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Safeguarding in practice:

An operating guide to CASS 15 for EMIs

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Introduction:

From policy to operations

Safeguarding has long required payment (PI) and e-money (EMI) institutions to protect customer funds. Yet failures across the sector exposed weaknesses in how those funds were protected, recorded and returned to customers.

The FCA responded by strengthening the safeguarding regime through PS25/12. In force since 7 May 2026, CASS 15 introduces more rigorous governance and control requirements. Firms must now reconcile safeguarded funds on every reconciliation day, submit monthly safeguarding returns and maintain a resolution pack. Those in scope of SUP 3A must also arrange annual independent safeguarding audits.

The new requirements make safeguarding a daily operating discipline rather than a periodic compliance exercise. It has to run, produce evidence and hold up under scrutiny on any given day, whoever is at the desk.

While daily control is demanding for any firm, it is particularly complex for EMIs, where safeguarding stretches across live programmes, processors, banking partners, currencies and payment flows.

This guide sets out what EMIs need to put in place to meet CASS 15 in practice. It brings together Moorwand's experience as a regulated EMI and programme operator with Kani's expertise in payments data, reconciliation and reporting. Together, we outline the operating model, controls and evidence needed to run safeguarding day to day.

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The EMI reality:

Why safeguarding is harder in live payment operations

Safeguarding is simple in principle yet complex in practice. The calculation assumes a direct correlation between the balances owed to customers and the physical funds safeguarded by the firm. In reality, this is rarely the case due to constant and variable evolutions of balance and money flows in both directions.

Settlement lag, FX conversion timing, chargebacks, refunds under compliance review and different bank value dates all create potential mismatches between the calculated position and how money is moving in practice. While these can often be small, the difficulty comes when several occur at once across different partners and programmes, turning what should be a like-for-like reconciliation into an investigation.

Each programme can bring its own processors, banking partners, loading methods, payment schemes, currencies, payment flows and settlement timings into scope. As the business grows, the number of positions to reconcile grows with it, along with the number of places a difference can arise.

CASS 15 requires internal and external reconciliations on every reconciliation day. For some EMIs, the operational need goes further. On programmes with intraday settlement, card acquiring or multiple payout rails, the safeguarding position can move within hours. Intraday reconciliation can give teams earlier sight of those movements and the exceptions behind them, without changing the underlying regulatory requirement.

New programmes add another layer of uncertainty. At launch, there may be little operating history to show what normal volumes, settlement patterns and safeguarding requirements will look like. New accounts, currencies, flows and banking relationships enter the process while that picture is still forming, and the safeguarding model has to absorb them from day one.

The practical consequence is that safeguarding cannot be treated as a position checked only when reporting or audit creates the need. For EMIs, that means monitoring the position as the business moves, investigating differences as they appear and retaining the evidence behind what happened.

> "It's rarely one big thing. It's several small mismatches compounding across partners and programmes until reconciliation becomes real work rather than a formality."

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Olga Dodul,
Chief Financial Officer

The data layer:

Why safeguarding confidence depends on reconciliation

Safeguarding comes down to one question: can you demonstrate that customer funds are protected? A confident view of the position is not enough. The underlying records need to agree.

Reconciliation is where that evidence is established. The internal reconciliation confirms the firm's own records agree on what is owed to customers, while the external reconciliation confirms the funds held with banks and custodians match that obligation. Taken together and run daily, they show the right money is protected each day.

Running it all daily is the hardest part. A control that runs every day has little room for preparing data before reconciliation, and every manual touchpoint creates another place for the process to slip. Kani's safeguarding readiness research found only 13% of firms reconcile safeguarding daily. Most still run weekly, and more than a quarter monthly.

of firms reconcile safeguarding daily.

Only

13%

Automation should make that cadence easier to maintain. Yet even among firms with fully automated safeguarding systems, only 15% reconcile daily. The limiting factor is often upstream: the underlying data has to arrive complete, consistent and ready to match every day.

> "People assume daily reconciliation is a frequency problem you fix with better software. It isn't. It's a data problem. If the data going in isn't clean and complete every day, running more often just surfaces the mess faster."

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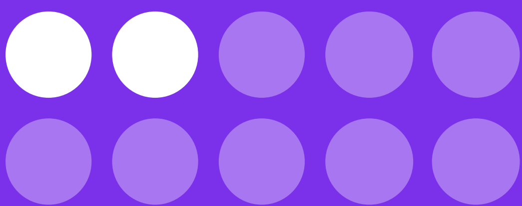
Aaron Holmes,
CEO and Founder

Daily reconciliation depends on bank statements, processor files, scheme reports, customer balances and internal ledgers arriving in a usable state. Each source comes in its own format and on its own timetable. Files land late. References go missing. Cut-off times differ across currencies and partners. A weekly cycle can absorb those delays and manual fixes. A daily one cannot.

Weak data makes every part of the control harder to evidence. Exceptions take longer to investigate when the source cannot be trusted. Monthly returns inherit unresolved gaps from the days beneath them. Senior managers can end up signing off positions built on records they cannot see into. The problem becomes visible when the firm is asked to prove the position.



Only **two in ten** spreadsheet-only firms were very confident their safeguarding reports would withstand an audit.

Where inputs still need manual preparation and investigation, spreadsheets often become the working layer around the reconciliation. In Kani's research, only two in ten spreadsheet-only firms were very confident their safeguarding reports would withstand an audit. The logic behind them may be understood in full by only one or two people, so explaining a figure depends on those people being available and remembering how it was built.

> "The headline numbers say the position is right — funds in, funds owed, and the balance held all line up — but showing that with certainty, transaction by transaction, is a different job entirely."

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Olga Dodul,
Chief Financial Officer

The safeguarding operating model:

What firms need to run every day

The new safeguarding regime sets the obligations. The operating model determines whether they are met consistently, on time and with evidence. For safeguarding to work as a daily control, ownership, reconciliation, exception handling and record-keeping all need to operate as one process.

WHO OWNS IT

Safeguarding needs a clear line between who is responsible for operating the controls and who is accountable for them.

In many EMIs, the Finance Director or Head of Finance operates the safeguarding controls day to day, with ultimate accountability sitting at senior executive or board level.

There is no titled "Safeguarding Officer" to hire or register. CASS 15 instead requires firms to allocate oversight of safeguarding to a single director or senior manager with sufficient skill and authority. That individual is responsible for reporting on safeguarding oversight to the governing body (typically the board). The firm's resolution pack must name them, and the board must receive a report on resolution-pack compliance at least once a year.

RECONCILIATIONS

Reconciliation is the core daily control.

The firm needs to establish what it owes customers, confirm what it holds on their behalf and make sure the two agree.

The internal reconciliation compares the safeguarding resource (the funds held and segregated) with the safeguarding requirement (the amount owed to customers). It establishes whether the firm's own records show enough money is protected.

The external reconciliation then tests those records against the balances held with banks and custodians. It confirms that the safeguarded funds are where the firm's records say they are and are of the same value.

Under the standard method, the internal reconciliation also includes a D+1 comparison between the D+1 segregation requirement and D+1 segregation resource, with any discrepancy identified and resolved promptly.

Both reconciliations must run at least once every reconciliation day. Each run also needs a record of when it took place, what it found and what action followed.

SHORTFALLS AND BREAKS

A reconciliation can surface different types of discrepancy, and the response depends on what caused them.

Where the firm holds less than it owes, the shortfall must be identified, funded and recorded. Any shortfall must be rectified by the end of the day the reconciliation is performed. The record should show how the gap arose, what action was taken and how it was closed.

Timing differences need to be treated differently. Funds that settle a day later can create a temporary mismatch without representing a genuine shortfall. The firm still needs to identify and track the difference, but the control depends on distinguishing settlement timing from a position that requires remediation.

REPORTING, RETRIEVAL AND AUDIT

The records produced each day support the firm's monthly return, resolution pack and annual audit.

The REP027 monthly safeguarding return draws on the positions and records generated throughout the month. A controlled daily process means the return can be built from information that has already been reconciled rather than reconstructed at month-end.

The CASS resolution pack depends on the same discipline. It brings together the records regulators or insolvency practitioners may need, with the wider pack retrievable within 48 hours and the most recent reconciliations available immediately.

For firms in scope of SUP 3A, annual independent audits provide a further test of the firm's safeguarding arrangements and the records behind them. Where the daily process is controlled, the evidence is already in place when the audit begins.

When safeguarding runs through partners

Many EMIs do not run their programmes alone. Card issuing, transaction processing, ledger maintenance and customer-facing operations are often delegated to programme managers, processors and banking partners. While the work is outsourced, the regulatory responsibility for safeguarding is not.

When a principal regulated EMI delegates operational tasks to programme managers, processors and banking partners, it remains strictly liable under CASS 15 and the FCA's Supplementary Safeguarding Regime (PS25/12) for any shortfall or failure in safeguarding relevant funds, whatever caused it and wherever in the chain it arose.

Contractual and legal protections

Contracts with programme managers, processors and banking partners should mirror CASS 15 compliance standards. The three protections that matter most:

1	**No set-off and trust acknowledgements**	Banking partners should execute FCA-compliant safeguarding letter agreements confirming they hold no right of set-off, charge or lien over safeguarded accounts, for fees owed by either the EMI or the programme manager.
2	**Audit and data rights**	Agreements should give the EMI, and its external CASS auditor, unfettered rights to audit the programme manager and its sub-processors, and to access raw transactional data on demand, within 24 to 48 hours.
3	**Data-provision SLAs and breach notification**	Programme managers and processors should be bound to deliver daily transaction-level files — settled funds, unredeemed e-money balances, interchange and card fees — before the EMI's daily reconciliation cut-off, and to notify the EMI of any ledger discrepancy, processing outage or liquidity shortfall within a pre-agreed window, suggested at two hours.

Management information and monitoring

The EMI should not rely on self-reported summaries from its programme managers. Day-to-day oversight needs a live view of key indicators across every programme it runs:

Indicator	Metric or threshold
Programme reconciliation status	Daily pass or fail, per programme manager
Unmatched reconciling items	Ageing (over 24 hours, 48 hours, 7 days) and value
Merchant and cardholder float	Live balance against bank account segregation
Buffer account health	Prudent top-up balance against intraday peak
Breach and discrepancy log	Open incidents, root cause and remediation

Sample testing and independent reconciliation

Beyond monitoring, the position should be tested rather than taken on trust. Rather than accept the programme manager's balance figures, the EMI should establish a three-way independent reconciliation across:

- Raw, unedited transaction feeds pulled directly from the card schemes and processors — Mastercard and Visa settlement reports, issuer and processor logs
- The balances held with banks
- The programme manager's own reported numbers

Where the three do not agree, the programme manager's figure is the one to question. The EMI should retain sole control over the movement of money in and out of the safeguarding accounts. Periodic deep-dive audits complete the picture: sampling individual cardholder ledger balances and tracing them back to the physical account where those funds reside.

Irrespective of the operating model or processes adopted, a defining principle is the EMI’s ability to independently evidence and exercise control over every material area of its core responsibilities. This extends across the business, with the protection of client funds representing one of its most critical obligations.

> "An EMI with strong governance understands that outsourcing the work never outsources the responsibility. The controls, the contracts and the checks all have to hold, whoever is running the day to day."
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> Moorwand
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> Tony Forbes,
> Regulatory Compliance Manager

Where safeguarding breaks in practice

Safeguarding controls tend to weaken through ordinary operational gaps that accumulate over time. The examples that follow are the ones we see most often.

OWNERSHIP IN NAME ONLY

The framework names an accountable senior manager, but daily reconciliation often depends on whoever picked it up last time. Ownership recorded in a policy is not the same as ownership in practice, and the gap between them is where a missed or late reconciliation can go unnoticed.

FINANCE AND COMPLIANCE WORKING FROM DIFFERENT RECORDS

Where finance and compliance each maintain their own view of the safeguarding position, the two can drift apart without either team seeing it. The gap may only surface at month-end, when both teams have to support the same safeguarding return.

RESOLVED EXCEPTIONS WITH NO EVIDENCE

A break can be found, investigated and resolved without any durable record of how it was handled or who approved the outcome. Later, when an auditor asks how a past discrepancy was dealt with, the firm can show the outcome but not the trail behind it.

SPREADSHEETS CARRYING THE CONTROL

When safeguarding runs on spreadsheets, the control depends on the person who built them. The logic sits with them, and a second reviewer is often checking a file they could not rebuild themselves. It works until that person is unavailable and a figure still has to be explained.

LATE OR INCONSISTENT DATA

Source data arrives on different schedules and in different formats, and a late file can delay the reconciliation itself. Where that recurs across partners and currencies, a daily cadence gradually slips towards a weekly one, regardless of what the policy specifies. The record may then show no completed reconciliation for the day.

CONFUSING TIMING DIFFERENCES WITH GENUINE BREAKS

A difference that will settle the next day can be logged as an exception, while a real shortfall is set aside as a timing issue. Where a team cannot reliably separate the two, it spends effort on differences that would have cleared themselves and risks overlooking the breaks that matter.

RECONSTRUCTED MONTHLY REPORTS

Where daily records are not maintained under control, the REP027 return is assembled retrospectively from whatever is available. Any unresolved gaps in the underlying records carry into the return, while reconstruction introduces further opportunities for error and delay.

> "Safeguarding almost never fails loudly. It fails in the small stuff nobody's watching: a reconciliation that slipped, a break that got fixed but never written down. It all looks fine until someone asks you to prove it."
>
> kani
>
> Aaron Holmes,
> CEO and Founder

What good looks like

A safeguarding operating model that holds up under scrutiny tends to share the same characteristics, whatever the size of the firm.

01

Ownership is named, not assumed

Finance, compliance, operations and senior management each know which part of the control is theirs. Escalation paths are agreed in advance rather than worked out when a break appears.

02

Source data has a clear owner and a system of record

Every reconciliation traces back to a defined system of record, rather than whichever extract was nearest to hand. When the source of a figure is clear, the reconciliation has something reliable to test against.

03

Reconciliations run daily as a standing control

Internal and external reconciliations run on every reconciliation day, with the D+1 comparison performed and recorded alongside them. The cadence holds regardless of who is at the desk because the process does not depend on any one person remembering to run it.

04

Matching is automated where the data allows

Automation handles routine matching, leaving manual effort for genuine investigation rather than file preparation. The people closest to the detail spend their time on exceptions that need judgement.

05 Exceptions follow a defined workflow

Breaks are identified, assigned, aged and escalated against defined thresholds. Their resolution is captured as part of the record, including how the break was investigated.

06 Shortfalls are remediated with evidence attached

Where a shortfall arises, the action taken and the funds moved are recorded as the remediation happens. The firm can show how the gap was closed.

07 Approval is controlled

Maker-checker or multi-sign-off applies to the positions that matter, with each approval linked to the position and exceptions under review. Evidence is produced as reconciliations and reviews run, rather than assembled afterwards.

08 Monthly returns built from daily records

The REP027 return is an output of a controlled month rather than an exercise at the end of one. Because each day's records are maintained as they are produced, the return draws on figures that have already been reconciled.

09 The resolution pack stays ready

Key records are maintained within the FCA's retrieval expectations rather than assembled on request. The most recent reconciliations are available immediately and the wider pack within 48 hours.

10 Senior management sees the position and the breaks behind it

Oversight extends to unresolved exceptions and their age, not only the headline safeguarding position. The people accountable for the control should be able to see where intervention is needed.

> "The strongest firms don't wait for an audit to look at their safeguarding position. They monitor it the way they'd monitor uptime or fraud rates, as a live operational metric rather than a compliance report produced after the fact."

Moorwand

Olga Dodul,
Chief Financial Officer

Practical readiness checklist

A firm confident in its safeguarding should be able to answer each of these without preparation. Any question that cannot be answered cleanly points to the part of the operating model worth strengthening first.

- Can you identify safeguarded funds by programme, client, currency and account?
- Can you trace any figure back to its source: bank, processor, scheme or internal ledger?
- Do internal and external reconciliations run on every reconciliation day, including the D+1 comparison?
- Can you separate timing differences from genuine exceptions, and prove the distinction?
- Can you evidence every unresolved break, including its age and owner?
- Does your monthly return build from controlled daily records rather than month-end reconstruction?
- Can you show who reviewed and signed off each reconciliation, and the evidence behind each approval?
- Can senior management see unresolved safeguarding issues, not just the headline position?
- Can you demonstrate how a shortfall was identified, funded and closed?
- Could you produce the most recent reconciliations immediately and the wider resolution pack within 48 hours?
- Do your contracts with programme managers and banking partners mirror CASS 15 standards, including set-off protections, audit rights and data-delivery SLAs?
- Do you re-calculate the safeguarding position independently, from source data, rather than relying on programme managers' reported figures?

The way forward

CASS 15 puts safeguarding under a daily test. A policy can describe how the control should work, but it cannot show what happened yesterday. Under the new rules, safeguarding lives or dies on an ordinary day. The evidence has to be produced as the control runs, not reconstructed when somebody asks for it.

For an EMI, that ordinary day is rarely simple. Complexity makes the position harder to trace and gaps harder to explain. A resolved break with no record is difficult to distinguish from one that was never handled at all. A position can be correct and still be difficult to defend if the evidence beneath it is incomplete.

Strong safeguarding is built into the operation itself. Readiness becomes a property of how the business runs day to day, not something assembled for a reporting deadline or an audit.

Compliance under the new regime comes down to daily discipline. For EMIs, building that discipline into the operating model is what makes readiness sustainable.

Under the new rules, safeguarding lives or dies on an ordinary day.

Contributors

Aaron Holmes,
CEO and Founder

Contributed Kani's perspective on how data quality, reconciliation and evidence shape safeguarding confidence.

Aaron founded Kani Payments in 2018 after holding senior operations and innovation roles across the payments industry, including at Global Processing Services and Flex-e-card. His experience spans payments operations, reconciliation, reporting and data, and continues to shape Kani's approach to solving complex operational and regulatory challenges.

Andrew Wingfield,
Head of Strategic Solutions

Contributed the operating-model perspective, including how to structure daily safeguarding controls, reconciliation, governance and evidential readiness in practice.

Andrew leads the development of Kani's safeguarding solution and brings more than a decade of experience across financial operations, analytics and regulatory compliance. His background includes roles at Raphaels Bank, PomeloPay and The Payment Firm, alongside work designing safeguarding frameworks and supporting firms through regulatory scrutiny.

Olga Dodul,
Chief Financial Officer

Olga Dodul is Chief Financial Officer at Moorwand, a regulated EMI, where she has worked for over nine years across roles spanning Senior Finance Manager, Head of Finance, and now CFO.

She leads Moorwand's financial reporting, regulatory compliance, and safeguarding functions, including FCA financial reporting. Olga also oversees financial governance at Senior leadership and Board level, audit coordination, and budgeting and forecasting, bringing deep operational expertise in programme complexity and day-to-day safeguarding to the panel.

Tony Forbes,
Regulatory Compliance Manager

Tony currently leads the second line of defence regulatory compliance function at Moorwand and brings almost three decades of experience across financial services firms, both traditional banking and with fintechs / EMIs. His background includes roles at B4B Payments (a Banking Circle Firm), NatWest, ING, HSBC, Barclays, and Ernst & Young.

His areas of experience and expertise include designing and implementing regulatory compliance, risk and control frameworks, governance arrangements and compliance monitoring plans. These support firms' senior management in setting risk appetite, strengthening governance committees, and providing assurance to boards on financial crime and regulatory compliance obligations and controls.