How it works

An overview of Finscape processing

Overview

Finscape is an advanced business intelligence system designed to enable forensic analysis of investment distribution. Built using cloud‑based technology, the system is capable of processing millions of records in real time to provide an accurate and detailed view of investment sales across an entire market within days of receiving the data.

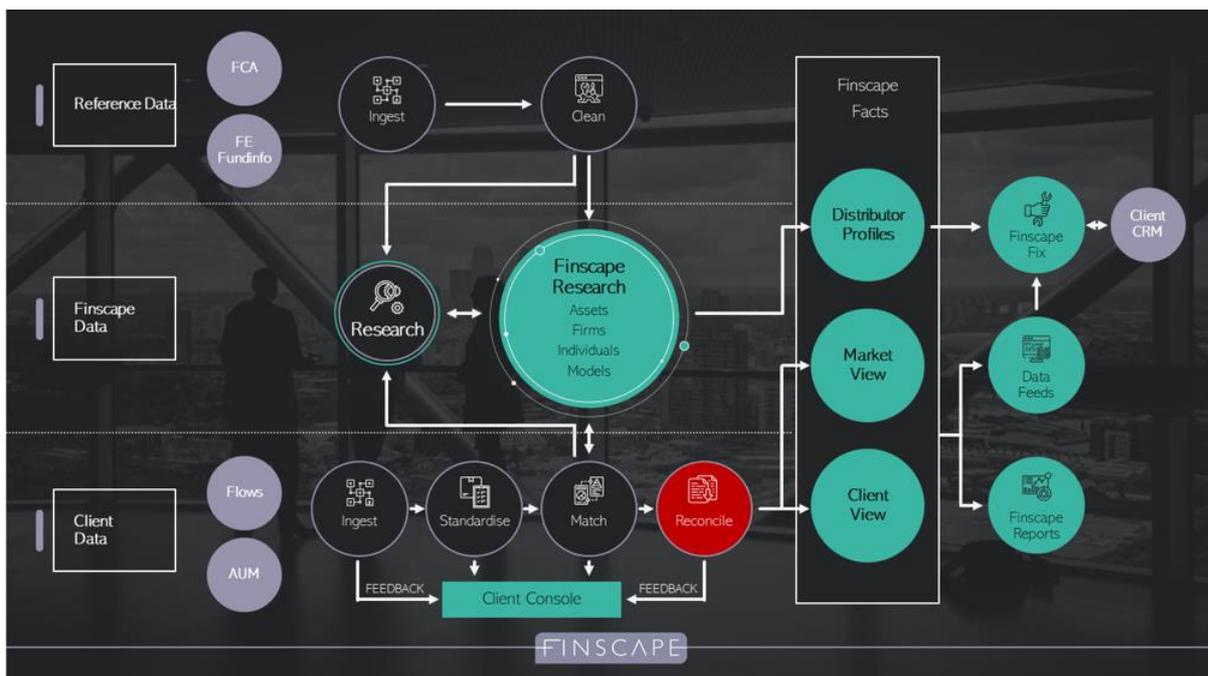Figure 1 below summarises how Finscape works:

Figure 1: Finscape overview

The system is designed to take data from three sources and combine them to create a complete picture of the investment distribution market:

1. Reference Data – Finscape takes a weekly feed of distributor data from the FCA plus a daily feed of asset data from FE Fundinfo. Distributor data is enriched by our own team of industry experts directed by intelligent software to produce an accurate and comprehensive database of adviser firms and group structures.

2. Platforms – Finscape can process detailed transaction and holdings records from every retail platform at whatever frequency those platforms can supply the data. The system has been designed to accept multiple data feeds from different platforms including corrective transactions and to process them in real time rather than in batch, ensuring the system will always provide the most up-to-date results and a complete view of the entire platform market.

3. Asset Managers – the system will take detailed data from a fund manager's registry system, match this to asset and distributor records and scour the sub-account and designation details to extract maximum insight. That insight is combined with and reconciled to the platform data to provide a complete and granular picture of an asset manager's sales and to highlight opportunities for additional business.

The key step in the Finscape process is highlighted in red in Figure 1 – Reconcile. This step is summarised in more detail in Figure 2 and then described below.
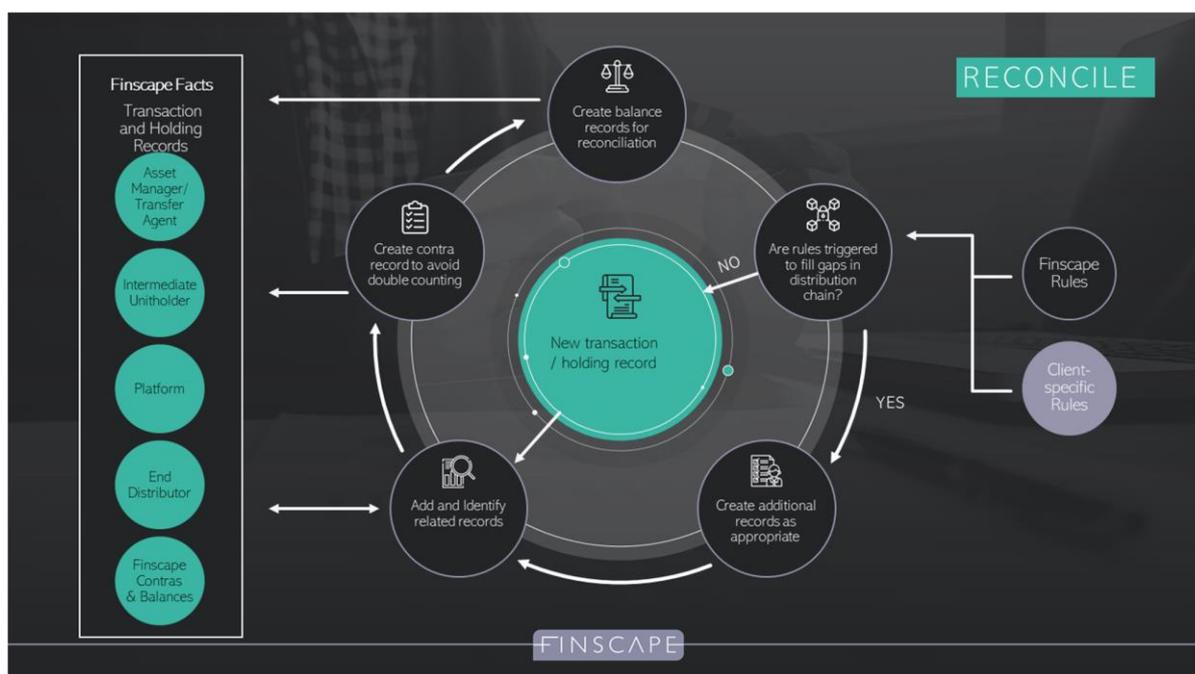

Figure 2: Reconcile

Finscape is built on Amazon Web Services and makes extensive use of its ability to scale processing power almost instantly. The system processes millions of transaction records and, for each one, follows several steps:

1. First Finscape adds a new record for that transaction, ensuring that codes relating to the asset and distributor are all standardised. For example, the system might record the sale of 100 units in share class X via platform A on a particular date.

2. Next the system will look for any existing records of sales in share class X by platform A on the specified date. In this example, let us assume it finds three matching transactions for 50, 30 and 20 units via different distributors.

3. For each of these matching transactions, Finscape will automatically create a contra record to ensure the sale is not double counted – in our example that would mean three contra records for 50, 30 and 20 units against the relevant asset manager sale record.

4. Where an asset manager reports a total figure for a particular platform, but that platform reports a different figure, Finscape will automatically create a balance record to ensure the discrepancy is reconciled and the information is not lost. There are several possible reasons for such a mismatch but a common one would be where an organisation uses the same nominee account for platform and non-platform business.

5. Finally, the system applies a continually evolving set of rules to determine whether any additional records are required to fill gaps in the distribution chain. These rules capture detailed knowledge of the complexities of retail investment distribution to ensure the most accurate breakdown possible of asset sales. For example, if an asset manager reports sales of 100 units to Allfunds, Finscape could use sub-account data to determine that sale was actually by Nucleus via Allfunds and create an additional record for Allfunds. That record would proceed through all the previous steps which would match this sale to more detailed Nucleus data and again avoid double-counting.

This methodical approach ensures that fund sales are broken down to the most granular level possible while still providing an accurate and fully reconciled picture of an asset manager's overall sales.