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The safeguarding playbook

Field lessons from CASS 15 implementation across UK payment and e-money firms

The CASS 15 challenge

CASS 15 requires firms to reconcile, evidence and sign off their safeguarding position every day. Drawing on implementation work across UK payment and e-money firms, this playbook sets out five field lessons on what makes daily safeguarding work in practice, and where firms most often go wrong.

By the time CASS 15 came into force on 7 May 2026, most firms understood the direction of travel. Policies had been reviewed, responsibilities assigned and implementation programmes were underway. The harder work starts once safeguarding has to run every reconciliation day, produce evidence and hold up under scrutiny whoever is at the desk.

Weekly and monthly processes provide more time to resolve late files, investigate discrepancies and prepare data before a reconciliation is completed. A daily cycle compresses that work into a much tighter operating window, putting greater pressure on the balances, source data, calculations, exception handling, approvals and evidence beneath the final safeguarding position.

Moving safeguarding onto a daily cadence raises a more practical set of questions: which balances can be trusted, whether source data is fit for purpose, how exceptions are handled and whether the evidence can be reproduced without reconstruction. Drawing on Kani's work with payment and e-money firms across the industry, the five field lessons that follow focus on the areas that repeatedly determine whether the control holds up day after day.

Five field lessons

1. Prove the balances before you build the reconciliation
2. Build data for safeguarding, rather than relying on source files
3. Map the operating model before configuring the control
4. Produce evidence as part of the process
5. Control the points where the safeguarding position can be altered

Lesson 1

Prove the balances before you build the reconciliation

Safeguarding projects naturally focus attention on reconciliation workflows. Teams define the safeguarding requirement and resource, establish the calculation logic and work out how the two positions will be compared. Before any of that can operate reliably, the balances feeding the process need to be dependable.

Problems often arise once the underlying systems are brought together. Customer balances can differ between an internal ledger and an operational platform. Processor records may contain transactions that do not tie cleanly to the firm's own books. Several systems may hold versions of the same position without a clearly agreed source of truth.

Reconciliation cannot correct weaknesses upstream. It can compare two positions and identify where they differ, but the quality of the result still depends on the quality of the records being compared. Where an underlying balance is wrong, the safeguarding process inherits the problem.

Periodic reconciliation can make these weaknesses easier to manage operationally because teams have time to investigate discrepancies, source alternative extracts or adjust before the control is completed. Moving to a daily cadence reduces that room. Balances and source records have to arrive in a condition that allows the process to run consistently, without relying on repeated reconstruction before every sign-off.

The practical starting point is therefore the system of record. Firms need one controlled view of the balances used in safeguarding, a clear understanding of how each figure reaches the calculation and an agreed route for resolving differences between systems. Without that foundation, work on reconciliation logic can move ahead while the underlying position remains uncertain.

What to do

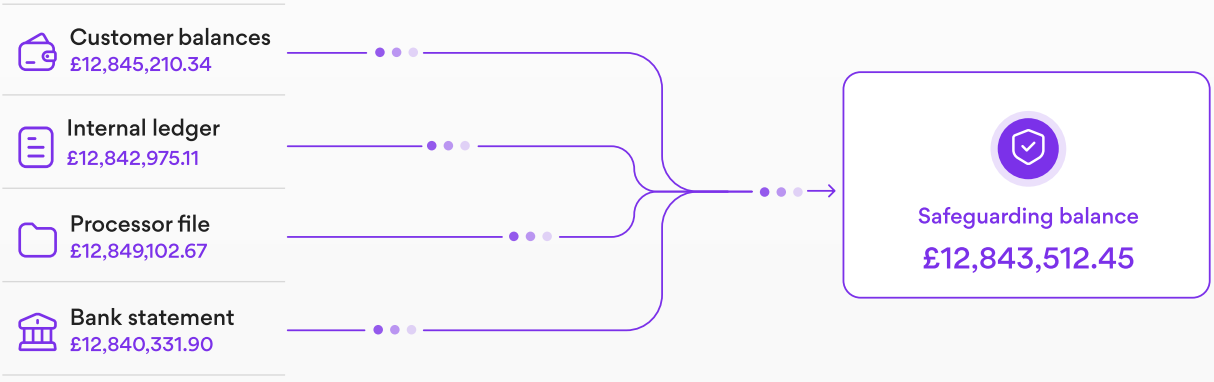
Start with the balances the safeguarding calculation depends on and trace each one back to its source before configuring the daily control.

Define the authoritative system for each material balance and identify which other records should agree with it.

Map how the balance reaches safeguarding, including any transformation, aggregation or manual handling along the way.

Agree who owns discrepancies between systems and how they must be resolved before the position is approved.

Testing should use representative operating data, including late files, missing records and settlement timing differences. A reconciliation is only as dependable as the balances it is testing, so resolving uncertainty at source removes a significant amount of complexity from everything that follows.



Lesson 2

Build data for safeguarding, rather than relying on source files

Reliable balances are only the starting point. Safeguarding draws on information from banks, processors, schemes, internal ledgers and customer-balance systems, and each source has been designed for a different primary purpose.

The same transaction can therefore appear several times with different identifiers, timestamps, descriptions and supporting fields. A bank file shows the movement of money. A processor file contains the information required to authorise, process or settle the transaction. An internal ledger represents the firm's own accounting view. Each may be correct while still being difficult to reconcile directly against the others.

Under CASS 15, the internal reconciliation is based on the firm's own internal records and ledgers, while the external reconciliation tests those records against the relevant third-party balances. Daily safeguarding needs those records to work together.

Differences in column structures, references, cut-off times and settlement dates can create large volumes of apparent exceptions if the underlying sources are compared without first establishing how they relate. Teams then spend their time interpreting mismatched records rather than investigating genuine breaks.

The same principle applies to distinguishing relevant funds from other funds. The operational challenge comes from applying the correct treatment consistently across large transaction populations, different payment types and new activity entering the process every day.

Strong safeguarding therefore depends on a data model built around the calculation and reconciliation requirements. The source files remain important, but they need to feed a controlled view in which equivalent records can be identified, classifications are applied consistently and every result can still be traced back to the original data.

What to do

Work backwards from the safeguarding calculation and define the dataset it needs.

- Identify the fields required from each bank, processor, scheme and internal source, including the information needed for relevant-funds classification.
- Establish matching rules that account for differences in identifiers, formats and timing while preserving traceability to the original record.
- Standardise recurring classifications and transformations so the same logic is applied consistently each day.

Good data design reduces the volume of false exceptions reaching the control. It also leaves operational teams free to concentrate on the differences that require investigation and judgement.

Lesson 3

Map the operating model before configuring the control

Once the balances and data are understood, firms still need to decide how safeguarding will operate from one reconciliation day to the next. Regulatory requirements define the outcome, while the operating model determines how the organisation produces it consistently.

Many of the decisions that make daily safeguarding work sit below the level of policy. A firm needs to know what happens when a required file does not arrive, how negative balances are treated, how timing differences are identified and tracked, how reconciliation discrepancies are investigated and resolved, and how open operational items are escalated before sign-off.

Safeguarding processes built under earlier regimes were often able to operate at a higher level. Reports could be brought into a warehouse, transferred into a reconciliation template and used to compare funds held against cardholder or customer balances.

The output might then move through a manual approval process. Greater frequency and stronger evidential requirements put more pressure on every stage of that workflow.

Ambiguity becomes particularly difficult once several teams are involved. Finance may own the calculation, operations may understand settlement behaviour and compliance may oversee regulatory interpretation. Shared responsibility works when each stage has a clear owner and escalation path. Without that clarity, breaks can move between teams while the daily reconciliation cycle continues to run.

A mapped operating model also makes technology easier to configure. Calculation rules, matching logic, approvals and exception workflows can be built around agreed processes instead of becoming the point at which the firm first decides how safeguarding should work.

What to do

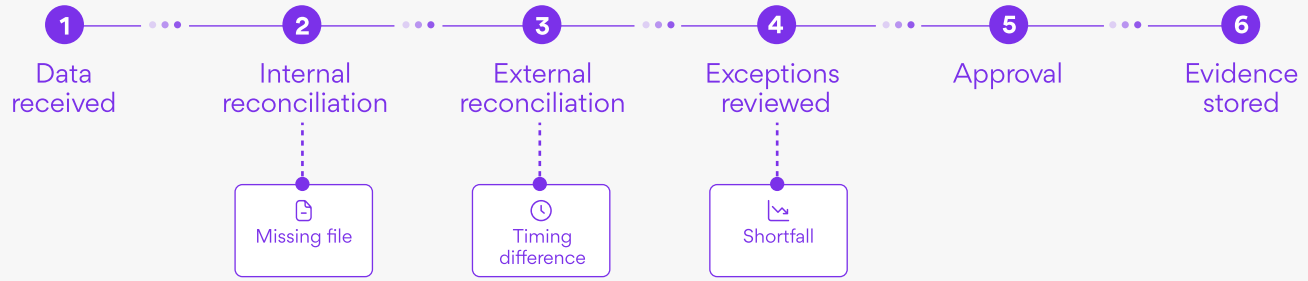
Map a complete reconciliation day, including the points where the normal process does not run as planned.

Define when key data should arrive, when reconciliations run and which checks must be completed before sign-off.

Agree the treatment and ownership of missing data, timing differences, reconciliation discrepancies and shortfalls, including the investigation, escalation or remediation required for each.

Set clear review, approval and escalation responsibilities across finance, operations, compliance and senior management.

The process should be detailed enough that another suitably trained person can run it without relying on undocumented knowledge held by the usual operator. Daily control becomes considerably more resilient once the sequence of decisions is agreed before the first exception appears.



Lesson 4

Produce evidence as part of the process

A completed safeguarding position tells a firm where it stood on a given day. Evidencing that position requires a fuller record of how the result was reached.

An auditor or reviewer may need to establish which source data was used, how calculations were performed, which exceptions arose, how differences were investigated, whether adjustments were made and who approved the final position. The quality of the evidence depends on how clearly that journey can be followed after the day itself has passed.

Safeguarding processes become fragile when the evidence sits around the control rather than within it. Supporting analysis may be held in separate spreadsheets, customer-level data may remain locally stored and approvals may sit in email chains or other systems.

The final number can still be correct, but establishing how it was produced requires information to be gathered and reconnected afterwards.

Retrieval speed is a useful measure of control quality for precisely this reason. Where reconciliations, approvals and exception histories are retained as part of the process, producing evidence is largely a matter of accessing records that already exist. Where the calculation journey has to be reconstructed, confidence depends on the availability of the people who know where the supporting information sits and how the pieces fit together.

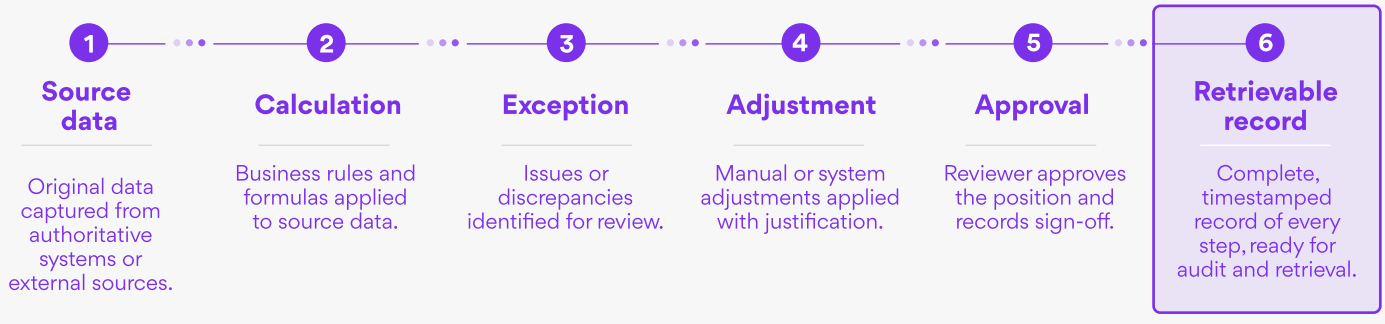
The wider safeguarding regime makes that distinction particularly important. Daily records support the monthly REP027 return, the resolution pack and, where applicable, independent safeguarding audit requirements. Maintaining those records as the process runs reduces the amount of retrospective work required whenever the position comes under scrutiny.

What to do

Design the daily control so its evidence is created and retained alongside the safeguarding position.

- Keep source data, reconciliation outputs, exceptions and approvals linked to the position they support.
- Record the reason, owner and resolution history for material differences rather than retaining only the final outcome.
- Test whether someone who did not perform the original reconciliation can follow a historic position from source data through to approval.

A strong audit trail should explain the calculation without relying on the memory of the person who produced it. The faster another reviewer can follow that journey, the stronger the evidential position is likely to be.



Lesson 5

Control points where safeguarding positions can be altered

Evidence is only reliable when the calculation behind it is controlled. Any point where data, formulas or balances can be changed manually increases the control burden, because firms need to be able to show what changed, why and who authorised it.

Spreadsheet-based safeguarding makes the issue particularly visible. Spreadsheets can support a compliant process, but they also allow users to amend formulas, overwrite values or replace imported data. A value can be overwritten with nothing to show it changed, which means a genuine shortfall can be made to disappear by editing the figure that reveals it.

The risk goes well beyond slow processing or key-person dependency. Once a shortfall can be edited out of view, the integrity of the control depends entirely on surrounding permissions, version history and review procedures.

Although manual flexibility can be useful when an investigation genuinely requires judgement, routine calculations and data movements should not depend on unchecked intervention.

Key-person knowledge increases the problem. A complex workbook may produce the right answer while the calculation logic is understood fully by only one member of the team. A second person can review the output without being able to recreate the process independently, leaving assurance dependent on familiarity rather than a controlled methodology.

Daily safeguarding increases the number of times controls have to operate successfully. Reducing unnecessary intervention gives firms fewer changes to explain, fewer opportunities for error and a clearer audit trail when manual judgement is genuinely required.

What to do

Map every point between source ingestion and final approval where a person can change the safeguarding position.

Remove manual handling where the same transformation, matching rule or calculation can be applied consistently by the system.

Retain the original value and a clear audit history whenever an adjustment is required.

Apply appropriate review and approval controls to material changes, with the reason for intervention recorded alongside them.

The aim is not to remove people from safeguarding. Operational judgement remains important when exceptions need investigation or unusual events need interpretation. Strong controls make that judgement visible and distinguish it clearly from the routine processing that should happen consistently each day.

Building a safeguarding model that holds up every day

The practical challenge under CASS 15 reaches well beyond producing a correct safeguarding calculation. Daily operation depends on the chain beneath it working consistently: reliable balances, usable data, defined processes, controlled intervention and evidence that can be followed after the event.

Weakness in one area tends to create work elsewhere. Poorly structured source data generates more exceptions. Unclear ownership slows investigation.

Manual adjustments create additional evidence requirements. Records that are assembled retrospectively make reporting and audit more difficult than they need to be.

Firms can reduce much of that pressure by addressing the foundations in the right order. Establish the balances and systems of record first. Shape the source data around the safeguarding requirement. Define how the process runs when something goes wrong. Capture evidence as the work happens and keep manual intervention controlled.

The result

A safeguarding model that can run as part of normal financial operations, with the same logic, ownership and evidence available every reconciliation day. Under CASS 15, consistency at that level is what turns safeguarding from an implementation project into a sustainable daily control.

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About Kani

Kani is specialist payments data software built to reconcile, report and support compliance at scale. We bring fragmented payments data together into one controlled environment, helping payment and fintech firms produce accurate reconciliations, reliable reporting and audit-ready evidence.

Safeguarding with Kani

Kani Safeguarding gives payment and e-money firms a structured way to calculate, review, evidence and sign off their safeguarding positions every reconciliation day.

Built for CASS 15, it brings bank, processor, scheme, ledger and custom-file data into daily safeguarding workflows. Firms can run internal and external reconciliations, calculate safeguarding resource against requirement, identify shortfalls and discrepancies, record remedial actions and retain a locked audit trail behind each signed-off position.

Controlled daily records also support the monthly REP027 safeguarding return, giving teams a clear path from source data through reconciliation, review and regulatory reporting.

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