) percentage of validation errors on identifying properties, iii) from plausibility checks on (samples of) content and random checks and iv) file completeness.

### Percentage of SCVs that comply with automated checks

Starting point for the assessment is the percentage of SCVs without validation errors or reliability and doubtfulness markings in so far as these can be established through automated checks. In order to establish this percentage, the section of the total number of SCVs that contains one or more validation errors and/or reliability or doubtfulness markings applied by the bank is determined and classified as follows:

- number of 'unreliable' SCVs (identity)
- number of SCVs where there is doubt about the eligibility for DGS
- number of SCVs where the amount of the compensation cannot be determined (fully)
- number of SCVs where no one is able to request compensation
- number of SCVs where it is not possible to notify the individual depositor

This is shown graphically in Figure 5. Appendix 3 specifies this classification in greater detail.

For the valuation standard, a distinction can be made between the norm (which will gradually increase to 99%) and a bottom limit (95%). Above the norm, a bank meets the requirement on this indicator. Below the bottom limit, a bank does not comply and remedial actions are required. Between the bottom limit and the norm, a bank must be able to substantiate where the problems are, what actions have been taken and are still being taken and the reason why solving of errors is not feasible (in the short term). This substantiation is done in writing, after which DNB and the bank (may) confer about this. On this basis, DNB decides whether and to what extent it agrees to a (temporarily) lower DQ score. Particularly for dormant accounts, data may not always be available or up to date.

In addition to these automated checks, plausibility checks on (samples of) content may reveal additional findings regarding the accuracy of the SCVs (see the notes below on the findings from manual and random checks).

### Percentage of signaling validation errors

The signaling validation errors are communicated in detail, with a maximum of 1,000 records per specific validation. This is done via the validation report that a bank receives via DLR. Compared to the total number of SCVs submitted, a maximum number of signaling validation errors of 1% is permitted. Above this, a decrease of 20%

compared to the previous year is in principle the norm. DNB can also decide to agree to a lower reduction in the number of signaling errors for validation errors, based on the written substantiation from a bank.

DNB has developed a dashboard to assess the quality of the SCV files. Based on that dashboard, banks receive an overview of the results of the assessment of the delivered SCV files.

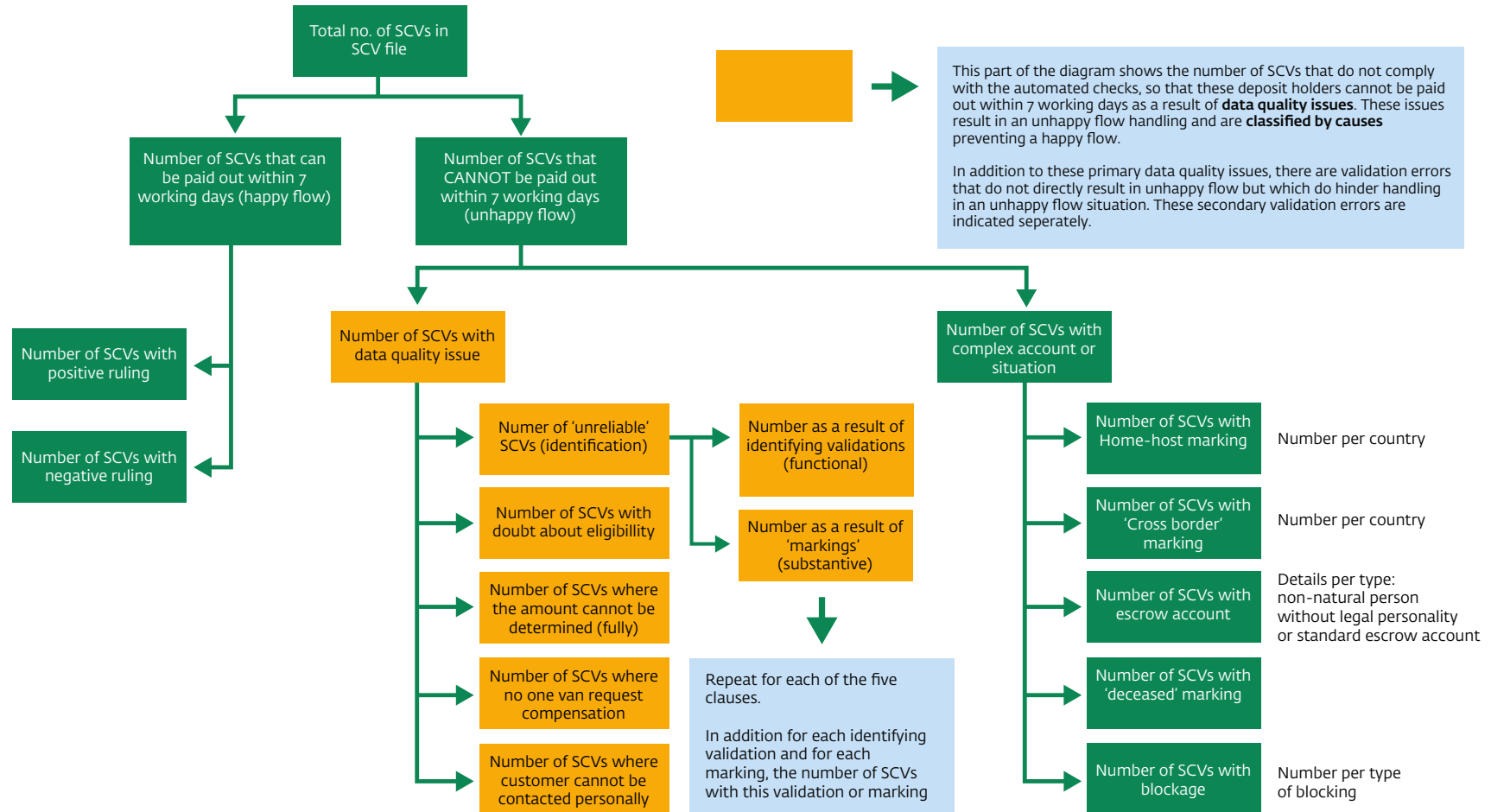
### Findings from plausibility and randomised checks

Plausibility checks on (samples of) content are supplemental to the aforementioned checks based on validation rules and markings. These checks provide an insight into the accuracy and plausibility of the data in the SCV file. We aim to further automate these checks. Possible findings include, for example, incorrect address details (i.e. wrong postcode/town combination), the use of dummy data (which is unusable for payouts), the incorrect application of markings for escrow accounts or the lack of product types where these are expected given the bank's business model.

### Completeness of the SCV file

To guarantee short payout deadlines for all depositors, it is important that the SCV files are complete. DNB requests banks to issue a statement with each delivery relating to the completeness of the file in accordance with the specification of the scope of data to be submitted (see section 2.2 of the DGS Data Delivery Manual).

Figure 5 Diagram of insight into SCV file quality



## 2.5 Assessment of the SCV system by the internal audit department and the external auditor

Based on the Single Customer View Policy Rule<sup>7</sup> a bank must instruct the external auditor once a year to form an opinion on compliance with the requirements in the SCV Policy Rule during the year under review. These instructions are based on the auditing standard ISAE 3402, with the policy rule being the system of standards for assessment (hereinafter referred to as: the SCV audit). The audit is process-oriented in which checks are performed to see whether the control of the bank's business processes relevant to the SCV system are focused on avoiding errors ("zero tolerance of errors"). Each year, banks publish an ISAE 3402 report with the external auditor's assurance report, which indicates independently of the bank whether what a bank does is in accordance with the requirements.

The internal audit department (IAD) also assesses compliance with requirements in the Single Customer View Policy Rule in its control programme<sup>7</sup>. There is an important distinction between the role of the IAD and that of the external auditor. The IAD must ensure within the organization (as part of the 'three-lines-of-defense') that the SCV system meets the requirements of legislation and regulations, in particular that the bank complies with the SCV policy rule. As part of the bank, the IAD is closer to the organization and also has more degrees of freedom in the way the audit work is organized. For example, compared to the ISAE 3402 audit of the external accountant,

the IAD can make more use of data-oriented analyses. The report of the internal audit department with the annual assessment is shared with DNB. A bank's IAD may use a risk-based approach in its annual assessment, provided the following conditions are met:

- In case of a risk-based approach, the audit report will contain an explicit description of the principles and outcome of the risk analysis, including the motivations behind the decision to include or not to include certain items in the audit's work program for the running year.
- In case of risk-based approach parts of the policy rule requirements can only be excluded from the audit work program in the relevant reporting year (April 1 - March 31), if it has been established that the bank meets the requirements in that respect. Within this risk-based approach, the full set of requirements needs to be tested at least once every three years.
- If there are material changes to the bank's SCV system, the new or modified processes and systems will in any case be part of the audit work program until it has been established that the SCV system meets the requirements in those areas in the SCV policy rule. Adjustments can be based on improvements to the SCV system, previous findings or are the result of changes in processes and systems (for example as a result of reorganizations, process improvements, mergers and acquisitions, renewal of systems and processes or revision of the product portfolio).

Agreements have been made with banks and accountant firms that the year under review for audits by the IAD and external auditors runs from 1 April to 31 March, to avoid coinciding with the busy year end. Based on the policy rule, banks must share the audit reports with DNB within five months of the end of the year under review, i.e. no later than 31 August.

Each bank, regardless of its size, must have sound arrangements in place concerning the above. The requirements referred to are proportionate, in the sense that a smaller bank, because it is less complex, has fewer activities to perform to show the operational excellence of its SCV system.

To further clarify the depth and scope of the SCV audit, DNB, in consultation with banks and accounting firms has drawn up an overview of the minimum control objectives and controls (hereinafter: control framework). Control objectives have been determined for all sub-processes within a bank's SCV system. The controls described in the control framework provide direction to DNB's expectations regarding the measures required to achieve the control objectives. A bank implements controls that are necessary to achieve the control objectives, taking into account the specific organizational structure, processes and systems of the bank. *Appendix 4* contains a complete representation of the framework

<sup>7</sup> See Article 12 of the Single Customer View Policy Rule.

**Internal controls**

Within the provisions of the Single Customer View Policy Rule each bank must determine for itself which internal controls should be described and implemented, depending on the specific processes and systems used. To this end, the bank will conduct a risk analysis, taking into account the size and complexity of the customer portfolio. On this basis the bank will ascertain the nature, scope and depth of the internal controls required in order to achieve the control objectives. Here a bank can consciously deviate from the controls included in the control framework. The external auditor will also conduct a risk analysis on the basis of his work and form an opinion on the extent to which the controls described are adequate, for meeting the controls and therefore the requirements of the SCV Policy rule.

**Scope ISAE 3402 audit**

The control framework for the ISAE 3402 audit includes internal controls which are not directly related to process steps in the creation of the SCV file but which may be relevant to it. Specifically, these are the regular customer acceptance and registration procedures, standard data quality checks, reconciliation and period-end checks of nostro accounts and after-date movements in customer master data, including the related generic IT internal controls.

Starting point is that DNB receives assurance from the external auditor that a bank complies with the requirements in the Single Customer View Policy Rule, that is, that the internal controls for all

relevant processes are applied with a high degree of accuracy. The external auditor must be able to ascertain this demonstrably. The work program of the external accountant will have this as its focus.

The internal auditor is part of the bank's control framework. The work of the internal auditor is part of the Three-Lines-of-Defense of the bank. The external accountant assures whether the role of the IAD is fulfilled in accordance with the requirements in article 11 of the Single Customer View Policy Rule on the basis of the description in section III of the report.

**Description of the organization and internal control**

The chapter in the ISAE 3402 report with the description of the organization and internal control (section III) must contain at least the following topics:

- General description of the bank's organization, products and services, specifically expanding on how this is related to the DGS organization and the SCV system.
- Description of the DGS organization within the bank and the associated roles and responsibilities, including a description of the DGS crisis organization at the time the bank fails or is likely to fail. Part of this description is the measures that the bank has taken in the area of the availability of employees needed in the run-up to and during a DGS payout situation.
- Description of the relevant processes and design of the bank's SCV system. In addition to this description, the bank provides a description of the existence and design of the DGS crisis runbook and the way in which the runbook is tested.

- Description of the bank's internal control, including the operation of the 'three-lines-of-defence' and the application of this control in relation to the bank's SCV system. Part of the description is the manner in which the risk analysis was carried out (risk identification and assessment) and the choices made therein, aimed at the internal control measures necessary to meet the requirements of the Single Customer View Policy Rule. Part of this description is the way in which the IAD assesses whether the bank meets the requirements in the SCV policy rule (in accordance with Article 11 of the policy rule).
- Description of how data quality is monitored and – when applicable – improved. Part of this description is the controls that banks deploy, the way in which data analysis is used and how the feedback loop operates to improve data quality.
- Description of (the progress of) the action/recovery plan for removing the findings from previous reporting periods.
- Description of relevant changes and improvements that have been achieved in the DGS organization and (managing) the SCV system compared to the previous reporting period (also in relation to the previous point).
- Description of relevant changes in the banking organization, products and services, processes and systems, including any mergers and acquisitions, including the impact of these changes on the SCV system and the way in which compliance with the requirements in the Single Customer View Policy Rule is ensured.
- Relevant events after the end date of the reporting period.

**Carve-out only under certain conditions**

Many banks outsource processes to external service providers. In the ISAE 3402 audits, these processes then could be placed outside scope of the assignment by means of 'carve-out'. Banks remain responsible for the control of all relevant processes and systems. Although DNB gives preference to avoiding carve-outs as much as possible, we recognize that applying a carve-out is sometimes inevitable. Large IT service providers in particular often exclude in their contractual terms and conditions the possibility for specific audits.

DNB accepts the application of a carve-out, provided that a bank takes controls that ensure that DNB obtains assurance on all relevant processes and systems. Naturally, proportionality of the measures plays an important role. Based on the aforementioned risk analysis, a bank can take into account the materiality of these processes and systems for the SCV system. Possible control measures are:

- The requirements from the Single Customer View Policy Rule are demonstrably embedded in the contractual agreements and the associated service levels.
- The bank obtains an assurance report for material processes and systems from its external service providers at least once a year (based on the ISAE 3402 standard or on the SOC 1 or SOC 2 standard) and takes appropriate measures based on the assurance report.
- the bank includes monitoring control measures in the bank's own control framework, which demonstrate that the outsourced processes meet the requirements of the policy rule.

- The external auditor reports on the findings on the aforementioned control measures.

If it is not possible for the bank to meet these requirements, the solution for the specific situation must be coordinated with DNB.

**Benefit from consistency with audits on KYC processes**

There is a lot of cohesion between the management of KYC processes and the requirements of the Single Customer View Policy Rule. Banks have often set up separate control programs for KYC on the basis of the requirements in the Wwft. Usually, these requirements go further than the SCV requirements, however in some areas the SCV requirements go further. Consider, for example, the collection and processing of BSNs of customers and representatives or the reliability of data required for deduplication of customers.

DNB encourages banks to utilize the synergy that exists between KYC requirements and SCV requirements. The existing control measures on KYC processes can be assessed against the SCV requirements, both in terms of content and depth, in view of the high degree of accuracy required by the DGS. Where necessary, these control measures can be supplemented. Internal auditors can also enrich their existing KYC work programs with specific SCV requirements. The results of the audits of KYC processes, if and insofar as these results have implications for compliance with SCV requirements, can then be included in the assessment of compliance with the SCV requirements. This prevents duplication of work.

**The following points require specific attention**

- Based on its risk analysis, the bank may conclude that internal control measures in the control framework are not required to achieve the control objectives anyhow. Or on the other hand a bank may conclude that additional internal control measures are necessary. It is important that the bank clearly connects the ISAE 3402 reporting with the audit objectives in the published audit framework. This helps DNB in assessing any findings.
- In addition to providing the level of compliance through the ISAE 3402 report, the IAD report and the ISAE 3402 report are an important tool for implementing improvements. DNB therefore expects a management response in these reports, in which for each finding a statement is included about the follow-up to the findings of the previous report, and the action plan with time frames for the still outstanding and newly identified findings.

The ISAE 3402 standard offers the possibility for this via an additional section V. DNB asks banks to include this section as standard in the ISAE 3402 report.



# 3 Valuation 2024 - 2026 and beyond

**For ensuring compliance with the policy rule, DNB had determined a growth path for the period 2020 – 2023. This version of the assessment framework sets the standards for 2024 and beyond.**

The standards for 2024 and beyond assume a consistently high level of quality, which banks are expected and able to maintain.

## The growth path for timeliness and quality of the SCV file

	2024	2025	2026 and beyond
Timeliness and quality of the SCV file	<ul style="list-style-type: none"> <li>■ Ability to deliver SCV file <i>without blocking errors</i> and <i>within 3 working days</i> = status accepted (where reference date is announced a few days in advance)</li> <li>■ At least <b>97% of the SCVs comply with the automated checks</b>. If between 95% - 97%, DNB can (temporarily) tolerate this lower score based on the bank's substantiation</li> <li>■ At least 20% fewer errors in the SCV file unless total number of validation errors is less than 1% of total number of SCV's</li> <li>■ Findings from plausibility checks on (samples of) content are addressed and resolved</li> <li>■ Immediately after submitting the SCV file, the bank issues a statement of completeness SCV file and securing of SCV requirements in SCV system</li> </ul> <hr/> <ul style="list-style-type: none"> <li>■ Timely delivery of audit reports by IAD <u>and</u> external auditor (no later than on reporting deadline in DLR)</li> <li>■ <b>Positive opinion IAD and unqualified opinion ISAE 3402 type 2</b></li> <li>■ Bank takes measures that ensure findings are resolved within the set timeframe</li> </ul> <hr/> <ul style="list-style-type: none"> <li>■ DNB informed and notified on time based on Article 13 of the SCV policy rule</li> <li>■ The Bank informs DNB proactively and in a timely manner (in principle 3 months before the effective date of the change) about all changes relevant to the SCV system and DGS process, including mergers and acquisitions, major changes to systems and processes, changes in the DGS crisis organization, relevant contact persons and relevant runbook(s). In addition, a bank informs DNB immediately after the occurrence of incidents that impact the (control over the) SCV system and/or the possibility of delivering the SCV file on time</li> </ul>	<ul style="list-style-type: none"> <li>■ Ability to deliver SCV file <i>without blocking errors</i> and <i>within 3 working days</i> = status accepted (where reference date is announced a few days in advance)</li> <li>■ At least <b>98% of the SCVs comply with the automated checks</b>. If between 95% - 98%, DNB can (temporarily) tolerate this lower score based on the bank's substantiation.</li> <li>■ At least 20% fewer errors in the SCV file unless total number of validation errors is less than 1% of total number of SCV's</li> <li>■ Findings from plausibility checks on (samples of) content are addressed and resolved</li> <li>■ Immediately after submitting the SCV file, the bank issues a statement of completeness SCV file and securing of SCV requirements in SCV system</li> </ul> <hr/> <ul style="list-style-type: none"> <li>■ Timely delivery of audit reports by IAD <u>and</u> external auditor (no later than on reporting deadline in DLR)</li> <li>■ <b>Positive opinion IAD and unqualified opinion ISAE 3402 type 2</b></li> <li>■ Bank takes measures that ensure findings are resolved within the set timeframe</li> </ul> <hr/> <ul style="list-style-type: none"> <li>■ DNB informed and notified on time based on Article 13 of the SCV policy rule</li> <li>■ The Bank informs DNB proactively and in a timely manner (in principle 3 months before the effective date of the change) about all changes relevant to the SCV system and DGS process, including mergers and acquisitions, major changes to systems and processes, changes in the DGS crisis organization, relevant contact persons and relevant runbook(s). In addition, a bank informs DNB immediately after the occurrence of incidents that impact the (control over the) SCV system and/or the possibility of delivering the SCV file on time</li> </ul>	<ul style="list-style-type: none"> <li>■ Ability to deliver SCV file <i>without blocking errors</i> and <i>within 3 working days</i> = status accepted (where reference date is announced a few days in advance)</li> <li>■ At least <b>99% of the SCVs comply with the automated checks</b>. If between 95% - 99%, DNB can (temporarily) tolerate this lower score based on the bank's substantiation</li> <li>■ At least 20% fewer errors in the SCV file unless total number of validation errors is less than 1% of total number of SCV's</li> <li>■ Findings from plausibility checks on (samples of) content are addressed and resolved</li> <li>■ Immediately after submitting the SCV file, the bank issues a statement of completeness SCV file and securing of SCV requirements in SCV system</li> </ul> <hr/> <ul style="list-style-type: none"> <li>■ Timely delivery of audit reports by IAD <u>and</u> external auditor (no later than on reporting deadline in DLR)</li> <li>■ <b>Positive opinion IAD and unqualified opinion ISAE 3402 type 2</b></li> <li>■ Bank takes measures that ensure findings are resolved within the set timeframe</li> </ul> <hr/> <ul style="list-style-type: none"> <li>■ DNB informed and notified on time based on Article 13 of the SCV policy rule</li> <li>■ The Bank informs DNB proactively and in a timely manner (in principle 3 months before the effective date of the change) about all changes relevant to the SCV system and DGS process, including mergers and acquisitions, major changes to systems and processes, changes in the DGS crisis organization, relevant contact persons and relevant runbook(s). In addition, a bank informs DNB immediately after the occurrence of incidents that impact the (control over the) SCV system and/or the possibility of delivering the SCV file on time</li> </ul>

To ensure timely delivery of an SCV file, the bank is expected to be able to deliver an SCV file without blocking errors at any given moment. The growth path shows how DNB will establish this. In addition, DNB will keep track of the number of times required by the bank to deliver a file that is accepted. This offers an understanding of the robustness and reliability of the SCV system of the bank.

#### The growth path for timeliness and findings of the audits

	2024	2025	2026 and beyond
Timeliness and findings of audits	<ul style="list-style-type: none"> <li>Timely delivery of audit reports by IAD and – external auditor (no later than on reporting deadline in DLR)</li> </ul>	<ul style="list-style-type: none"> <li>Timely delivery of audit reports by IAD and – external auditor (no later than on reporting deadline in DLR)</li> </ul>	<ul style="list-style-type: none"> <li>Timely delivery of audit reports by IAD and – external auditor (no later than on reporting deadline in DLR)</li> </ul>
	<ul style="list-style-type: none"> <li><b>Positive opinion IAD and unqualified opinion ISAE 3402 type 2</b></li> </ul>	<ul style="list-style-type: none"> <li><b>Positive opinion IAD and unqualified opinion ISAE 3402 type 2</b></li> </ul>	<ul style="list-style-type: none"> <li><b>Positive opinion IAD and unqualified opinion ISAE 3402 type 2</b></li> </ul>
	<ul style="list-style-type: none"> <li>Bank takes measures that ensure findings are resolved within the set timeframe</li> </ul>	<ul style="list-style-type: none"> <li>Bank takes measures that ensure findings are resolved within the set timeframe</li> </ul>	<ul style="list-style-type: none"> <li>Bank takes measures that ensure findings are resolved within the set timeframe</li> </ul>

### **Implications of amendments rounds for compliance with requirements**

The introduction of future changes will require adjustments to the banks' SCV system and the associated control measures.

Consideration should be paid to changed regulations or adjustments to the (technical) data model. The extent to which adjustments are necessary varies per bank.

In principle, DNB assumes that the requirements in the assessment framework are feasible, even in the event of implementation of changes from (future) rounds of amendments. The existing requirements in the assessment framework remain the baseline for DNB's supervision of compliance with the requirements in the Single Customer View Policy Rule.

**If a bank concludes on the basis of an impact analysis that the norms in the assessment framework are not feasible as a result of changes in SCV requirements, a bank will communicate this to DNB no later than three months after publication of these changes, together with an explanation and a realistic improvement plan with associated timeline.** The basis is 'comply or explain'.

### **Banks must inform DNB in a timely and proactive manner about relevant developments**

In addition to the aforementioned requirements for (improvement of) the quality of the SCV file and the SCV system of the bank, banks must also inform DNB in a timely manner about relevant developments and major changes. In concrete terms, this means that banks:

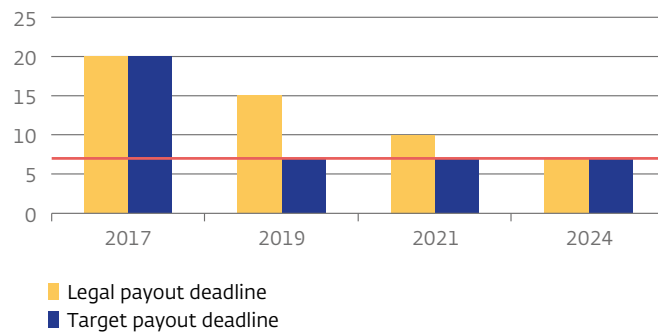
- Inform and notify DNB in a timely manner pursuant to Article 13 of the Single Customer View Policy Rule
- Inform DNB proactively and in a timely manner (in principle 3 months before the effective date of the change) about all changes relevant to the SCV system and DGS process, including mergers and acquisitions, major changes to systems and processes, changes in the DGS crisis organization, relevant contact persons and relevant runbook(s).
- Promptly inform DNB after incidents occur that have an impact on (managing) the SCV system and/or the possibility of submitting the SCV file on time

# Appendix 1 – Background to Single Customer View Policy Rule

## The Single Customer View (SCV) is the standard for timely DGS pay-out

Proper compliance with the Single Customer View Policy Rule ensures timely pay-outs by the DGS and supports orderly resolution when a bank fails. The Single Customer View (SCV) is a standardised list of all balances held by each depositor. The information is presented according to a data model prescribed by DNB and allows deposits covered under the DGS to be paid out in a timely fashion.

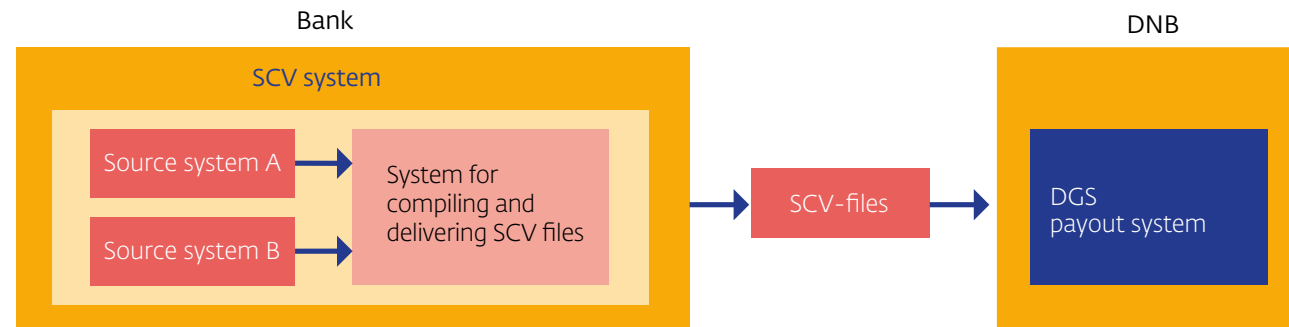
Figure 1 Maximum payout deadline in number of working days



8 See Article 29.16 of the Decree on Special Prudential Measures, Investor Compensation and Deposit Guarantees under the Financial Supervision Act, read in conjunction with Article 130 of the Prudential Rules (Financial Supervision Act) Decree and the Regulation on Statements of Financial Undertakings (Statements Regulation).

9 See Article 4(3) of the Single Customer View Policy Rule.

Figure 2 Payout system based on SCV files submitted by banks

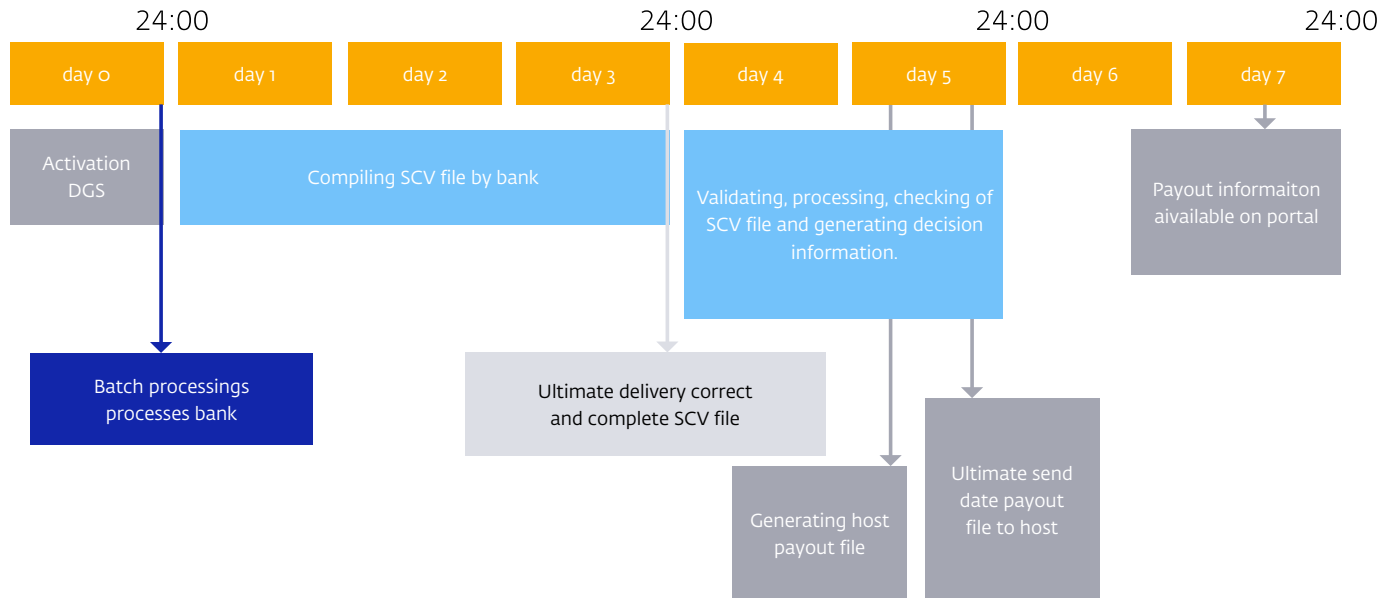


The Single Customer View Policy Rule stipulates that banks must have procedures and measures in place which enable them to compile an accurate and complete SCV file on time. The procedures and controls a bank uses to ensure compliance with its obligations is referred to as the SCV system. DNB will then use the SCV to determine the amount payable to each depositor (see Figure 2).

The policy rule also describes how DNB supervises the application of this policy rule.

Furthermore, banks are obliged to report each quarter at aggregated level the deposits held and covered for the purpose of calculating the contribution for the Deposit Guarantee Fund<sup>8</sup>. The policy rule prescribes how banks must calculate the total of deposits held and covered<sup>9</sup>. Thus the policy rule contributes to a reliable DGS quarterly report for the fund's levy calculation.

Figure 3 Timeline pay-out within seven working days

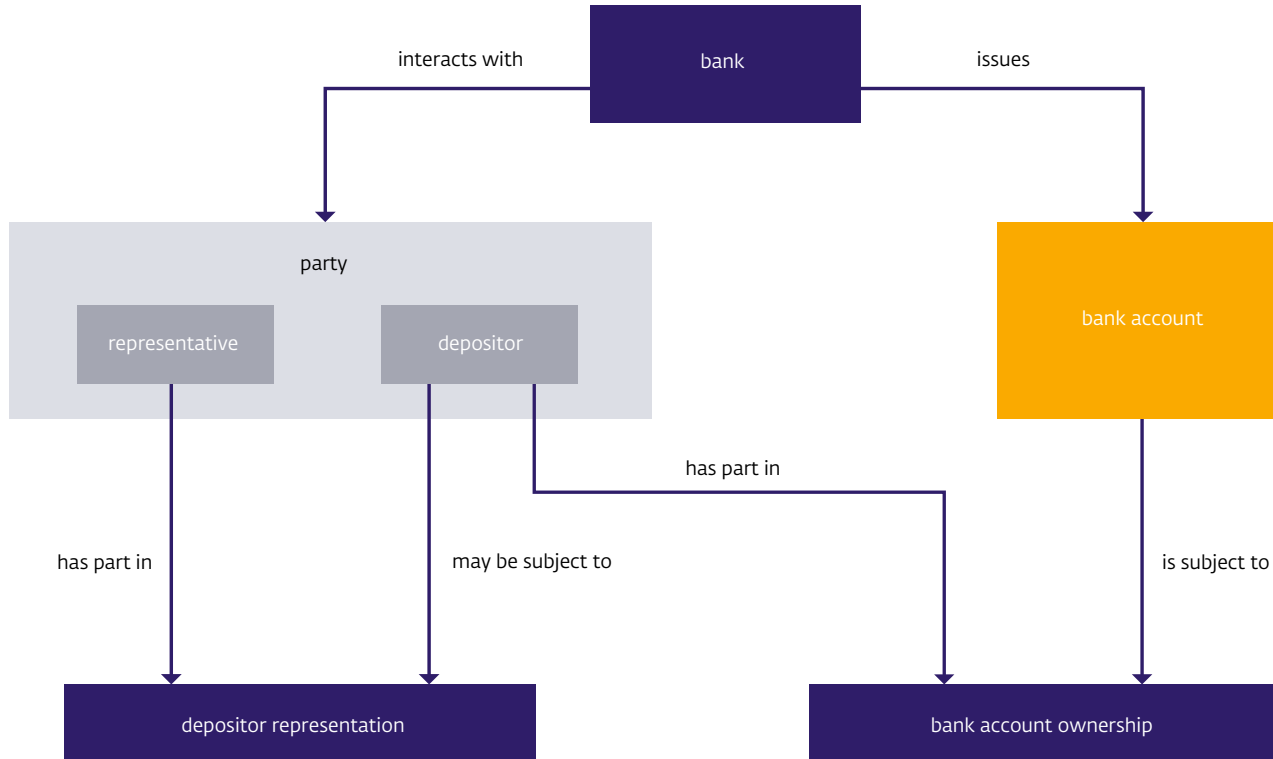


To be able to pay out compensation within seven working days, DNB needs to receive the SCV files from a bank within three working days of DNB's decision to apply the DGS. DNB may also request a bank in other situations to deliver the SCV file within three working days, for example when conducting a stress test on the DGS system.

#### SCV requirements detailed in the Manual and Data Delivery Agreement

The DGS Data Delivery Manual is a further specification of the Single Customer View Policy Rule. The manual provides practical tools for banks, helping them to comply with the policy rule. The technical specifications for data exchanges are described in the Data Delivery Agreement (DDA) which includes a Logical Data Model.

Figure 4 Conceptual data model SCV file



# Appendix 2 – Overview enforcement of SCV regulations

**The AFM and DNB Enforcement Policy is the basis for enforcing the requirements in the Single Customer View Policy Rule. Its application is aligned with SCV regulations.**

## Influencing non-compliant behaviour

Before turning to enforcement, compliance is encouraged in a variety of ways. DNB will inform banks both collectively and individually about the SCV regulations and any amendments and clarify these where necessary. The current SCV regulations are published on DNB's website<sup>10</sup>. The technical specifications of the data delivery, including the Data Delivery Agreement and the Data Model can be found there as well. DNB also informs banks about the assessment and enforcement framework for SCV regulations to clarify how DNB assesses the SCV requirements and which measuring tool it uses to do so.

DNB encourages banks to improve the quality of the SCV files and systems by i) feeding back its findings from supervision to the banks (both relating to the SCV file and the SCV system) and ii) asking banks which measures they take to resolve the findings and make improvements.

## Possible measures if banks fail to adequately address and resolve the findings

In principle, banks should address and resolve DNB's findings themselves. If a bank fails to adequately address and resolve DNB's findings, DNB may decide to enforce and take formal or non-formal measures. DNB has several instruments at its disposal to enforce compliance with the Financial Supervision Act and underlying legislation.

Non-formal enforcement measures, including compliance briefings and written warnings, have no basis in law. Formal enforcement measures have a legal basis and are referred to as "administrative sanctions". Administrative sanctions may serve a remedial purpose (orders subject to penalty) or a punitive purpose (administrative fines). DNB may impose either a remedial measure or a punitive measure, depending on the circumstances of the case.

The following measures from the general enforcement policy can be used in practice in the event of a violation of Section 26a of the Bpr or Section 3:17 of the Financial Supervision Act.

Non-formal measures	<ul style="list-style-type: none"> <li>■ Compliance briefing</li> <li>■ Issuing a written warning</li> </ul>
Formal measures	<ul style="list-style-type: none"> <li>■ Instruction</li> <li>■ Order subject to penalty</li> <li>■ Administrative fine</li> <li>■ Disclosure</li> </ul>

A brief explanation of the non-formal and formal measures in light of a violation of Section 26a of the Bpr is given below. When applying these enforcement instruments, DNB takes into account the severity and culpability of the violation and other circumstances of the case. Any enforcement action by DNB is in accordance with the general principles of good governance, including the principles of proportionality, subsidiarity, equality and due care. Measures are taken on a case-by-case basis.

<sup>10</sup> See <https://www.dnb.nl/en/sector-information/resolution-and-guarantee-schemes/deposit-guarantee-scheme/single-customer-view/>.



**Compliance briefing and written warning**

Not every violation of Article 26a of the Prudential Rules (Financial Supervision Act) Decree will result in formal measures being taken. DNB may opt to hold a compliance briefing with the bank in question or to send a written warning. In many cases, this briefing or letter will have the desired effect, i.e. compliant behaviour, so that the use of formal measures is no longer necessary. That does not mean that in cases in which a violation is ascertained, a compliance briefing will first be held or a written warning sent. Whether that proves necessary depends on the specific circumstances of the case and consideration of relevant factors. In the event of a violation of Article 26a of the Prudential Rules (Financial Supervision Act) Decree, DNB could consider directly giving an instruction, imposing an order subject to penalty or imposing an administrative fine.

**Instruction**

DNB may issue an instruction to banks failing to comply with the provisions by or pursuant to the Financial Supervision Act (Section 1:75 of the Financial Supervision Act). An instruction is an order to pursue a specific line of conduct within a certain timeframe aimed at terminating or redressing a violation. By issuing an instruction to a party, DNB intends to force that party to comply with specific rules.

**Order subject to penalty**

An order subject to penalty is a remedial sanction ordering a legal entity or a natural person to do or not do something. The order may serve to remedy or end a violation, to prevent repeated violations, or to remove or mitigate the consequences of a violation. This is laid down in Section 1:79 of the Wft. The decision to impose an order subject to penalty specifies the deadline by which the violation or its consequences must be remedied, also referred to as the “compliance deadline”. Failure to carry out the order or to carry it out by the specified deadline creates an obligation to pay a sum of money, also referred to as ‘an order subject to penalty’. A penalty may be imposed as a lump sum, as a sum payable for each time unit that the order has not been carried out, or as a sum payable for each instance of non-compliance with the order. The decision also specifies the maximum penalty forfeited.

Imposing an order subject to penalty qualifies as a remedial sanction. Remedial sanctions may be imposed even if the threat of a violation is evident. Thus DNB may impose an order subject to penalty even before a violation has been committed.

**Administrative fine**

An administrative fine is an unconditional obligation to pay a sum of money. It is a punitive sanction, imposed with the intention of punishing offenders. Administrative fines may be imposed only for established instances of non-compliance. The authority of DNB to impose an administrative fine is set out in Section 1:80 of the Financial Supervision Act.

The amount of the administrative fine depends on the legal base amount corresponding to the type of violation and circumstances of the case, such as the severity and culpability of the violation. Violation of Article 26a of the Prudential Rules (Financial Supervision Act) Decree is classed as fine category 1 in the Bpr. In principle the fine in category 1 amounts to EUR 10,000.

**Disclosure**

In principle, DNB is required by law to disclose all administrative sanctions it imposes. Sanction decisions are disclosed once they are irrevocable, i.e. when all legal remedies have been exhausted. If an objection or appeal has been lodged, DNB discloses the outcome along with the decision itself. Orders subject to penalty are disclosed upon forfeiture of a penalty.

# Appendix 3 – Detailed specification of automated checks of SCV file

The table below gives an overview of the validation results and markings resulting in an SCV that fails to comply with the automated checks, classed as follows:

- the **identity** of the beneficiary has not been determined indisputably
- **doubts** about **eligibility** for DGS
- **amount** of compensation cannot be determined
- **a request for compensation** is not possible because there is no natural person who is able and authorised to do this (the depositor or their representative(s))
- **notifying** depositors (individually) is not possible

Table valid from 1 July 2023 (GLO version 1.3.o)

Category	Validation results <sup>13</sup>	Markings
Identity not established	<ul style="list-style-type: none"> <li>■ omc0001, omc0002 (D), omc0008, omc0014 (D), omc0015 (D), omc0019</li> <li>■ smc0001, smc0012 (D), smc0014 (D)</li> <li>■ dmc0000 (D) ( NP.date of birth, NP.last_name, NNP.registered country, NNP.registered name, NNP.registered place)</li> <li>■ dmc0001 (D), dmc0002 (D), dmc0003 (D) (NP.date_of_birth), dmc0004 (D) (NNP.registered country)</li> <li>■ tmc0002 (D), tmc0003 (D)</li> </ul>	<ul style="list-style-type: none"> <li>■ reliability_indicator_code → BETROUWBAARHEID NIET GEGARANDEERD</li> <li>■ legal_capacity_code → ONBEKEND</li> </ul>
Doubt about eligibility customer	<ul style="list-style-type: none"> <li>■ omc0011, omc0017</li> <li>■ tmc0005</li> <li>■ etc0004</li> </ul>	<ul style="list-style-type: none"> <li>■ eligibility_indicator_code depositor → TWIJFEL</li> </ul>
Amount cannot be determined	<ul style="list-style-type: none"> <li>■ etc0001 t/m etc0003</li> <li>■ dmc0006</li> <li>■ smc0010</li> <li>■ dmc0000 (BA.ascription, BA.balance, BA.bank account number, BA.count of depositors, BA.interest, BA.product label)</li> </ul>	<ul style="list-style-type: none"> <li>■ type_of_third_party_account → ONBEKEND</li> <li>■ eligibility_indicator_code bank_account → TWIJFEL</li> </ul>
Request for compensation not possible	<ul style="list-style-type: none"> <li>■ omc0005 (V), omc0006, omc0007, omc0012, omc0014 (V), omc0018</li> <li>■ smc0011, smc0014 (V)</li> <li>■ dmc0000 (V) (NP.date of birth), dmc0003 (V) (NP.date of birth)</li> <li>■ tmc0003 (V)</li> </ul>	<ul style="list-style-type: none"> <li>■ type_of_representation_competence → ONBEKEND</li> </ul>
Notification not possible	<ul style="list-style-type: none"> <li>■ smc0006 (D)</li> <li>■ dmc0000 (D) (UA.address line 1, SA.postal code, SA.place, SA.street, SA.house number, AD.country), dmc0004 (AD.country)</li> </ul>	<ul style="list-style-type: none"> <li>■ -</li> </ul>

Key to attributes:

NP = Natural person

NNP = Non natural person

BA = Bank account

SA = structured address

UA = unstructured address

AD = Address

Where a validation rule affects multiple entities, the information in brackets shows whether this rule relates to the depositor (D) or the representative (R).

The table above does not contain all validation rules. The validation report contains a list of all validation rules and results.

<sup>11</sup> The validation codes are defined in the Data Delivery Agreement.

# Appendix 4 – Overview of control objectives and controls

This overview describes the control objectives. Each control objective is accompanied by internal controls that a bank can describe and implement to achieve the control objectives. The described controls provide direction to DNB's expectations regarding the measures required to achieve the control objectives.

Within the requirements of the policy rule, each bank must determine for itself which controls are described and implemented, depending on the specific processes and systems used. The bank takes into account the requirements in the Single Customer View Policy Rule and the requirements with regard to the fields in the prescribed data model of the current data delivery agreement (GLO). To this end, the bank carries out a risk analysis, taking into account the size and complexity of the client portfolio. On this basis, the bank determines the nature, scope and depth of the controls required to achieve the control objectives. The controls described and implemented by a bank are part of the assignment to the external accountant on the basis of the ISAE 3402 type 2 standard and are included in the bank's associated report.

The overview contains control objectives that cannot be directly related to process steps for the creation of the IKB file, but may have relevance to them. Specifically, this concerns regular customer acceptance and registration procedures, regular data quality checks, connection and expiration checks of nostro

accounts and settlement of changes to client master data; including the related IT general controls (or generic IT internal controls). These processes and source systems with associated control measures also fall within the scope of a bank's SCV system.

The starting point is that DNB receives assurance from the external auditor that a bank complies with the requirements in the Single Customer View Policy Rule, i.e. applies the control measures for all relevant processes with a reasonable degree of certainty.

The external auditor must be able to demonstrably establish this. The work program of the external auditor has this as its focus.

The IAD is part of the bank's control framework. The activities of the IAD are part of the bank's three lines of defence.

#	Process	Control objective	Control and Audit approach	Link article policy rule
1.1	Recording in source systems of DGS relevant data.	1. Guaranteeing data quality at time of recording data in relation to the (identification of) depositors and representatives in the source system so that they are accurate and complete.	Customer acceptance and customer registration processes (including processes for updating and managing customer data) are implemented for all customers of the bank, regardless of whether they are relevant to the DGS. The processes and controls ensure Accurate and complete recording of the markings and data prescribed in the IKB policy rule in the bank's primary administration (product and customer systems) in combination with the application of the definitions and markings relevant to the DGS for both deposits and depositors through the bank's customer acceptance process and Know-Your-Customer process. The requirements with regard to the fields in the prescribed data model of the current data delivery agreement (GLO) should be taken into account.  If derived identification is used to identify the depositor, additional measures have been taken to ensure the correct identification and registration of the characteristics on the basis of which a depositor can be identified in such a way that the identity of a depositor can be established with a high degree of reliability.	2.2, 2.3, 2.4, 2.5, 2.6, 5.1, 5.2, 5.3, 6.1, 6.2, 6.3, 6.4
1.2			Centrally organised data analysis processes and controls ensure data quality monitoring and the recording of an issue/risk log with data quality findings of the data prescribed in the IKB policy rule and the requirements in the applicable data delivery agreement (GLO).	
1.3		2. Guarantee of data quality with regard to the deposit balance to ensure that it is accurate and complete.	The monitoring and (daily) reconciliation of suspense accounts, including DGS-relevant suspense accounts, is part of the regular processes within the bank on both the operational side (day-to-day payments) and the financial administrative side. This is for more than just DGS customers and DGS products during "peacetime".	3.1, 3.2
1.4			For deposits held at branches within member states where withholding tax is levied on interest payments, measures have been taken in the SCV process that, when necessary on the basis of the tax legislation in force in these member states, provide for the settlement of the withholding tax to be withheld when determining the amount of interest not credited.	3.5
2.1	Data collection	3. Guaranteeing that the data set used to compile the SCV is fully consistent with the data in source systems.	Periodic check (at least once a quarter) to reconcile the details of collected data (including with regard to deposits, depositors or their identifying characteristics) with the data in the source data sets and thereby assess the accuracy and completeness of the interface jobs.	5.1, 6.1, 6.2, 6.3, 6.4
3.1	Checking of data for completeness and accuracy	4. Ensuring accuracy and completeness of a data set for the production of the SCV file.	Periodic (at least quarterly) check of duplicates in depositors file based on golden triangle or silver triangle.	5.1, 6.2, 6.3, 6.4
3.2			Periodic (at least once a quarter) check that all accounts, including dormant accounts per depositor are included in the SCV file.	3.6
3.3			Periodic (at least quarterly) checks for accurate and complete registration of all blockings as required by Section 6 of the IKB Policy Rule. Where applicable and relevant, these checks should involve external sources, such as public sanction lists.	6.1
3.4			Periodic (at least quarterly) check of data against other available external sources (examples being tax administration feedback from BSN number disclosures, data from the Chamber of Commerce register, etc.)	diverse

#	Process	Control objective	Control and Audit approach	Link article policy rule
3.5		5. Ensuring that the DNB prescribed data model is completed in accordance with the requirements of the valid Data Delivery Agreement.	<p>Periodic (at least quarterly) check that all fields in the prescribed data model have been completed in accordance with the requirements of the valid Data Delivery Agreement (including the applicable validation rules), including for natural persons, meticulously assessing the correctness and completeness of the following data:</p> <ol style="list-style-type: none"> <li>1. Initials, first names as registered in official identification document, last name as registered in official identification document, and the date of birth;</li> <li>2. Address including country;</li> <li>3. The national identification number or the tax identification number and issuing country, if natural persons have these these and it is permitted to use this number in the context of keeping records for the purpose of administering the Dutch deposit guarantee scheme;</li> <li>4. Vital status.</li> </ol> <p>If a SCV for a relevant depositor contains the data referred to in the third point above, for the first point at least the initials or first names as registered in the identity document, in addition to the surname as registered in the identity document and the date of birth, will suffice.</p>	2.2e, 2.5
3.6			<p>Periodic (at least quarterly) check that all fields in the prescribed data model have been completed in accordance with the requirements of the valid Data Delivery Agreement (including the applicable validation rules), including for non-natural persons, meticulously assessing the correctness and completeness of the following data:</p> <ol style="list-style-type: none"> <li>1. The registered name;</li> <li>2. Registered place of business including country;</li> <li>3. Address including country;</li> <li>4. If registered in the Netherlands, the CoC number or the RSIN;</li> <li>5. If registered abroad, the tax identification number or the CoC number and the issuing country;</li> <li>6. Indication of whether it is a non-natural person with legal personality or without legal personality.</li> </ol>	2.2f
3.7			<p>Periodic (at least quarterly) check that all fields in the prescribed data model have been completed in accordance with the requirements of the valid Data Delivery Agreement (including the applicable validation rules), with the following data being included for all representatives, meticulously assessing the correctness and completeness of the following data:</p> <ol style="list-style-type: none"> <li>a. A unique identifying key for each representative;</li> <li>b. The initials and first names as registered in the identification document, the surname as registered in the identification document and the date of birth;</li> <li>c. Address including country;</li> <li>d. The national identification number or the tax identification number and country of issue, if representatives have these and it is permitted to use this number in the context of keeping records for the purpose of administering the Dutch deposit guarantee scheme;</li> <li>e. The type of authorisation conferred on the representative for each representation.</li> </ol> <p>If a SCV for a relevant representative contains the data referred to in point d above, for point b at least the initials or first names as registered in the identity document, in addition to the surname as registered in the identity document and the date of birth, will suffice.</p>	2.3, 2.6

#	Process	Control objective	Control and Audit approach	Link article policy rule
3.8			<p>Periodic (at least quarterly) check that all fields of the prescribed data model have been completed accordance with the requirements of the valid data delivery agreement (including the applicable validation rules), including for deposits the meticulous assessment of the correctness and completeness of the following data:</p> <ul style="list-style-type: none"> <li>a. A unique identifying key for each deposit;</li> <li>b. Markings as referred to in Article 6(1)(a);</li> <li>c. The account number as known to the depositor;</li> <li>d. The name documented for the deposit;</li> <li>e. A product name or description of the deposit as known to the depositor;</li> <li>f. A categorization of the type of deposit as referred to in Section 5(2);</li> <li>g. Markings as referred to in Section 5(3);</li> <li>h. Markings as referred to in Article 6(1)(b) to (l);</li> <li>i. Markings as referred to in Article 6(4);</li> <li>j. The currency in which the deposit is held;</li> <li>k. The balance of the deposit, be it positive, negative or zero;</li> <li>l. The amount of interest accrued but not yet credited on the deposit;</li> <li>m. The country in which the deposit is held;</li> <li>n. The number of depositors of the deposit and, if there are more than one, the percentage of the claim of each depositor if this is not proportional.</li> <li>o. If that is the case, the fact that the deposit is held from another Member State without branches being established in that Member State, as well as the relevant Member State concerned and language chosen by the depositor at the opening of the account (applicable from 1 January 2020).</li> </ul>	2.4
3.9			<p>Periodic (at least quarterly) check that all fields of the prescribed data model have been completed in accordance with the requirements of the valid data delivery agreement (including the applicable validation rules), including for deposits the meticulous assessment of the correctness and completeness of the following data:</p> <ul style="list-style-type: none"> <li>a. Eligible deposits and depositors;</li> <li>b. Deposits that are the subject of a legal dispute as referred to in Article 8(5)(a) of the Deposit Guarantee Schemes Directive;</li> <li>c. Deposits subject to restrictive measures imposed by national governments or international bodies as referred to in Article 8(5)(b) of the Deposit Guarantee Schemes Directive;</li> <li>d. Deposits over which a pledge has been created for a third party;</li> <li>e. Deposits that have been attached;</li> <li>f. Deposits that are blocked pursuant to the laws of the country where the deposit is held, to the extent that the blocking is relevant to a DGS pay-out;</li> <li>g. Bank savings deposits for a private residential property as referred to in Section 29.01(2)(e) of the Bbpm;</li> <li>h. Deposits of depositors subject to suspension of payments;</li> <li>i. annuity accounts as referred to in the Wet inkomstenbelasting 2001 and standing right savings accounts as referred to in the Wet op de loonbelasting 1964;</li> <li>j. Deposits subject to a BEM clause or similar account-level administration;</li> <li>k. Home construction accounts;</li> <li>l. Deposits that qualify as 'dormant' according to the bank's records and in respect of which no transaction has taken place by or on behalf of the depositor in relation to the deposit in the previous 24 months.</li> </ul>	6.1

#	Process	Control objective	Control and Audit approach	Link article policy rule
4.1	Determination of eligible and covered deposit balances and entering the depositbase in the DNB quarterly report on DGS.	6. The aggregate eligible as well as covered amount in euros of each depositor is calculated accurately and completely.	Check of the accuracy and completeness of the calculation of the aggregate eligible amount as well as the guaranteed amount in euros of each depositor, taking into account accrued interest. The bank, when calculating the eligible and guaranteed amount, takes into account the principles specified in Section 4 and the accompanying notes of the SCV Policy Rule. When calculating the guaranteed amount (to determine the deposit base), the principles in Article 4.3, 4.4, 4.5 and the accompanying explanation of the SCV Policy Rule are taken into account.	4.1 4.2, 4.3, 4.4, 4.5
4.2		7. Reported amount in the quarterly DGS report is correct.	Check of the inclusion of the correct numbers of accounts and amounts in the quarterly DGS report, including the correct inclusion of the aggregated, covered amounts in column 9 (for the purpose of the deposit base). It is explicitly established that the amounts included in column 9 are in line with the amounts calculated on the basis of the principles in Article 4.3 (see also control 4.1)	
4.3		8. Relevant movements are included in a timely manner and in the correct period.	Process checks that suspense accounts for incoming payments are at zero and in-flight transactions have been credited before file creation. Possible check of running of end-of-day processes.	3.1, 3.2
5.1	Compilation of SCV file.	9. The SCV file is compiled correctly and fully.	Check of whether query/functionality for generation of SCV file meets requirements of valid Data Delivery Agreement as published on the DNB website.	2.1. t/m 2.4, 6.1 t/m 6.4
5.2			Process checks that working inventory of movements relating to depositor data has been eliminated (e.g. representatives/blocked accounts).	2.1. t/m 2.4, 6.1 t/m 6.4
5.3			Check of SCV file after generation to ascertain that all csv files have been generated and completed as prescribed in the valid version of the Data Delivery Agreement. Possible check of error messages in log file (e.g. by use of checklist).	2.1. t/m 2.4, 6.1 t/m 6.4
5.4		10. The deposit amounts in the SCV file have been included correctly and fully.	Check of SCV file (e.g. based on sampling of each type of depositor) to ascertain the accurateness and completeness of the SCV file before it is sent to DNB.	2.1. t/m 2.4, 6.1 t/m 6.4
5.5			Analysis of outstanding data quality issues and determination/processing of impact on SCV file. (IAD reports, complaints, DNB letters, incidents).	2.1. t/m 2.4, 6.1 t/m 6.4
5.6			Of items which have been marked as unreliable in the SCV files the cause must be resolved (for example by corrections in source systems) and the follow-up is monitored.	2.1. t/m 2.4, 6.1 t/m 6.4
5.7	Checking of consistency with other reports including quarterly DGS report and FINREP (e.g. same source and one-time determination as baseline).		10.3	



#	Process	Control objective	Control and Audit approach	Link article policy rule
6.1	Delivery of SCV file.	11. The SCV file can be delivered on time.	At least once a year, at the request of DNB, the bank runs the process for delivering the SCV file (in accordance with requirements in the SCV Policy Rule and the Data Delivery Agreement) within the specified delivery period (whole process chain from request through to DNB acceptance of delivery).	9.1, 9.2, 9.3, 9.4, 9.6
6.2			Monitoring the progress of execution of the SCV file creation process	
6.3			Establishing that during the execution of the annual delivery process Logius has issued a confirmation of receipt and DNB has accepted the delivery.	9.1, 9.2, 9.3, 9.4, 9.6
7.1	Delivery of data for resolution of banks.	12. The SCV file contains the data that are necessary for the resolution of banks.	Checking whether the marking in accordance with Article 7(2)(a) has been included in the SCV file, including the operational efficiency of the banking processes to establish this marking.	7.2
8.1	General IT controls (specifically for IT environment for generation of SCV file)	13. Access to systems and data is limited to authorised users.		
8.2			Access to the IT environment of a bank's SCV system is limited to authorized users (source systems are part of this).	
8.3		14. Controlled change management for systems and data.	Changes in the IT environment of the SCV system have been tested and authorised before being taken into production (source systems are part of it).	
8.4			The important interface (batch) jobs coordinated with functional management have operated according to the desired process in the IT environment through which a data set is filled from the source systems and the SCV file is generated and sent to DNB.	
8.5		15. Controlled out-sourced services that are part of the SCV system.	At least once a year and additionally (a) after every change to the Single Customer View Policy Rule and (b) after every change in the way in which the bank has outsourced the control measures from the Control Framework to external service providers, the bank determines that effective agreements have been made with the external service providers about the control measures from the Control Framework that the bank has outsourced to one or more external service providers. In addition, the bank also ascertains that effective agreements have been made with the external service provider for continuation of services to the extent necessary for DGS in the event of bankruptcy.	
8.6			For material processes and systems, the bank receives an assurance report from its external service providers at least once a year (based on the ISAE 3402 standard or on the SOC1 or SOC 2 standard) and takes appropriate measures based on the assurance report.  Monitoring controls that demonstrate that the outsourced processes meet the requirements of the policy rule.	

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