



Finding a way to assure your Call Recording performance

How do firms know for sure that their call recording platform is recording all required calls and that such calls are stored in a readily accessible manner?

Many every day IT and telephony systems demonstrate obvious signs that they are not performant. For example, the failure of telephony is immediately apparent due to a loss of incoming phone calls, the inability to dial externally or the disconnection of a call in progress. The impact of this type of outage or performance issue is usually immediately clear allowing for the initiation of the next steps to recover or fix the service outage. This is known as an active system.

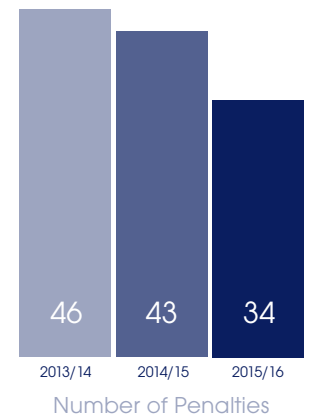
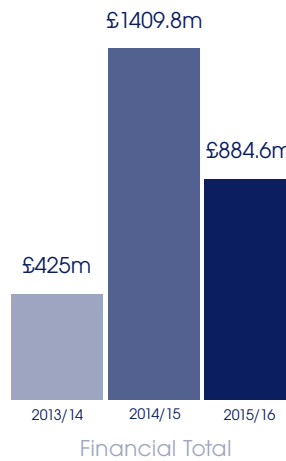
Call recording is a "passive" function because it operates in the background. Not only is call recording a passive function, but in regulated or customer service focused firms it is a critical tool which must be 100% performant.

Did you know The FCA can levy fines against firms and individuals?

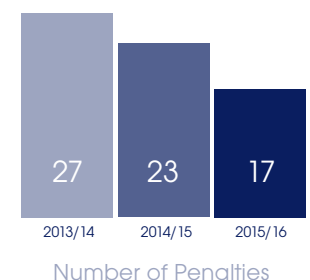
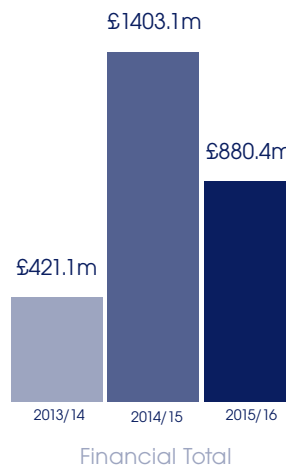
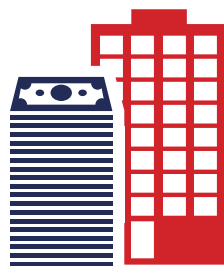
The FCA issued 105 final notices and imposed 34 financial penalties in the year 2015/2016 against a combination of firms and individuals.

As a regulatory body, the FCA is focused on protecting consumers and ensuring that firms operate with integrity. It is clear that firms who are aware of their failure to accurately record telephone conversations but continue to handle transactions regardless will be at risk of further investigation.

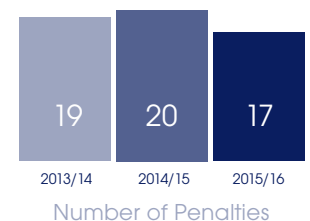
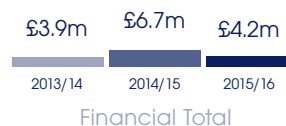
PENALTIES IMPOSED



PENALTIES IMPOSED AGAINST FIRMS



PENALTIES IMPOSED AGAINST INDIVIDUALS



It was mentioned at the start of this whitepaper, that call recording is a passive function. Some firms will be unaware that they have had a call recording failure until it is too late; for example a consumer dispute which leads to the requirement to play back the call. It is not clear how the FCA would potentially investigate this scenario in comparison to a firm who knows that some calls are not recorded, but allows the operation to continue handling transactions all the same. The other scenario of course is that a small percentage of calls are not recorded due to technical issues, but the firm is unaware.

Given that MiFID II introduces further requirements for the recording of transactions, it is likely that there will be greater scrutiny from the regulator. Firms will need to demonstrate sound policies enforced by leadership from the board around process, training and management oversight. Regional authorities and regulators such as the FCA in the UK will be equipped to enforce the new rules.

MiFID II will also grant consumers access rights to copies of recordings/records, therefore firms will be scrutinised by both the regulator and the customer.

The priority should always be about protecting consumers, but as the FCA has powers to penalise both firms and individuals, there is more demand than ever for assurance based solutions.

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We estimate that only 1 in 10 Risk and Compliance Managers in the financial industry are aware of:

A

The potential size of financial penalties that can be imposed by the FCA



B

That the FCA can penalise not just firms but individuals too



How long do you have to retain call recordings?

Firms have to retain recordings for 5 years unless otherwise instructed by the local regulator to retain for 7 years. The European Commission, stated in their supplementary directive that:

“Firms shall ensure the quality, accuracy and completeness of the records of all telephone recordings and electronic communications”.



Are your call recordings easily identifiable?

MiFID II also states clearly that recordings are readily accessible and this poses the following technical question:

“Are the call recordings easily identified with unique search criteria such as the call centre’s agent ID? If not how will a particular call recording be identified over and above any other?”



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