EUROFI VIEWS MAGAZINE - HELSINKI SEPTEMBER 2019

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Technology innovation driving change in asset servicing

The asset servicing industry is constantly innovating. Whether it is launching a complex global file exchange platform or just automating a mundane operational task; innovation is answering the market's calls for efficiency.

Tech-driven innovation has a big influence on our industry, offering the means to beef up responses to future challenges: increasingly integrated post-trade services, rising volumes within a fixed-cost structure, tighter productivity goals, investor cost pressures and strengthening competition - all within a low interest rate environment and with stricter capital adequacy requirements.

The beginnings of a transformation is occurring which seems to fly in the face of harmonisation trends as new platforms and asset classes emerge which demand an ever-broadening 'aggregated view' across invested assets. Asset servicing companies' role here is the consolidator, offering full industry connectivity, including to Fintechs, as part of a seamless client experience across platforms, services and assets.

Besides new platforms and assets, there are various technologies that asset servicing companies are incorporating into their business which open up opportunities for further development. Many companies are actively studying Blockchain (or distributed ledger technologies) but are slowly coming to realise its limitations when attempting to replicate the functionalities of the complex internal systems asset servicing companies have developed over the years.

Robotic process automation (RPA) on the other hand, is already being applied throughout our industry to automate repetitive, low value-added tasks - essentially using computers to operate in-house systems designed for humans. Running 24/7 and flagging any issues to employees, RPA offers huge potential especially for reducing human error (operational) risk. It is effective, its applications are wide ranging and frees up staff for tasks where human intervention is essential.

Additionally, Big Data software, which identifies patterns in huge databases, is already more than a promise. With asset servicing positioned as data hub, centralising its own generated data, external data feeds and historical data, Big Data technology provides free-form insight on the efficacy of marketing campaigns, optimal fund launch timing, investor targeting, stress testing, sales volume prediction and management information system features, along with generating standard regulatory, tax and management reports. It is transforming our industry, and in turn, asset management.

Such innovation is central to asset servicing's future and is driven by employees, clients, regulation, strategies and new technology ideas.

Asset servicing companies such as CACEIS are a trusted third party and will remain a central industry feature especially by ensuring security across new investment fields. If we can properly harness data to give granular insight on key areas, while massively streamlining processes by leveraging RPA, we will see asset servicing take a significant step forward to the benefit of the entire value chain. ●