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SIBOS SPECIAL

Rapids of change

SmartStream Technologies' CEO Haytham Kaddoura explains how the technology giant is assisting clients with change management

The Great Workplace Reset

Standard Chartered's Margaret Harwood-Jones on the importance of retaining female staff

European Regulation

Broadridge's Demi Derem outlines the effects SRD II and ESG regulations are having on the shareholder

Welcome back!

After three years away, Asset Servicing Times is very much looking forward to the return of an in-person Sibos in Amsterdam.

As we enter the last quarter of 2022, there is much to reflect on. The world has recently seen the British Pound sink to an incredible low, while war in Europe continues to rumble on, and shows little sign of ending any time soon.

And though the COVID-19 pandemic has not been the main headline of 2022, the once-in-a-century event continues to impact the way we work and where we work from. In this Conference Special, Standard Chartered's Margaret Harwood-Jones explores some of the transformations happening in today's workplace, heavily influenced by the logistics necessitated by COVID-19.

All the while, the asset servicing workforce continues to be faced with significant costs — and though this is nothing new, it continues to be coupled with a heavy regulatory overhead.

With many financial institutions facing such tight budgets, choosing the right vendor has never been more paramount for the industry.

Goal Group's Vicky Dean outlines the importance of filtering through the smoke and mirrors to find exactly the right vendor, as companies the world over are obliged to prioritise projects related to digital transformation while still trying to keep the costs down.

Where regulation is concerned, Broadridge's Demi Derem explains that though SRD II is certainly a step in the right direction for improving the transparency of the proxy voting space, Europe's implementation of the directive remains relatively inconsistent across the region.

With an eclectic mix of industry comment, starting with SmartStream's CEO Haytham Kaddoura, we hope you enjoy reading through this Conference Special.

After what has felt like a long time away, the AST team is looking forward to meeting you in Amsterdam.

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SMARTSTREAM
Let’s talk about
the next wave in
AI, Machine Learning
& Managed Services

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Negotiating the Rapids

Haytham Kaddoura, CEO of SmartStream Technologies Group, reflects on unprecedented changes confronting the financial services industry and why technology will be key to managing this transition

The financial services industry faces a period of unprecedented change and standard tried-and-tested responses are unlikely to be adequate to manage this transformation.

The causal factors have been widely discussed by industry analysts, including governmental responses to COVID-19, the rise of ESG factors in shaping investment strategy, the impact of new financial regulations and, most recently, the imminent threat of economic recession.

The industry's response to COVID-19 underlined the attraction of working at home (at least for some) and spending time with kin — time that would normally have been spent commuting to and from the office. This has created a new set of new social dynamics and organisational angst, as people who have become accustomed to working from home indicate a preference for continuing to work remotely. Other side effects include a shortage of employee numbers and employee skills as career options have come under serious review.

Meanwhile, ESG has moved from being a liberal fringe consideration to a mainstream agenda as it now attains a quasi-religious status. Markets everywhere have experienced torrents of regulation and re-regulation, affecting not just established players but the growing number of so-called, 'challenger' and 'neo' banks.

Some of the newer institutions are inevitably beginning to succumb to the same temptations that led their predecessors astray, including excessively rapid growth, inadequate capitalisation, and the misallocation of the capital appearing on their balance sheets.

At SmartStream, we know from past experience that the effort required to implement the required changes is nothing less than gigantic. This will affect every element of every financial services organisation, impacting their organisational, technology and operational agendas.

So much for the gloom. Are there identifiable answers? We believe the answer is yes — and, of course, technology will play a foundational role. Artificial intelligence (AI), for instance, is increasingly demonstrating its value to financial services, not least in enabling senior management to focus on strategic issues and concerns. For example, we have technologies that learn user behaviour, or 'observational learning'.

For example, SmartStream Air's artificial intelligence for exceptions management will populate fields automatically, set

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"We look forward to working closely with clients — present and future — to identify and provide the assistance they will require when negotiating the rapids of change, drawing always on a growing bank of experience and knowledge"

SmartStream started life as a reconciliations solution provider in 2000, following a management buyout, and grew through investment and acquisition to provide solutions for middle- and back-office operations for leading buy- and sell-side institutions across the globe.

Owned by the Investment Corporation of Dubai, it has become an industry-leading provider of financial transaction management solutions that enables firms to improve operational control, reduce costs, build new revenue streams, mitigate risk and provide unparalleled regulatory accuracy.

The company's solutions and services span the transaction lifecycle and incorporate the latest artificial intelligence and machine-learning technologies. These can be accessed in a variety of ways, for example via application programming interfaces and microservices, or deployed as managed services and cloud environments.

labels, and run automations — all based on the processes it has learned. In addition, it will be able to provide suggestions to the user or fully automate the process – alleviating the user from cumbersome and work-heavy exceptions management process – and when the model is trained, the AI will be able to make predictions.

We look forward to working closely with clients — present and future — to identify and provide the assistance they will require when negotiating the rapids of change, drawing always on a growing bank of experience and knowledge.

In the same way that a picture can paint a thousand words, our track record demonstrates the practical help we can deliver to clients across the entire sector. A leading global hedge fund, for instance, needed help to solve its reference data problems — specifically the risk associated with missing exchange notifications for listed derivatives. The fund has more than US$35 billion in assets under management and trades products that include equities, equity options and futures for both retail and institutional clients. Its internal risk and compliance team flagged potential risks in its exchange notification monitoring and processing.

The existing processes were not centralised. Different teams were using different datasets and needed to stitch the various notices together in order to see the complete reference data impact. There was a danger that corporate action events could be missed and the threat of notifications being postponed or cancelled closer monitoring. The processes the hedge fund had in place did not align with the industry's aggressive goals of onboarding more derivatives exchanges in the short-term — creating danger of a rise in operational risk.

For every notification that was missed or processed incorrectly, there was a risk of serious financial and reputational consequences for the fund and its clients. SmartStream reference data utility exchange notification service (ENS) offered a complete solution, providing a normalised view of exchange notifications related to the management of listed derivatives reference data and sourced from more than 100 exchanges.

A large team of SmartStream's in-house experts, generally with a strong background in working with execution venues, carefully monitors notifications and corporate actions to pick out any points that might have an impact on reference data relating to listed derivatives. Once gathered, data is cleansed, normalised and cross-referenced.

If a bank requires a dependable intraday liquidity management solution to extend the scope of its existing real-time cash management system, and its in-house system no longer meets the rapidly changing demands needed to comply with its regulatory reporting obligations, SmartStream's TLM Cash and Liquidity Management service can provide an end-to-end solution that consolidates fragmented and siloed business infrastructures to deliver a consistent operating model.

It captures transactions from any internal and external source to create a single, global view of balances across all currencies and accounts. This ensures a high degree of accuracy, facilitating informed decision-making and enabling intraday liquidity reporting requirements to be met effectively. Industry participants may find it difficult to meet the challenges we all face. However, we will carry on with our essential work, helping developed markets to catch up with progress made by emerging rivals.

In times ahead, we expect to witness the wider application of cloud-first strategies and further outsourcing of non-strategic services. As financial institutions seek to reinvent themselves, some will prove to be more courageous, and better able to manage this change agenda, than others.

> ***"In times ahead, we expect to witness the wider application of cloud-first strategies and further outsourcing of non-strategic services"***

Haytham Kaddoura is the CEO and a board director of SmartStream Technologies Group. Prior to joining SmartStream, Kaddoura was one of the founding members of the Dubai International Financial Centre, which he joined in 2004 to lead the strategic planning unit. He subsequently helped set up Dubai International Financial Centre Investments, which was a quasi-sovereign wealth fund setup to promote Dubai as a global hub for the financial services industry.

Kaddoura has more than 28 years of experience in investment advisory, corporate restructuring, and strategy formulation and execution for boards across the Gulf Cooperation Council and the greater Middle East and North Africa region.

He started his career working with leading management consulting firms including Accenture, Booz Allen and Hamilton, PwC, and BearingPoint, advising financial institutions and corporations on their technology strategies, operational design, and organisation development.

Haytham Kaddoura
CEO
SmartStream Technologies

The Great Workplace Reset

Over the last three years, people's working habits have been totally revolutionised by the pandemic. Simultaneously, financial institutions are thinking more laterally about how they nurture and retain talent. Standard Chartered's Margaret Harwood-Jones explores some of the transformations happening in today's workplace

The COVID-19 pandemic has had an acute impact on labour markets, as record numbers of people have voluntarily left their jobs. In March 2022, 4.5 million Americans quit their jobs, while data from the U.S. Labor Department suggests there are currently 11.2 million vacancies still waiting to be filled.

Asian markets have not been immune from the 'Great Resignation' either, with a study by Mercer revealing there had been a 69 per cent increase in turnover in Singapore during H1 2021.

A lot of this change is being fuelled by mid-level staff seeking employment opportunities elsewhere, as the gradual easing of pandemic restrictions across Asia fuels pent-up demand for change.

As with the rest of the world, many companies in Asia are struggling to fill the openings left by departing staff.

Labour shortfalls are a growing problem in the Middle East too. According to a PwC study, entitled: "Middle East Workforce Hopes and Fears survey 2022", 46 per cent of workers in the UAE said there was a shortage of people with specialised skills in the country, rising to 58 per cent in Saudi Arabia and 75 per cent in Kuwait.

Flexibility will be key

As normality resumes, flexible or hybridised working practices are becoming increasingly ubiquitous. In Asia, Africa, and the Middle East, this is a radical departure from the norm, as working from home never really took off in these regions like it did in Europe and North America pre-pandemic.

Organisations have adapted accordingly. In 2020, Standard Chartered unveiled its 'Future of Work' concept — building on the bank's existing flexible working practices and introducing flexi-working in its offices globally.

It also provides a framework allowing for staff and leadership to negotiate and agree on new working arrangements, in a way that strikes a sensible balance between working from home and being in the office.

Although remote working has its benefits, time spent in the office is also important, as it allows staff to familiarise themselves with the bank's culture, build networks and forge meaningful business relationships.

> *"Retaining mature, qualified, and experienced women is critical to the success of any company"*

Maximising staff potential

Banks are looking at new and innovative ways to maximise staff potential. Standard Chartered recently scrapped its performance ratings system for staff, by moving to a continuous feedback loop throughout the year. Line managers have a vital role to play here, so it is critical that they are supported during the whole process. As such, Standard Chartered has introduced new tools to help managers identify the performance and potential of their teams, providing a framework for succession planning, and expanding the performance process to enable them to focus on discussions around career development. If financial institutions are to thrive, they also need to embed a culture of strong and continuous learning habits among staff — a practice which is prevalent across some of the leading technology companies.

In a report by PWC entitled "Workforce of the future", 74 per cent of people surveyed indicated that they are ready to learn new skills or retrain to remain employable in the future. This is something that Standard Chartered is looking to facilitate among its workforce.

There has been significant investment in technology by Standard Chartered to ensure all staff have access to tools which can help them build upon their existing skills. In 2020, Standard Chartered launched diSCover — an internal learning platform which provides a single point of access to all of the bank's online educational materials, which is currently being used by more than 80 per cent of staff.

Elsewhere, Standard Chartered's Future Skills Academies cover topics such as data and analytics, digital, and sustainable finance, which are delivered to colleagues in bite-sized chunks, based on their individual growth plans. In contrast to conventional internal training and certification, HR and subject matter experts will source content and training courses that can help teams learn more about the key trends shaping the banking industry.

Standard Chartered also operates Global Learning Weeks, whereby the dynamics that are influencing the industry are outlined to staff by senior managers. The theme of upskilling, education and development is also very much in line with the bank's sustainability pillars.

Digital and skills

Technology is being leveraged to help upskill staff. Standard Chartered recently introduced Talent Marketplace, an artificial intelligence-enabled platform, where employees can be matched with global, short-term project opportunities across the bank, according to their interests, skills, and experiences. Through technology, big data and innovation, the banking space is evolving, as new products and business models that serve customers better and more nimbly can be developed much faster. This is illustrated by the rapid growth in data analytics solutions, distributed ledger technology, and digital assets reshaping banking operations. For example, markets in Asia and the Middle East are among the leaders in digital asset development and adoption.

A suitably skilled workforce which embraces the innovation mindset, and is capable of utilising and understanding these disruptive technologies, is urgently needed to support this new banking environment. Existing talent therefore needs to be upskilled to harness these tools.

This is why Standard Chartered has made investments in its workforce by setting up the digital asset CoE, and engaging with external experts to help current employees become more familiar with blockchain technology, and how to build use cases around it.

Inclusion as an enabler

Historically, there has been a serious imbalance in terms of gender representation and diversity at the leadership levels in financial services. Despite women comprising 58 per cent of the total workforce at a junior level at finance companies, this is not replicated in the higher echelons of management.

However, this inequality appears to be slowly changing. Since 2018, McKinsey notes that the share of women at a senior vice

Women, particularly women of colour, continue to be underrepresented in financial-services roles above entry level

Financial-services representation by corporate role, by gender and race at the start of 2021, % of employees

Source: Analysis of 71 financial service employers that participated in Women in the Workplace 2021, Leanin.org and McKinsey, 2021

president level at financial institutions has increased by 40 per cent to 50 per cent among the C-suite.

This is partly being enabled through COVID-19, as hybrid work models are now considered to be an acceptable practice — and such flexibility is helping convince some people to stay in the workforce, who might otherwise not have.

Retaining mature, qualified, and experienced women is critical to the success of any company, as is recognising and educating leaders on the reasons that may contribute to them leaving the workplace, together with the provision of tools to help prevent such an exodus.

Amid the ‘Great Resignation’, retaining talent is proving difficult. However, the organisations that embrace flexibility and diversity, and those that have an innovative approach to people management and education, will be the ones who lead the way. They will be the ones who attract the best talent moving forward.

Margaret Harwood-Jones
Managing director, global head, financing and securities services
Standard Chartered

SRD II, ESG, and the European Regulatory Focus on the Shareholder

Broadridge's Demi Derem outlines the changes SRD II will bring to the European markets

The Capital Markets Union (CMU) places the investor at the centre of the plan to encourage greater retail participation and more foreign investment into EU financial markets. One of the areas of significant focus for the European Securities and Markets Authority (ESMA) and the European Commission (EC) is the asset servicing space, as part of the push to improve transparency and engagement between issuers and investors, specifically encouraging automation and shareholder participation in corporate governance.

The EU's revised Shareholder Rights Directive (SRD II) has been a key piece of regulation for the asset servicing space in Europe since it came into force in September 2020. SRD II is targeted at improving transparency between issuers and their shareholders and at encouraging investors to engage more frequently in shareholder voting activities. It reflects the increased regulatory focus on corporate governance and fostering shareholder capitalism in the region over the last five years.

Though SRD II is certainly a step in the right direction for improving the transparency of the proxy voting space, there is room for improvement in a practical sense when it comes to market efficiency. The implementation of the directive remains relatively inconsistent across the region. The crux of the problem lies with the nature of SRD II as a directive rather than a regulation, which means it has been interpreted differently by national competent authorities across the EU. This divergence in interpretation reflects the fact that the definition of 'shareholder' varies from country to country within the region, which makes the fundamental application of the directive challenging from the start.

In terms of positive improvements, connectivity between market intermediaries has evolved to facilitate the timely transmission of sensitive information, such as shareholder identity. Some intermediaries, particularly retail banks and brokers, have had to implement brand new technology and connectivity as a result of the need to provide their underlying clients with the ability to vote at issuer meetings.

In many cases, market intermediaries have maintained legacy channels of communication to relay common data points under SRD II. These include the ongoing use of ISO15022 message standards, bespoke proprietary channels, and non-standard formats. However, legacy communication methods lack the capability to include many SRD II details in standard machine-readable fields without enhanced support models. In several cases, this is contrary to the permissible formats described by the directive. Additionally, this causes manual intervention and delays in further disseminating event information across the investor chain. Due to the current delay in the industry adoption of Securities Market Practice Group (SMPG) -recommended MX20022 messaging, much of the desired automation, efficiency, and transparency that the European regulators hoped to bring to the industry is still to be achieved.

Not all market participants have made the necessary changes and investments required to be compliant with SRD II. Additionally, delays in the transposition process have resulted in several markets failing to complete the transposition process on the launch date, which has added to the industry's challenges in trying to achieve compliance across all member states. Based on Broadridge's analysis, 75 per cent of eligible intermediaries that have holdings in SRD II markets have yet to fully adopt SMPG-recommended MX20022 messaging.

ESMA will likely address lagging transpositions with national competent authorities over the next 24 months. In the meantime, national market practices will continue to differ significantly.

The gaps in SRD II

There are differences in interpretation and a lack of consistency in event announcements across the individual markets. For example, several intermediaries within the same member state may provide individual, inconsistent event-level data points and reference numbering for the same event. This causes unwanted manual intervention and increases the potential for votes to be rejected. Differences in the number of agenda proposals and consistency in proposal numbering, key dates, and referencing, may result in processing challenges and raise the number of risk profiles.

The previously noted differences often cause numerous systemic and automated vote rejections due to ad hoc intermediary processing. Intermediaries may reject votes due to inconsequential formatting infractions, which, in turn, causes votes to be delayed, and, as a result, leads participants to miss voting deadlines. Standardisation and consistent usage of ISO 20022 SMPG-compliant messages, for the dissemination of event-level information from issuers and issuer agents, could address these process deficiencies at source.

The intention of the European regulators in introducing 'vote without delay' was to enhance transparency by passing proxy voting instructions through the chain of intermediaries upon receipt. The immediacy of delivery would therefore provide

> ***"The market differences in SRD II transposition impact the amount of shareholder information issuers can expect to receive and, subsequently, the quantity of information intermediaries are required to disclose"***

issuers with improved vote transparency prior to the voting deadline or meeting date.

As 'vote without delay' was not adequately defined within the directive, market practices were not aligned across domestic and regional regulators, which made it very difficult to implement. The cost and process changes required for intermediaries to implement the vote without delay requirements were also detracting factors in local market adoption. As a result of these factors, the European-level adoption of 'vote without delay' is currently very low.

Vote confirmation is another area where disparate market transposition has impacted issuer and intermediary adoption. Post-meeting vote confirmations are lacking in certain markets, as issuers and their issuer agents have not established the requisite capabilities to deliver such confirmations. However, confirmations are a vital component for institutional end-investors, as they allow their advisors to record and prove their compliance and participation in the general meeting process. Confirmations may also be necessary to validate certain ESG credentials, which means regulators are likely to take further action in future.

The market differences in SRD II transposition impact the amount of shareholder information issuers can expect to receive and, subsequently, the quantity of information intermediaries are required to disclose. Unfamiliarity with the local transposition can also lead to intermediary over-compliance with the disclosure of personal identifying information, in response to issuer requests.

The different national definitions of 'shareholder' also impact the usefulness of the disclosure requirement under SRD II in certain markets. As previously noted, in the UK, Ireland, and Malta, the 'shareholder' is defined as the registered holder, thereby challenging the disclosure requirements under SRD II.

In addition, the directive provided local authorities with the possibility of implementing disclosure thresholds of up to 0.5 per cent of issued share capital before shareholder information needed to be disclosed. Austria, Cyprus, Estonia, Gibraltar, Slovakia and the Netherlands have all included such thresholds in their transposition of SRD II. These varying thresholds are difficult for intermediaries to manage, as many clients have split portfolios.

Given the popularity of governance as a topic, due to ESG investment strategies and investor appetite, the market can expect the volume of voting at general meetings to increase year on year.

If the EU's CMU plan goals are realised, retail participation will grow, and this will increase the number of shareholders voting at these meetings. This, in turn, will require firms to further automate processes to support the required notifications and confirmations as mandated under SRD II and its successor, once ESMA has finished its review in 2023.

Demi Derem
General manager international investor communication solutions
Broadridge

Smoke and Mirrors

Prioritising projects related to digital transformation has never been more important. Goal Group's Vicky Dean outlines the importance of filtering through the smoke and mirrors to find exactly the right vendor

As we emerge from the COVID-19 pandemic, companies the world over are analysing their business model and prioritising projects related to digital transformation, legacy system replacement, risk management, and automation, while concurrently being driven by sustainability and ethical change.

All these considerations, coupled with increasing industry competition, can make the buyer's journey overwhelming and difficult to navigate. Over the last couple of years, the turmoil created by the pandemic has specifically declined revenue and B2B sales. This factor, paired with remote working and elongated sales cycles, has driven competition to a new ferocity.

Given increased scrutiny and regulations hitting the financial services industry, your decisions are now even more important. Your vendors should not only perform their services to a high-class standard, but additionally support and represent your business (albeit in the background).

You would not take on clients without due diligence or know your customer (KYC), so let's turn 'KYC' into 'KYV' – know your vendor!

Reflections

One of the key considerations for this process is to see how customers have reacted to and evolved over the pandemic: did they remain constant, or did they use the time to innovate, drive change and improve?

The financial services industry is modernising in ways that would not have seemed possible, even a mere two to three years ago. It is so important to engage with customers and embrace change, while always being conscious of ways to improve, transform digitally and support every step of the client and their prospective journey.

Without a successful sale, followed by an excellent client service model, a client can quickly become an ex-client.

Ensure you are comfortable with the handover after the sale is done. If done right, the client service journey should be a lot longer than the sales cycle and should exceed your expectations.

At Goal, we have strategically and deliberately placed a regional head of sales as global head of client services, to ensure delivery of our products and services is consistent with the messaging and promises made during the sales cycle.

If you want to see something, ask for it; do not just rely on what you are being told. If the purchase involves automation, applications, or processing, do not be shy in asking for a demo or proof so you can see how it works and whether it will satisfy your demands.

Treat the process the same as if you were buying something for yourself. We have all ordered something online which we have not seen properly (aside from a few select images), and been disappointed when it has arrived.

Making the same mistake with your vendor choices can affect your bottom line and reputation.

Therefore, avoid risk and do your homework up front. Growing up, all of us were told that: “if it seems too good to be true, it probably is”. Keep this phrase with you through the process, and do not be afraid to ask for proof.

Even more important than the products and services are the people you interact with. Pay attention to the people you converse with. During the sales phase, everything they do and say will reflect the type of person they are and the company they are representing.

The sales cycle is often the most important in terms of relationship building, as this is usually the first, and sometimes only chance for vendors to meet with clients and present themselves, the company and the products and services they are selling.

Everyone has a different selling style, but to be able to establish and build genuine and lasting relationships, interactions should be balanced and feel more like a conversation than a hard sell.

Do not be put off by the subject matter — even the dullest of subjects can be interesting and informative if they are presented with passion and enthusiasm.

The presentation is often a reflection of how the employees rate their products and services. If my career has taught me anything, it is that you have to believe in what you are selling — if you do not believe it, your clients will not either.

Honesty is not the best policy, it is the only policy. A relationship can only be established and built upon if vendors are honest about what they are selling and how it can help to ease pain points.

Remember that you are the client and deserve the best fit for your needs. By asking questions, requesting demos and presentations and suggesting other departments attend calls and meetings to increase your comfort level, can only improve the relationship and elevate the process.

Involving additional departments, even through a request for proposal (RFP), or vendor risk assessment, prior to a decision being made, will provide further insight into the type of organisation you could be dealing with.

Seeing beyond the smoke

More bodies and a bigger company does not necessarily mean better service or a more successful company. In a world where navigating and minimising risk are of the utmost importance, and with increasing scrutiny on sustainability, companies should be looking to automate where possible, migrate to cloud-based technologies, and provide local support. Additionally, automation and applications often remove the risks associated with human and paper processing, and due to this, they do not need as many bodies to run the show.

Throughout discussions, companies will promote their strengths and USPs, but it is important to remember that what one may see as a strength or USP, another may consider as standard.

Given that potential vendors are given limited time to pitch to prospects, they will want to promote what they believe is the best of their service offering, and showcase their strengths in order of priority, whether this be automation, integration, knowledge, experience, or coverage.

Before you discount the other choices, make sure you verify with them that they cannot also offer the same thing that appealed to you with another vendor. Weaknesses will often be addressed by competitors as a distraction technique.

At any rate, the key message is to ensure that you base your decisions on what you see and experience, and not what you hear. Do not be afraid to ask the tough questions to allay any concerns you may have, based on what you have been told by others.

One of the biggest and most important considerations is price. It is common for pricing to be in a similar ballpark for comparable services and products, but do not dismiss a vendor immediately due to pricing, if they seem too expensive or too cheap.

Reduced costs can be due to automation or lower overheads, whereas more expensive costs are usually because of an elevated service offering, market reputation, and in some cases, because of complacency. It is always important to understand a pricing structure or offering, and vendors will be able to provide explanations. If they have a volume- or value-based pricing structure, they should provide some kind of analysis to ensure they provide you with compelling and flexible pricing. The buying process can be overwhelming and stressful, but like a great pair of jeans, if you keep looking, eventually you will find the perfect fit. As the world continues to emerge and adapt to a new normal, be prepared for vendors to come in with their 'A' game.

Remember you are the client, and you should drive and control the process, so that you are happy and comfortable with the choices you make. Be mindful that not many vendors come with a returns policy or money-back guarantee! Therefore, ask all the questions, request to see applications and automation. Do not worry about making demands. Gather references, do the RFP, build real relationships, filter out the noise and see through the smoke and mirrors.

Vicky Dean
Managing director, EMEA and global head of client services
Goal Group

Canada in Focus

The Canadian market is buoyed by its strength, stability and transparency. In addition, Canada still holds on to its fundamental character for which it is recognised globally, outlines CIBC Mellon's Richard Anton

Canada's banking and regulatory environment retains a strong position among institutional investors, marked by its status as a robust and mature market, with high rankings for its stability and transparency, attractive risk profile and status as one of the few remaining countries with a AAA sovereign debt rating. Central to this confidence is the continuing focus of Canadian market participants on a culture of prudent risk management, due diligence and technological innovation. Long known as a global safe harbour in turbulent markets, Canada's market continues to uphold its fundamental 'Canadian character'.

Technological innovation and data complexity

The hunger for new and greater sources of data comes from an array of opportunities. For many institutional investors, the demand is loudest from front office teams looking to keep pace with competition for investment opportunities. The COVID-19 pandemic has increased pressure to digitise operations, and highlighted the inefficiencies most firms have in the data supply chain to support their front office teams. The pandemic also brought to light the challenges for middle- and back-office operations facing an increasing gap in data infrastructure and operations.

Clients want a clear view and greater transparency around account activities in order to support governance and risk management reporting — something they are now being asked to provide to their stakeholders. To keep clients well-informed, market participants are turning to their providers to distill complex settlement and account information, in order to receive the confidence they need in the protection of their holdings. Simultaneously, institutional investors also expect their asset servicing providers to leverage new technology. In this environment, providers must take the time to thoughtfully explore new solutions and look at how these new solutions can be securely deployed.

The usage of technology to further automate capabilities has been an ongoing development in the marketplace. In particular, we believe the remote pandemic-driven environment has further accelerated long-term trends related to digitisation and the streamlining of operating models, particularly as organisations continue to focus on the areas where they can deliver core value to clients.

The former is being carried out while organisations continue to outsource non-core activities to providers that can offer the

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> ***"One of the attributes that makes Canada attractive is how our business and market environment blend high innovation with high governance"***

necessary scale, technology and expertise to deliver success. Participants are looking for greater transparency, as well as flexible and timely access to data, all while respecting and navigating a rapid rise in regulatory and market complexity.

We also see that clients are requesting an evolving hybrid model as institutional investors evolve their operations over a long-term plan. They want to be able to integrate a wider range of data sets and focus resources on complex analysis, but also be prepared to allocate operational functions to their asset servicing provider.

This has provided many clients with the best of both worlds — minimising in-house operational activities, but continuing to leverage technology to better meet their strategic information delivery objectives. We are also seeing clients leverage a co-sourced relationship for intake and interfacing with multiple data vendors, data validations and mastering, leaving the asset managers to focus on data governance and client enablement.

The impact of greater automation and technological innovation is consistent with the broader themes: more efficient, effective and transparent investment operations, and ultimately, greater optimisation outcomes for clients.

One of the attributes that makes Canada attractive is how our business and market environment blend high innovation with high governance. This integration of innovation and governance also extends to the way the regulators and government entities have approached new asset classes, new instruments, and new markets.

Embracing the ESG imperative

As organisations consider their investment allocations, investment management, compliance monitoring and operational efforts in the years ahead, the opportunity to align their purpose with what they do, and how they do it, will likely continue to rise — as will pressure from data that increasingly correlates value and values around the incorporation of ESG factors. Investors' rapidly evolving attitudes and explorations of ESG have set their influence to a macro level. The ESG imperative is driving change, not only in the way organisations go about their business, but also in the way they define themselves and think about their own role in the world. Canada is increasingly a locus for global ESG momentum: the North American office of the International Sustainability Standards Board is located in Montreal, further cementing the regional hub as an ESG centre of excellence.

This year, the Canadian federal government issued its first green bond, raising CAD$5 billion in an oversubscribed offering. In its 2022 Federal Budget, the Government of Canada states that Canada's Office of the Superintendent of Financial Institutions will "consult federally-regulated financial institutions on climate disclosure guidelines in 2022, and will require financial institutions to publish climate disclosures starting in 2024". Furthermore, the Government of Canada will move forward with requirements for disclosure of considerations, for federally-regulated pension plans.

Canada's talent pool

In global estimation, Canada shines brightly as a business destination. Canada is recognised for its highly-skilled, well-educated and diverse workforce. The country also holds status as a hub for technological innovation and advanced infrastructure.

According to The Economist Intelligence Unit, Canada retains first place in its regional rank of G7 countries for the best business environment.

Toronto is even home to MaRS, North America's largest urban innovation hub — a launchpad for start-ups, a platform for researchers and a home to innovators.

Institutional investors look to their asset servicing providers for local insights, a consultative service experience and to proactively explore new solutions to help clients achieve their goals. The 'S' in ESG increasingly focuses on how an organisation treats its own employees.

The outlook for 2023 is one where employees, workforce and talent are rapidly coming into sharper focus. Headlines point to the 'Year of the Employee', 'The Great Reset', or 'The Race for Talent'.

Many organisations are confronting both challenges and opportunities related to retaining or capturing top talent that can help drive organisational outperformance.

Firms are looking to build and reinforce an engaged employee culture that is collaborative, insightful, and puts clients at the centre.

A local presence

Overall, in the Canadian market, we are experiencing rapid technological change, and CIBC Mellon is embracing opportunities for innovation. By using automation to drive efficiencies, certain repetitive tasks can be automated, allowing employees to focus on more value-added opportunities.

While up-to-date technology and products, a solid risk culture, and a great client service model are key foundations of our business, our people are central to CIBC Mellon.

Our employees' ability to listen to clients, champion client initiatives, and understand client priorities, in the framework of market and industry trends, is critical.

One of the attributes that makes Canada a great market is how our business and market environment blend high innovation with high governance. From a global perspective, Canada is mostly seen as a stable, well-regulated market with a concentrated banking sector and a wealth of resources.

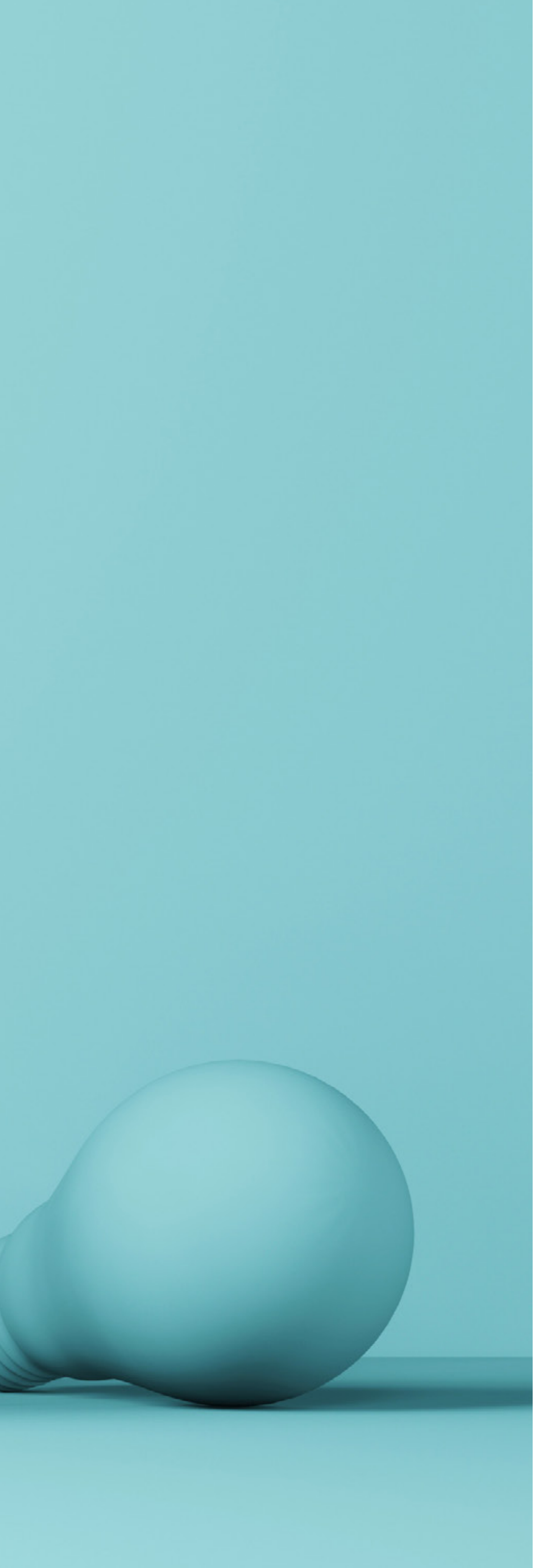
The Canadian market still retains its fundamental character that it is globally known for, strength, stability and a prudent regulatory environment.

> ***"The Canadian market still retains its fundamental character that it is globally known for, anchored by strength, stability and a prudent regulatory environment"***

Richard Anton
Chief operations officer
CIBC Mellon

Confident Innovation

Exactpro Systems' Svetlana Bobrova highlights how transforming software testing can drive essential change



Perhaps the most striking characteristic of today's financial services landscape is its rapid expansion towards new technologies, new use cases, and their implementations.

The speed of innovation goes hand in hand with growing complexity: year after year, financial technology platforms become more sophisticated, multi-threaded and distributed, while handling increasing volumes of data and aiming at faster processing speeds.

A wide variety of emerging technologies creates a new reality, in which new approaches and technology solutions reshape existing subject domains, and cause a significant requirement shift.

To claim their place in the industry, fintech players, technology providers and end-user institutions alike have to respond to this trend. On the one hand, they need to rapidly innovate in order to keep their competitive edge. On the other hand, organisations must fulfil their obligations to their clients by ensuring the reliability and robustness of the solutions they build.

Traditional use cases versus new implementations

Technology platforms behind the financial services industry reflect the business flows and operational life cycles typical of particular financial subdomains. Traditional implementations of financial use cases are inherently complex, as is the underlying business logic. New implementations, while retaining the innate functional complexity, most commonly represent a shift towards a hybrid and distributed architecture that provides greater flexibility and customisation. Some examples of technological advances used to build modern fintech applications include cloud implementations, micro services-based architectures, and flexible application programming interfaces (APIs). The recent launch of WealthOS' digital wealth management sandbox illustrates this trend: while addressing the variety of traditional wealth management use cases, the solution takes advantage of new technologies.

The platform has a modular architecture: its order management, payments, know your customer/anti-money laundering, portfolio management and tax wrapper functionalities are implemented as micro services.

The connectivity leverages REST and WebSocket APIs enabling simple, fast and secure integration with third-party applications. Another important element of the solution is that it is provided as

> *"When emulating a testing dataset, it is important, not only to collate a representative array of real-world market data, but also to generate data inputs creating a much broader set of conditions to achieve higher coverage of test scenarios"*

a cloud-native platform, freeing the user from the need to manage and maintain the infrastructure.

On the business side, the platform allows the implementation of various wealth management scenarios. However, the complexity of the underlying workflows imposes more stringent requirements on the verification and validation process: with the new tech at hand, one needs a testing approach capable of matching the sophistication level of the platform under test.

Responding to change – transforming testing

To align the benefits introduced by the new technology with the present-day requirements for reliability and robustness, the approach to testing such platforms also needs to be revised.

From the functionality perspective, the aforementioned sandbox allows for the workflows related to automatic portfolio evaluation, portfolio rebalancing and readjustment, and other scenarios — all of which require a certain level of sophistication on the technical side.

To assess the quality of the platform, the testing tool, as well as the test library, needs the capabilities to account for the specifics of the implemented workflows.

For example, since the portfolio rebalancing functionality is governed by a set of conditions, the testing tool must be able to perform complex calculations and rule-based checks. The test approach should involve a flexible way to design a test script, enhanced with capabilities of in-built actions, to govern the atomic interactions with the system under test, along with an extensive modelling for data generation and implementation of multivariable conditional checks.

Another feature that may come in handy is scheduling: automated regular checks run as part of the test harness can prove useful for automatic holdings evaluation. Together with extensive modelling and rule-based checks, one can also take a step further and verify the instructions to correct the deviating portfolios.

Yet another must-have for a test harness (for a wealth management use case) is the simulator capability to emulate upstream or downstream systems involved in business flows. In the example use case, one such element is a market data feed, providing financial information that serves as an input for the subsequent business flows, within the wealth management system under test. When emulating a testing dataset, it is important, not only to collate a representative array of real-world market data, but also to generate data inputs creating a much broader set of conditions to achieve higher coverage of test scenarios.

Testing to speed up development?

A test harness, implemented in line with the aforementioned requirements, can be a powerful tool capable of providing valuable information about the test object. However, one of the most crucial characteristics of information quality is its relevance: the information is only useful if it is provided in a timely manner. It is also very important that the test harness be part of the software delivery cycles, which must support daily releases, as well as larger deployment milestones. For that, the test harness should easily integrate with the test system's continuous integration and delivery pipeline within multiple test environments that support test execution for fast narrow-scope checks, as well as extensive end-to-end test libraries covering multi-day business life cycles.

While test execution can be done autonomously, the test framework should allow for comprehensive analysis of test execution results, to be performed by test analysts. This way, software testing does not delay time-to-market, but rather creates a continuous feedback loop to increase the delivery speed.

Disrupting the industry by staying resilient

Financial institutions, together with technology partners, are finding new technologically-advanced ways to implement traditional and new business use cases. At the same time, the new technology landscape is shifting towards tougher requirements for dealing with software complexity, data volumes and processing speeds.

Both trends generate the need for a new approach – building test tools that match the sophistication levels of modern technology solutions. With such test harnesses, market participants and technology providers will be able to innovate responsibly and confidently through a continuous feedback loop in which the development of technologically-advanced software is perfectly aligned with technologically-advanced software testing.

Exactpro is an independent software testing services provider for financial market infrastructures. Its clients consist of exchanges, post-trade platforms, and banks across 20 countries.

Founded in 2009, the Exactpro Group is headquartered in the UK and also has operations in the US, Georgia, Sri Lanka, Lithuania, Armenia, Canada and Italy.

The firm employs over 700 specialists.

Exactpro is involved in a variety of transformation programmes related to large-scale cloud and distributed ledger technology implementations.

Its areas of expertise comprise application programming interface gateways, matching engines, market data, clearing and settlement, market surveillance, improving scalability, latency and operational resiliency.

Svetlana Bobrova
Test manager
Exactpro Systems

A Canadian Leader in Sub-custody

With more than 1,700 professionals exclusively focused on servicing Canadian investors and global investors into Canada, CIBC Mellon can deliver on-the-ground execution, expertise and insights to help clients navigate the Canadian market. Leveraging the technology and scale of BNY Mellon, a global leader in investment servicing, and the local presence of CIBC, one of Canada's leading financial institutions, CIBC Mellon has the experience and the capabilities to help you succeed in Canada.

Canadian custody and sub-custody
Canadian correspondent banking[1]
Broker-dealer clearing
Securities lending[2]

Brokerage[1]
Investment fund services
MIS (NEXEN, STP scorecard, trade match report card)
Data analytics[2]

[1] Provided by CIBC
[2] Provided by BNY Mellon

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CIBC MELLON

Why simply knowing your shareholders is not enough

As key players in the global financial community gather at numerous conferences, including SIBOS, in the last quarter of 2022, Proxymity reveals how technology is increasing shareholder democracy and engagement

Multi-million pound investment rounds in banking are commonplace. But a £52 million investment last December caught the attention of the investor community. It was not just the size of the investment but the identity of the stakeholders that followed Proxymity's Series A investment, and the new additions that joined the consortium, that held the industry's interest.

Not only does this consortium represent eight of the world's largest asset servicing providers, but also companies that compete globally for market share.

As seven of the top ten global custodians, they hold over US$200 trillion in assets under custody. So who, and what, had persuaded them to join forces and openly collaborate as a consortium?

These financial giants have been brought together by Proxymity, the digital communications platform.

The brainchild of two experienced industry experts — Dean Little and Jonathan Smalley — Proxymity's vision is to change the way the industry communicates.

Proxymity's investor communication platform as a game-changer

Smalley, who worked for Citi for over 10 years before co-founding Proxymity, explains: "Our vision is to fundamentally change how investor communications works. In short, we felt that there was a need to create a more transparent and accurate digital ecosystem, which people would find quicker and easier to use.

"That is why our product, which delivers the benefits of innovative digital investor communications to everyone in the banking community, is backed by some of the most influential names in the sector."

Take Deutsche Börse Group, one of the world's largest market infrastructure providers. Samuel Riley, who heads Deutsche Börse's Clearstream Securities Services, says: "Proxymity's goal of efficient and transparent investor communication is fully in line with Deutsche Börse's vision. Hence, this joint collaboration will significantly improve our client's experiences throughout the securities life cycle."

US multinational investor bank, J.P. Morgan, said it was equally excited to be part of Proxymity's next stage of growth.

Hannah Elson, J.P. Morgan's head of global custody, comments: "We continue to utilise the Proxymity platform, helping to ensure it achieves scale for digital communication throughout the industry ecosystem, benefiting clients and supporting corporate governance."

Antiquated processes

Although technology is transforming the asset servicing landscape, Proxymity, with its network of intermediaries and issuers, is well placed to solve industry issues. However, it does require markets, and those that operate in them, to continue their trajectory of adoption.

Proxymity has made great progress in many markets, and most recently announced that more than 50 per cent of the FTSE 100 have now connected to the platform.

As Smalley outlines: "Many of us are linked to each other, but we are only as robust as the weakest analogue process. Our clients and investors understand this, and they are demanding more, driving change with us every day."

Proxymity solutions

Proxymity provides digital proxy voting and real-time shareholder disclosure services, which enable banks to identify shareholders and automate shareholder ID requests using Proxymity's digitally connected ecosystem. Its fully digital Proxymity Vote Connect technology allows meeting data, votes, and much more to be sent and received in real-time. Proxymity's solutions enabled Computershare, an Australian-founded but globally operating issuer agent, and enhanced its services for its issuer clients.

"By working closely with Proxymity, Computershare can more effectively connect custodians, institutional owners, and issuers when voting takes place in the UK and Australian markets — and we expect this collaboration to progressively extend to markets elsewhere in the world, too," comments Paul Conn, Computershare's president of global capital markets.

However, for many in the industry, both products have offered liberation and empowerment. They have not only brought people closer to shareholders, but have enabled organisations to increase shareholder engagement, corporate governance, accountability, and transparency – which in turn promotes greater shareholder democracy.

Shareholder democracy

New technology allows better access, and thus, greater inclusion. Greater speed and transparency facilitates better understanding and more time to research those all-important investment decisions.

Technological advances also improve the reverse flow of the data — from shareholders back to companies. Knowing who they are enables better stakeholder engagement.

This makes it possible for clients to better grasp the challenges they are experiencing, and more broadly, gauge how major events outside of banking — such as the COVID-19 pandemic, and the cost-of-living crisis — can affect and influence behaviour.

Most importantly, however, closer engagement allows our clients to give shareholders what they want. Today, most want shareholder democracy.

They want to have a greater say on corporate governance — that means giving shareholders some influence on how an organisation operates.

Shareholder democracy is also about ensuring greater transparency as to who is elected, while making boards more accountable to shareholders.

For Dean Little and the consortium of ten investors, Proxymity's products provide tangible evidence of the benefits that digital connections are bringing to the ecosystem and the industry as a whole.

Little affirms: "In the last two years, we have seen demand for our services rise inexorably. The deployment of Proxymity's platform brings real and immediate benefits to the investor ecosystem.

"Our mission is not just to continue to provide transparency, speed, efficiency and quality to the market. We also see technology as a crucial tool to help those in the chain of custody to promote better visibility and governance. That represents an exciting step-change, and it is one that we are proud to facilitate."

Dean Little
Co-founder
Proxymity

Jonathan Smalley
Co-founder
Proxymity

Direct gateway to CEE

Raiffeisen Bank International's head of Global Investor Services Christian Geberth and head of GIS sales and relationship management Bettina Janoschek talk to Bob Currie about the group's innovation mindset, competitive dynamics in CEE regional custody, and how the Russia-Ukraine situation is shaping daily business

Raiffeisen Bank has a longstanding presence in Central and Eastern Europe (CEE) that has grown since the 1980s, building on its retail, corporate, and investment banking coverage to offer a wide portfolio of investor services to a network of more than 15 CEE and Commonwealth of Independent States (CIS) markets.

For its Global Investor Services (GIS) division, this journey has demanded constant reinvention as financial services markets have matured, the requirements of international and domestic investors have evolved, and advances in technology and business practice have created new ways of supporting multi-market execution and post-trade services.

Stepping into the role of GIS division head at the beginning of 2022, Christian Geberth is responsible for overseeing the next steps in the team's development journey. He brings to the position more than 10 years' experience as Raiffeisen's department head of corporate banking, alongside research and analytical skills honed through his PhD in innovation management and his subsequent industry career.

He is open about the fact that he comes to GIS with a fresh set of eyes, not as a custody specialist but with strong expertise in technology, digitisation, and solutions development. This, he says, provides an effective complement to the many years of securities services expertise already established within the GIS team.

His strategy will offer continuity with the approach adopted by GIS's previous division head, Harald Kreuzmair, delivering what Geberth calls an "end-to-end value chain focus" which embraces execution to post-trade — including electronic sales trading, direct market access (DMA), algorithmic trading, and smart order routing, along with associated clearing, settlement, custody, and fund services across Austria and the CEE region.

Importantly, this programme will also deliver a business ownership structure that integrates technology and operations requirements centrally into GIS' delivery strategy. "Until this year, product development and delivery, operations and IT for GIS all sat in different parts of the bank," says Geberth.

"Our ongoing programme of organisational restructuring will remove this separation, creating a triangular structure that applies the same key performance indicators (KPIs) and a common Agile project management methodology across each of these service components."

Direct access model

In managing this transition, GIS is not setting off from a standing start. In 2014, RBI conducted a major review of the operational framework and internal governance that it had in place to support securities services delivery in CEE. In doing so, it took a significant step away from the custody model that it previously employed — which was also applied by its main regional custody competitors — by establishing a direct link to the central securities depository (CSD) in 10 CEE markets. Russia was added to this direct access model when a direct link to the National Securities Depository, Russia's CSD, was established in 2020.

To support this direct access model operationally, Raiffeisen also centralised its operations support for its direct-access markets through a team in the Raiffeisen Service Centre, a majority-owned Raiffeisen subsidiary located in Vienna. For GIS, this has delivered important efficiency benefits, enabling platform upgrades to be managed centrally via the Vienna hub, for example, rather than rolling out platform upgrades for direct-access markets on a market-by-market basis across the region.

In turn, for GIS clients, this approach supports access to Austria and the largest CEE markets via a single access point, enabling firms to standardise their legal and operational frameworks, simplify their network management requirements, and reduce some of the risks and operational overheads associated with operating in a multi-market environment.

For remote or lower-volume markets where it does not offer direct access, GIS continues to offer securities services via a traditional sub-custody model using a local subsidiary — as it does in Macedonia, Montenegro, Serbia, Bosnia and Herzegovina, and Ukraine — or through a local partner bank.

"Through this structure, we stand as the gateway to the east for international investors through our regional custody product," observes Janoschek. "We also provide a link to the west for domestic institutional investors in CEE and CIS markets." She notes that both of these lines of business have continued to expand over the past 24 months — and, significantly, GIS has never closed or suspended any markets in its regional network.

"It is important for our clients that they can rely on service continuity and the resilience of our model, even under testing conditions," says Janoschek. With a direct access model in place, GIS does not rely on Raiffeisen having a local banking presence in its largest CEE markets.

> *"Our restructuring programme will deliver a business ownership structure that integrates technology and operations requirements centrally into GIS' delivery strategy"*
>
> **Christian Geberth**

Custody clients have received uninterrupted service in the Bulgarian market, for example, despite RBI's decision to sell its local banking subsidiary, Raiffeisen Bank International (Bulgaria) EAD, to KBC Bank in a deal that was finalised in July. The same prevailed when RBI sold its subsidiary in Slovenia in June 2016 to Biser Bidco, a Ljubljana-based banking entity owned by Apollo Global Management and the European Bank of Reconstruction and Development.

Stormy seas

Having moved to GIS from outside of the custody environment, Asset Servicing Times asked Christian Geberth to reflect on his experience so far in fronting GIS since early 2022.

"It has been quite a ride," he responds. "In managing this transformation, we have defined the vision for the group and its strategic priorities. It has been important to adapt the staff mindset, since the collaboration culture now works slightly differently with the integration of business, operations and IT responsibilities within GIS, with a common set of KPIs."

Geopolitical developments have not been kind to the implementation schedule. Russia's invasion of Ukraine on 24 February has substantially disrupted this programme, not to mention Raiffeisen's business activities in Russia and Ukraine. On top of this, Geberth reminds us that these developments have all taken place in the shadow cast by the COVID-19 pandemic.

"A calm attitude is essential in managing this situation," says Geberth. "It is important to respond appropriately, given the major economic consequences but also the human resources implications, recognising that we have a large workforce in the CIS region, with close to 9000 employees working for Raiffeisen in Russia and approximately 7000 in Ukraine."

In March, RBI's chief executive Johann Strobl issued a public statement indicating that this "unprecedented situation" had prompted RBI to reassess its position in Russia. "We are assessing all strategic options for the future of Raiffeisenbank Russia, up to and including a carefully managed exit from Raiffeisenbank in Russia," he said.

Strobl confirmed that RBI and its subsidiary banks would continue to operate in compliance with local and international sanction laws and changing financial market requirements, and in line with the bank's code of conduct. He emphasised that RBI's subsidiary banks are self-funded, well-capitalised, and have insignificant cross-border exposure to Russia.

Bettina Janoschek explains that the GIS team is working closely with its local staff in the Russian market to evaluate sanctions placed on Russia and to fulfil its duty of care to clients in line with these requirements. The bank's local representatives, led by GIS' head of Russia Evgenia Klimova, are in regular dialogue with financial authorities and the market infrastructure, including the Russian central bank, as securities market regulator, and with the National Settlement Depository, where RBI is a direct settlement member.

More broadly, Janoschek observes that there has long been a strong spirit of cooperation between sub-custodian banks in the Russian market, and this collaborative spirit has persisted during the recent crisis in trying to find effective solutions on behalf of cross-border and domestic investors.

For RBI's Ukraine service, GIS's head of Ukraine Bohdana Yefremova is now overseeing the service remotely, supported by colleagues on the ground in the Kyiv office. However, Raiffeisen's coverage in Ukraine extends well beyond securities services and also includes a large retail banking presence, which continues to provide banking services in many parts of the country.

Regional evolution

Reflecting on the longer term evolution of CEE securities services markets, Janoschek observes that domestic institutional investors in the major CEE markets are becoming more sophisticated in their investment strategies. In earlier days, these institutional investors — typically local pension and insurance funds — focused primarily on investing in their domestic markets, particularly in government debt and the most liquid equities.

Subsequently, these institutional investors are looking to raise their cross-border allocations, and this has driven greater activity through RBI's global custody services in larger CEE markets. Institutional and retail investor demand has also fuelled the growth of collective investment funds markets in CEE, with domestic institutions exploring investment options with local and international asset managers through mutual funds and segregated mandates. Again, Raiffeisen aims to stand at the centre of this activity, serving as a gateway for domestic institutional investors to the rest of the world, and supporting the growth of the local collective investment funds market through its fund administration and transfer agency solution. GIS is the largest fund broker in Austria, offering straight-through access to an extensive universe of more than 25,000 funds worldwide, with more than 97 per cent of fund transactions using straight-through processing.

Cultivating an innovation mindset

In building for the future, Raiffeisen has launched a series of parallel strategy streams, focused on product innovation, client experience, and process automation, which concentrate on finding more efficient ways of delivering solutions to the client. This includes enhancements to RBI's Global Investor Gate, its user interface for securities services products that offers app and web-based access with full application programming interface connectivity.

Alongside these channels, Raiffeisen is focused on identifying wider opportunities for group collaboration, seeking to leverage the benefits of new technology and customer solutions across the bank, and to take advantage of the scale benefits that these can offer across the enterprise.

More broadly, GIS will continue to invest in its technology stack and its data architecture. In promoting innovation, GIS has established a sandbox through which it can evaluate investment in fintech and solutions development.

This includes opportunities for applying distributed ledger technology (DLT) to complement its technology architecture. "Although these projects are broadly in an 'exploration phase', we

> ***"Domestic institutional investors will play a central role in driving our future, recognising that cross-border investment flows may wax and wane"***
>
> **Bettina Janoschek**

identify potential for integrating DLT selectively into our existing systems and books of record," says Geberth.

Beyond its innovation strategy, a wider question for GIS is how the competitive landscape in regional custody and clearing will evolve in times ahead. In May, Societe Generale completed the sale of its Russian subsidiary Rosbank, along with its Russian insurance subsidiaries, to Interros Capital — founded by Russian oligarch Vladimir Potanin — with SG Group estimating a net loss of €3.2 billion on its income statement from the sale of these assets.

There has also been speculation that Citi is in negotiation with Russia-based Expobank regarding the potential sale of some of its bank operations within the Russian market. If this includes its securities services operations, this may significantly reduce the contribution of Citi's CEE and CIS revenue stream to its global securities services turnover.

For Raiffeisen, as we know, the official position is that it continues to review strategic options for the future of its Russian subsidiary. But, for Janoschek, the key point is that Austria and CEE are home markets for GIS and the region will continue to be the centrepoint for its future growth, supporting the needs of both international and domestic asset owners and financial intermediaries.

"Domestic institutional investors will play a central role in driving our future, recognising that cross-border investment flows may wax and wane, but these domestic investors will be ever present in the region as they diversify their investment exposures across a widening range of asset classes and investment destinations," she concludes.