

Leading evolutionary change with technology

Technology and digital innovation are key for asset managers to shape business models into one that is responsive to new market realities

The industry has witnessed structural changes in the asset management business globally. Impacting these changes are the low interest rate environment and fee pressures. Worth highlighting too are trends that include the adoption of passive and low-cost investment strategies such as exchange-traded funds (ETFs), growth of digital channels to access investments and increasing reliance on technology.

Asset owners now also seek greater assistance from custodians for both accounting book of records (ABOR) and investment book of records (IBOR) programmes. The robust data management framework underpins this trend. Asset managers are also increasingly evaluating their operating models and technology ecosystems as they seek timely IBOR.

"Technology is driving the change, with new entrants and established providers recognizing the potential for digital to transform their business models. Clients are telling us that data delivery, technology and ability to integrate are key in their assessment of service providers," says Rohan Singh, Asia Pacific Head of Asset Servicing, BNY Mellon.

There is also focus on data derived from the asset that will create the most value.

"This data will be most useful when combined with multiple flows being generated across the digital economy. Custodians must develop the platforms, partnerships and solutions to aggregate and deliver data from multiple sources in the most meaningful way possible to meet the needs of individual clients," says Singh.

For BNY Mellon, the approach is to integrate modular components using application programming interface (APIs) and cloud technologies to deliver a seamless client experience, regardless of where the functionality is derived from.

BNY Mellon has developed global API solutions for clients, including cash holdings API, instruction capture API, as well as the corporate events API. The corporate events API was incubated in its Singapore Innovation Center and went live with one of BNY Mellon's key clients in Asia Pacific.

BNY Mellon's technology experts collaborate with clients to enable greater operational efficiencies and increased performance for its corporate events APIs.

"This API adds significant value to the client experience as it enables them to receive on-demand updates on their income, offering a more efficient and timely solution than the current format of downloading and dissemination of reports manually. More importantly, the solution enables our client to optimize their investment decisions with the help of real-time updates," Singh says.

In terms of addressing some of the existing inefficiencies in the industry such as manual and paper-intensive processes, BNY Mellon is one of the leading asset service providers to utilize blockchain technology.

BNY Mellon recently built a backup solution to one of its core processes for the settlement of US government bonds using the blockchain technology.

"It is built completely on blockchain and has given us a complete processing database on the distributed ledger. This use case has now turned into an additional business continuity option for BNY Mellon," Singh says.

In addition, BNY Mellon also uses new chatbots to improve speed, accuracy and efficiency of communication as well as to replace previously manual responses to status updates for securities trades.

BNY Mellon, jointly with Deutsche Bank, deployed a chatbot-to-chatbot communication solution in June this year.

"The integration of the chatbots between BNY Mellon and Deutsche Bank built on Symphony, a widely used financial markets messaging platform, results in a more seamless flow of information for clients trading securities on the Hong Kong Stock Exchange. The chatbots improve the workflow efficiency between both organizations and the client experience," Singh says.

BNY Mellon offers an open architecture environment in both enterprise data management and middle office outsourcing, which integrates with multiple order management systems at the front-end.

"We are a technology-driven bank with capabilities that extend far beyond traditional trust banks. This enables us to deliver more value to clients and develop deeper and broader relationships. We believe that technology enables us to deliver robust investment servicing solutions across a broad range of asset classes and investments on a global basis," Singh says. ■

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