

AGENT BANKS IN MAJOR MARKETS SURVEY



A shift in focus

The 2018 Agent Bank in Major Markets Survey incorporates several major changes in design and presentation, reflecting the growing importance of risk as a service consideration.

This is the 29th consecutive year in which Global Custodian magazine has published a survey of client perceptions of the quality of the services provided by the local agents of global custodian and global investment banks. It is, however, the first in which the magazine has joined forces with AON McLagan investment Services (McLagan) to produce the survey. This follows the agreement in March 2018 between Global Custodian and McLagan to co-operate in the management of all the client experience surveys published in the magazine. An FAQ, explaining how the relationship between us works, can be found on the following page.

The survey, which, going forward, will be renamed the Direct Clearing and Custody Survey, was conducted between July and September 2018. It made use of a comprehensively revised survey questionnaire, following advice received in consultations with network managers and agent banks. It is difficult to accommodate the needs of every user of sub-custody and clearing services, but the questions aim to address the current priorities of network managers, which accord greater importance to risk, liquidity and asset safety than to operational concerns such as settlement.

The 2017 Agent Banks in Major Markets (ABMM) survey asked 47 questions divided between Value and Commitment (4), Relationship Management (4), Client Service (3), Reporting (5), Corporate Actions (5), Cash Management (4), Income Collection (3), Tax Reclaims (5), Settlement (7) and Technology and Connectivity (7). The 2018 Direct Custody and Clearing Survey asked 83 questions across Client Service (4), Account Management (7), Asset Safety (8), Risk Management (9), Liquidity Management (4), Regulation and Compliance (6), Innovation (5), Asset Servicing (12), Pricing (10), Technology (7) and Cash Management and FX (11). Both incorporated areas for respondents to make written comments about their service providers.

Although the 2018 questionnaire asked more questions, it allowed respondents to skip any question or service area in its entirety or rate an entire service area by answering a single question. In other words, it was possible to assess a provider in all 12 service areas by answering just 12 questions. In addition, the 2018 questionnaire allowed respondents to divide the in-country operations into two groups: those they wished to assess country by country and those they wished to assess as a group. The intention was to give respondents the maximum degree of flexibility in how they completed the questionnaire.

The format of the questionnaire was also changed. Respondents were asked not to score their agent banks on particular

aspects of a service area, but to agree or disagree with a series of propositions about a service area. The extent to which a respondent agreed or disagreed with a proposition ranged from Strongly Agree to Strongly Disagree on scale of 20 points. For publication, however, results were converted to the 7-point scale (where 1=unacceptable and 7=excellent) familiar to readers of Global Custodian. The substantial revision of the questionnaire means that comparisons between the 2017 and 2018 surveys is limited, with roughly one question in three being comparable with the questions asked in 2017. Although this has led to a short-term loss of continuity, the ability to compare one year with another will be restored in 2019 and be established by 2020.

Response base

In all, a total of 1,763 responses were received, of which 393 were discarded for a variety of reasons, leaving a total of 1,370 authenticated responses. The goal is to assess the quality of services as judged by cross-border responses only (in which a respondent in one country is assessing an agent bank in another country) rather than including domestic responses (in which a respondent in one country is assessing a respondent in the same country) or affiliated responses (in which the respondent is linked to the agent bank being assessed by ownership, joint venture or other form of partnership or alliance). The per-country summary of the findings of the survey in the following pages makes use of data filtered in this way. The scores published below are weighted for the size and sophistication of the respondent.

We are conscious of the scale of the effort required to complete a lengthy questionnaire and are grateful to the many clients of the agent banks that took the time and trouble to do so. As a token of our appreciation for their work, McLagan will be distributing to every respondent – after the survey is published – a benchmarking report that shows how their assessment of their service providers compares with that of other clients of the same bank.

We are grateful also to the agent banks that completed the provider questionnaire. This was designed to match exactly the questions posed to their clients, with the aim of picking up any mismatches between internal perceptions of the quality of services provided and the external perceptions of the same services by clients. A map depicting matches and mismatches is included in the research reports that McLagan provides. Contact details for these and other survey-related products and services are to be found in the FAQ which follows on page 74.

Global Custodian McLagan survey FAQ

How does the relationship between GC and McLagan work?

Under the terms of the partnership agreement, McLagan provides a fully outsourced survey service to GC, including the creation and distribution of questionnaires, the collection of questionnaires completed both online through a dedicated technology platform and offline in formatted Excel spreadsheets, the analysis of the data received and the preparation of both the results and accompanying texts for publication.

GC manages all editorial, sponsorship and advertising associated with the surveys, including the digital badges and the awards dinners.

McLagan prepares research reports, based on the survey findings, combined with additional information about the costs, revenues, productivity and financial performance of service providers, for purchase by the firms that take part in having their services assessed.

To avoid conflicts of interest, there is no revenue-sharing on these respective product sets between the two companies.

[Below McLagan explains the data collection process and the safeguards surrounding it.]

How will my clients be invited to participate in the survey?

To ensure we remain in compliance with the General Data Protection Regulation (GDPR), which requires that survey respondents consent to the use of their data to take part in the surveys, you must seek the consent of your clients to share their contact details with us.

To assist with this process, McLagan provides an on-line service, the McLagan Survey GDPR Consent Platform. This enables you to upload a spreadsheet file of, at a minimum, client email addresses, in CSV format, and email the clients directly to seek their consent to share their contact details with us. If you prefer not to email clients directly from the platform, you can also download from the platform a unique set of links to email clients from your own email address.

Once a client consents to the sharing of their information with us, we also seek their consent to share the survey questionnaire with them. Once they have given that consent, we open a password-protected survey account in their name.

Your clients are also given an option to withdraw consent at any time (which we are required to do under GDPR) and an option to renew consent automatically. Contact details are erased automatically if consent is refused or withdrawn – also as required by GDPR.

Can I invite clients directly?

Yes. Email invitations can be sent directly from your service provider account dashboard, allowing you to track whether your client has accepted his or her invitation to participate in the survey. Alternatively, you can copy and paste a copy of our survey link and send it directly to clients through your own email account.

Can I track responses from my clients?

Yes. Individuals at your organisation open online accounts with us via the McLagan Survey GDPR Consent Platform. Through these accounts, your team can monitor responses, view the name and organisation of a respondent and see which questions a respondent has answered and which have been left unanswered.

What benefits are there to my clients for taking part in a survey?

Every client who completes a survey questionnaire will receive a complimentary benchmarking report comparing their assessment of their service provider to that of other clients of the same provider, as well as a comparison of their provider with providers used by all other respondents to the survey.

Who can I contact with questions or for help regarding surveys?

For queries about survey questionnaires and methodologies, contact:

Dominic Hobson, dominic.hobson@mcclagan.com

For queries about survey participation, timetables and process, contact:

Allison Cayse, allison.cayse@mcclagan.com

For queries about survey research reports, contact:

Keith Amos, kamos@mcclagan.com

For queries about digital accreditation, awards dinners and advertising, contact:

Daljit Sokhi, daljit.sokhi@globalcustodian.com

For queries about Global Custodian's published survey coverage, contact:

Richard Schwartz, richard.schwartz@globalcustodian.com

Australia

HSBC

No bank got more inbound responses than the inheritor of the Westpac franchise in this market, underlining how Australia remains one of the largest operations in the HSBC network in the Asia-Pacific region. On operational issues, such as settlement, the scoring of the bank is high, though there is variation when it comes to asset servicing. Client service earns ordinary returns, and there is a perception that the relationship could become richer and more seamless, though one client sees the problem as global rather than local. “Local relationship management more pro-active and prompt than on group level,” writes a client.

BNP Paribas Securities Services

There is clearly nothing wrong with the way the French bank runs relationships in this market, and it gets not only the core banking services right but manages to impress when helping clients in trickier fields, such as regulation. Even where it scores less spectacularly, BNP Paribas outperforms the local and global competition. Liquidity management, where clients see room for improvement in cash projections and collateral management, provides a noticeably rare blip. Information flows are also an issue in account management, though there are predictable gripes about onerous KYC processes (though not, interestingly, responsiveness) as well.

Citi

This is not the largest market in the Citi clearing and custody network, but the responses, from a small number of internation-

al banks, sport the traditional hallmarks of the bank in securities services: efficient settlement with minimal fails and no-non-sense technology. The clients would like lower prices and think more could be done to trim liquidity and collateral costs, but do not dispute the value they get. There is also a high degree of trust in Citi as a counterparty that can keep assets and data safe, and insulate clients from regulatory risk.

National Australia Bank

National Australia Bank (NAB) is now the only indigenous bank still in the custody business. It possesses a massive local franchise, providing asset servicing to a host of the fast-growing local pension schemes, which appreciate a substantial local presence that can meet their treasury needs as well. NAB outsources the outbound needs of its domestic clients to a global custodian but continues to look after the Australian dollar custody business of a number of foreign clients. Those that responded offer a mixed verdict, but there are too few for that to be definitive.

J.P. Morgan

Next year will mark the tenth anniversary of the acquisition by J.P. Morgan of the staff and clients of ANZ Custodian Services. At the time the giant American bank, which has long had a large global custody business for end-investors in Australia, was looking to expand its direct custody and clearing network.

The scoring suggests there is room for improvement in asset servicing, but especially in cash, FX, credit and collateral.

WEIGHTED AVERAGE SCORES

	HSBC	BNP Paribas	Citi	JP Morgan	NAB	Market Average	Global Average
Market share (% of responses)	36%	18%	12%	21%	12%		
Relationship management	4.92	6.11	5.65	5.59	n/a	5.12	5.20
Client service	5.39	5.60	5.61	5.16	n/a	5.27	5.40
Account management	5.60	5.25	5.44	4.56	n/a	5.19	5.44
Asset safety	5.44	6.92	5.75	5.50	n/a	5.59	5.68
Risk management	5.52	4.44	5.58	5.97	n/a	5.51	5.46
Liquidity management	4.86	4.83	3.50	4.47	n/a	4.59	4.89
Regulation and compliance	5.73	5.84	5.90	6.05	n/a	5.79	5.64
Innovation	5.08	5.62	5.78	4.73	n/a	4.93	5.18
Asset servicing	5.21	6.86	5.01	5.08	n/a	5.18	5.09
Pricing	5.10	5.33	5.24	5.22	n/a	5.18	4.82
Technology	4.95	5.03	5.44	5.26	n/a	5.11	5.28
Cash management and FX	4.42	4.36	2.34	4.36	n/a	4.15	4.25
Total	5.24	5.41	5.23	5.28	n/a	5.19	5.24

Austria

BNP Paribas Securities Services

The French bank has offered custody, clearing and settlement here from its Frankfurt office for many years. The details of the scoring suggest the bank has got the right client-facing team installed in Germany, but it could do better in asset servicing. The scores are also suffused by a collective sense that the bank could do more to contain the costs for its clients, not only in terms of the explicit fees it charges but across liquidity, collateral and credit as well.

Raiffeisen Bank International

The Raiffeisen model is based on giving clients access to multiple markets in Central and Eastern Europe through a single hub. This is reflected in perceptions that the model reduces operational risk – that trades will settle on time and assets will be safe – but at some cost in direct human interaction. That said, one client has experienced “great response times and overall service.” The strong returns to asset servicing of 2017 are not repeated this year.

UniCredit Bank Austria

Like its local rivals, UniCredit operates Vienna as a hub. Clients can use it as a single window in Central and Eastern European markets as an alternative to dealing directly with 15 markets in its wider network. This complicates the task of discerning exactly what clients like and dislike in Austria in particular, but one message is clear: The banks needs to spend more on technology.

Erste Group Bank AG

Though it received a small number of responses, the outcome for Erste is more than respectable across all areas. Its strong showing in cash management was not sustained this year, but the details show the banks get credit for the efforts it has made to simplify account-opening. Like its indigenous rivals, Erste services custody clients not only in its home country but in Germany, Central and Eastern Europe (Czech Republic, Hungary, Romania and Slovakia) and Southern Europe (Croatia, Macedonia and Serbia) as well. This is evidence of commitment, as is the investment in new services.

Deutsche Bank

TARGET2-Securities had not yet opened when Deutsche opted to service Austria from Vienna rather than remotely from Frankfurt. The German bank has since pioneered a model in which local asset servicing is linked to centralised settlement. The assessment by the limited number of respondents Deutsche attracted in this market suggests they like what they are getting.

Citi

In this market, as in others, Citi is best judged by its own criteria: an ability to achieve a high level of responsiveness to queries and an even higher level of automated settlement for broker-dealing clients, while keeping as close as possible to the market cut-off times. Though Austria is one of 14 markets the bank services in western Europe, Citi did not receive enough responses to support a separate assessment here.

WEIGHTED AVERAGE SCORES

	BNP Paribas	Raiffeisen Bank International	UniCredit Bank Austria	Erste Group Bank	Deutsche Bank	Citi	Market Average	Global Average
Market share (% of responses)	41%	24%	16%	16%	3%	0%		
Relationship management	5.89	4.50	5.12	6.22	n/a	n/a	5.45	5.20
Client service	5.51	4.31	5.68	5.92	n/a	n/a	5.39	5.40
Account management	5.70	5.42	5.74	5.67	n/a	n/a	5.69	5.44
Asset safety	5.93	6.23	5.70	6.15	n/a	n/a	6.08	5.68
Risk management	4.94	5.48	6.04	5.56	n/a	n/a	5.66	5.46
Liquidity management	4.71	5.75	4.98	6.00	n/a	n/a	5.17	4.89
Regulation and compliance	5.40	5.63	5.84	6.33	n/a	n/a	5.89	5.64
Innovation	5.54	4.90	5.42	5.84	n/a	n/a	5.47	5.18
Asset servicing	4.62	4.65	5.41	5.79	n/a	n/a	5.10	5.09
Pricing	4.78	4.35	4.89	5.78	n/a	n/a	4.90	4.82
Technology	5.29	4.47	5.41	5.33	n/a	n/a	5.32	5.28
Cash management and FX	3.59	3.08	5.69	4.19	n/a	n/a	4.10	4.25
Total	5.18	4.81	5.52	5.71	n/a	n/a	5.40	5.24

Belgium

BNP Paribas Securities Services

The French bank is well-entrenched in Belgium. It services domestic global custody clients as well as foreign sub-custody and clearing customers and divides the work between local operations and its hubs elsewhere in Europe. The sizeable number of inbound respondents that have assessed the bank are pleased with the people, the relationship and the risk, but are clearly looking for economies. This is not surprising. Two years have elapsed since Euroclear Belgium migrated to the TARGET2-Securities (T2S) settlement platform operated by the European Central Bank (ECB), but the details of the scoring of the major European direct custody and clearing network in this market suggests the anticipated savings in cross-border settlement costs have yet to materialise here. Nor, judging by these scores, are custodians yet delivering the improvements to the management of liquidity and collateral that were promised at the advent of T2S – in short, reductions in the amount of cash and collateral required to settle trades – despite the introduction of a single cash account spanning multiple markets and an automated collateralisation service.

Deutsche Bank

A relatively small number of clients pass a less-than-stellar verdict on the local performance of the German bank. But local perceptions matter less than the client experience of the wider European custody platform Deutsche developed as markets in Europe migrated to the T2S settlement platform. Deutsche Bank was among the first to adapt its operating model to the new dis-

pensation created by the phased transition to T2S, joining forces with Euroclear France to pioneer for a major global custodian an innovative solution to the post-T2S problem of the disjunction between settlement and asset servicing. The detailed scores for Belgium suggest that, whatever T2S has added in terms of settlement efficiency, the new European custody platform has not yet translated into lower settlement costs or savings in capital and collateral. It has also added nothing in asset servicing.

KBC Securities Services

In the core services of managing accounts, setting trades and servicing assets, KBC is keeping clients happy. The small number that have contributed to the survey also like KBC as a counterparty, though they think it could do more to help on the price of cash and collateral as well as the services themselves. On the human side, they are less grunted. “Always helpful when contacted,” writes one client, but the score for client service is respectable rather than resplendent, and a second respondent is dismayed to have had “hardly any contact.” A third is more specific. “Responses are sometimes not deeply investigated and out of scope,” writes a respondent. “Response time is high and reactivity not so high.” Technology and innovation are clearly issues. However, having functioned for several years as the independent brokerage arm of the Flemish bank, KBC Securities Services was from this summer integrated with the wider investment bank, giving the custody and clearing group access to additional technological resources as well as offering clients potential synergies.

WEIGHTED AVERAGE SCORES

	BNP Paribas	Deutsche Bank	KBC Securities Services	Market Average	Global Average
Market share (% of responses)	68%	18%	14%		
Relationship management	5.50	5.04	5.56	5.43	5.20
Client service	5.66	4.64	5.75	5.51	5.40
Account management	5.42	5.17	6.48	5.54	5.44
Asset safety	5.42	5.81	6.71	5.68	5.68
Risk management	5.52	6.01	5.39	5.56	5.46
Liquidity management	4.94	6.25	5.68	5.16	4.89
Regulation and compliance	5.62	5.24	6.18	5.62	5.64
Innovation	5.60	4.25	5.61	5.41	5.18
Asset servicing	4.98	5.21	5.90	5.16	5.09
Pricing	4.91	4.34	5.18	4.93	4.82
Technology	5.31	5.52	5.09	5.30	5.28
Cash management and FX	4.10	5.55	4.00	4.15	4.25
Total	5.26	5.23	5.70	5.32	5.24

Canada

RBC Investor Services

RBC attracted slightly more responses than its principal rival in Toronto. The obvious strengths of a AA-rated bank with a well-advertised aversion to excessive risk-taking are visible in the details of the scoring of asset safety and risk management. The reputation of the bank for client service is one of equal longstanding, and it is obvious that clients find their day-to-day dealings with the bank more than satisfactory. “Always very responsive to meet our needs,” writes one respondent. A second says his firm always receives “great support from [the] client support team,” while a third confirms that “service is good.” A similar appreciation of the quality of contacts is evident in compliance, where a dedicated governance and regulatory solutions team is clearly impressing clients. “RBC is pro-active and informs us of any changes in the rules,” says a client. Another notes that the bank is “always communicating relevant information.” The average scores also conceal the fact that the product and consulting teams are winning plaudits for innovation. The bank can be pleased that its efforts to stay aligned with clients and ply clients the with useful information rather than volumes of data. Even the apparently weaker score for relationship management, in fact, hides a firm belief in the excellence of the RMs. “Always very helpful and informative when contacted,” confirms a respondent.

What the detailed scores do indicate is a concern about the quality of the underlying operations, albeit in asset-servicing rather than settlement. Greater investment in technology would help, but investing in the processes by which clients collect their

entitlements in Canada would yield richer dividends sooner, and make it easier to transition to technology that improved the client experience as well as cut operational costs and risks.

CIBC Mellon

These are a robust set of scores that are broadly in line with the overall performance of CIBC Mellon last year. The strong performance evident last year in both client service and relationship management continues in 2018, which is fitting for a bank that seeks as much direct contact with clients as possible. “Contacts are responsive, timely and always available,” writes a respondent, though a quantitatively minded client does add that “we would like to have a SLA/KPI in place for the service we receive.” Even where the averages dip, the details often indicate nuance. The underlying scores suggest that clients are extremely happy with CIBC Mellon as a counterparty – the score for risk management is outstanding – but need reassurance on the details of asset safety. When it comes to investing cash and executing FX transactions, they like the services but would value more transparency into the costs. However, there are areas where the client verdict is unequivocal. They would definitely like more help cutting the capital and collateral costs of doing business.

Citi

The bank did not attract enough responses to warrant a full assessment. Familiar strengths, such as settlement, credit and technology, are in evidence.

WEIGHTED AVERAGE SCORES

	RBC Investor Services	CIBC Mellon	Citi	Market Average	Global Average
Market share (% of responses)	61%	34%	5%		
Relationship management	4.88	5.53	n/a	4.99	5.20
Client service	5.28	5.77	n/a	5.33	5.40
Account management	5.46	5.39	n/a	5.27	5.44
Asset safety	5.32	5.36	n/a	5.34	5.68
Risk management	5.06	6.10	n/a	5.41	5.46
Liquidity management	4.67	5.02	n/a	4.77	4.89
Regulation and compliance	5.42	6.00	n/a	5.38	5.64
Innovation	4.76	5.08	n/a	4.75	5.18
Asset servicing	4.96	5.61	n/a	5.15	5.09
Pricing	4.56	5.62	n/a	4.79	4.82
Technology	5.01	5.85	n/a	5.28	5.28
Cash management and FX	4.18	4.41	n/a	4.31	4.25
Total	5.03	5.57	n/a	5.13	5.24



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Denmark

SEB

No bank received more responses in Copenhagen than SEB. There are good scores for client service and, in the details at least, for settlement and technology – which is reassuring in a country that remains the only Nordic market to have transitioned successfully to TARGET2-Securities (T2S). Like most banks in most markets in this survey, SEB could do better in helping its clients trim costs, especially of cash, capital and collateral, but also of the core operational services. Only asset servicing looks problematic. “SEB are becoming very disappointing in the corporate action area,” writes a client that uses the bank on a regional basis. “Everything is black and white with them. It can be challenging to get them to action anything that does not conform to market practice.”

Nordea

The inheritor of the Unibank franchise in Denmark has collected an ordinary set of scores in which appreciation of the client service, confidence in the quality of a AA-rated bank, a belief in the long-term future of the relationship and satisfaction with the core services of settlement and asset servicing are offset by concerns about the details of asset safety, the pricing of the services and the costs of capital and collateral. There is one curious finding. Nordea has embarked on a well-advertised but nevertheless daring journey to digitise all of its operations and is investing heavily to make a reality of this ambition. Yet this does not show up in the scoring of the bank for either innovation or technology.

Handelsbanken Securities Services

The Swedish bank has rededicated itself to Nordic custody, replacing a hotchpotch of 13 systems with a new, integrated and pan-Nordic technology system, settling on a combination of centralised transaction processing in Helsinki and local asset-servicing off a joint regional platform.

Unlike the other Nordic markets, where Handelsbanken seeks domestic as well as in-bound business, the bank is focusing for now on sub-custody only in Copenhagen. That proportion of a relatively small client base in Denmark that responded to the survey are happy with the settlement service and the asset servicing, and clearly think their relationship with Handelsbanken has a mutually rewarding future, though there were not enough to pass a comprehensive verdict on progress towards fulfilling renewed ambitions.

Danske Bank

The Danish universal bank has long defied the odds against single market providers, though a substantial domestic client base willing to outsource their operations to a domestic bank certainly helps. There were just enough responses from international clients to gauge the quality of the sub-custody services Danske continues to supply. Clients evinced few doubts about the quality of the (single A-rated) bank as a counterparty. Clearly they love the people that they work with in client service and relationship management and have confirmed a reputation Danske has earned elsewhere for providing excellent services in cash management.

WEIGHTED AVERAGE SCORES

	SEB	Nordea Bank	Danske Bank	Handelsbanken	Market Average	Global Average
Market share (% of responses)	44%	29%	15%	12%		
Relationship management	5.61	4.83	5.20	4.09	5.07	5.20
Client service	6.02	5.54	6.18	4.09	5.55	5.40
Account management	5.90	5.63	5.43	5.40	5.69	5.44
Asset safety	5.89	5.47	5.41	4.56	5.65	5.68
Risk management	5.58	5.40	5.56	2.88	5.34	5.46
Liquidity management	4.55	4.14	4.47	n/a	4.38	4.89
Regulation and compliance	5.44	5.89	5.71	4.63	5.60	5.64
Innovation	5.47	4.74	5.35	4.45	5.07	5.18
Asset servicing	4.99	5.11	5.49	3.73	5.01	5.09
Pricing	4.51	5.03	4.04	n/a	4.62	4.82
Technology	5.61	5.01	4.67	4.80	5.22	5.28
Cash management and FX	4.21	4.34	3.95	4.44	4.22	4.25
Total	5.39	5.19	5.15	4.23	5.21	5.24

Finland

SEB

SEB outscores its main regional rival in Helsinki, which tends to be one of four regional markets purchased by most of the banks and brokers that use SEB in the region.

Respondents reckon the client service is as good here as it is in any other Nordic market and – if they do not quite see the bank as an extension of their own operations – there are no serious complaints about the way the relationship is run either. “Excellent relationship management in the four Nordic markets with strong market expertise and client focus,” is how one client describes the regional offering. The banking and broker-dealing clients that SEB services best have no concerns about how their accounts are managed, whether or not their trades are going to settle on time, what the technology can do for them, or whether the bank will put their assets at risk. As at other SEB operations in the region, the scores do dip in asset servicing, and especially corporate actions.

Nordea

This is not the highest-scoring operation in the Nordea network, or the most stable, though the volatility in the scores owes something to the fact that they are not derived from a lavish turnout by clients. Nothing illustrates the mixed nature of the scoring better than innovation, where Nordea is simultaneously praised for its willingness to adapt to change but less admired for its willingness to innovate in ways that save clients time or money. But Nordea Helsinki is respected for the quality of the client service, and respondents clearly think their relationship

with the bank is soundly based on an accurate understanding of their needs. Settlement attracts no brickbats at all, and there are plaudits in cash and FX.

Though clients would like more choices and fuller disclosure of costs, and not just in cash reinvestment and cross-currency trades, pricing and transparency are not areas in which Nordea is at a conspicuous disadvantage on either a regional or a global basis.

Handelsbanken Securities Services

Helsinki is important to the remodelled regional offering of Handelsbanken. It is from here that the bank processes all settlements and reconciliations and the mandatory components of Nordic corporate actions, while leaving local operations to manage tax claims, legal issues, cash management and voluntary corporate actions. Indeed, it is the proudest boast of the bank that it is the only one of the three regional contestants to have offshored nothing and instead fulfils all of its duties within the region. It is a decision that reflects the reassuring cultural conservatism of Handelsbanken as a whole.

The bank has a domestic clientele here, but the respondents to the survey are drawn from the international clients Handelsbanken services throughout the region, so their scores do not differentiate between markets. Their number is barely sufficient to make a meaningful assessment. However, the bank can look forward to an uplift in appreciation of its technology as clients start to make use of the new platform.

WEIGHTED AVERAGE SCORES

	SEB	Nordea Bank	Handelsbanken	Country Scores	Global Scores
Market share (% of responses)	57%	29%	14%		
Relationship management	5.60	4.70	4.09	5.06	5.20
Client service	5.94	5.20	4.09	5.39	5.40
Account management	5.93	5.53	5.40	5.71	5.44
Asset safety	5.63	6.00	4.56	5.70	5.68
Risk management	5.67	4.98	2.88	5.23	5.46
Liquidity management	4.38	4.00	n/a	4.29	4.89
Regulation and compliance	5.54	5.84	4.63	5.59	5.64
Innovation	5.30	4.67	4.45	4.98	5.18
Asset servicing	4.95	4.89	3.73	4.84	5.09
Pricing	4.50	4.93	n/a	4.62	4.82
Technology	5.62	4.98	4.80	5.29	5.28
Cash management and FX	4.26	4.05	4.44	4.19	4.25
Total	5.34	5.07	4.23	5.16	5.24

France

BNP Paribas Securities Services

Clients feel at home with BNP Paribas in its home market, and not just because (as the scores confirm) it manages their accounts and settles their trades efficiently. They believe the bank has the ear of the regulators and, a few worries about the whereabouts and accessibility of assets and the costs of cash, currency and collateral apart, they like the counterparty risk. BNP Paribas is rightly admired for innovation, which is a fitting accolade for a bank that employs more than the usual number of engineers (especially in France). Oddly, this has not yet translated into a similar level of appreciation for the technology, though BNP Paribas has thought about what a digital, data-led approach to custody might look like.

Respondents are less enthusiastic about the asset servicing and especially the pricing. A client says, “Invoices and statements must be checked carefully, and errors in calculation or collection have occurred, some significant ones in the last 24 months.”

Deutsche Bank

Paris is the home of an important component of the novel settlement plus asset servicing model for TARGET2-Securities that Deutsche developed for a major global custodian bank – the French central securities depository (CSD) recently celebrated the second anniversary of its successful migration to T2S – but here even the settlement scores lack élan. A small number of respondents like the German bank as a counterparty but find little to please them in the quality of the services they receive. One of the challenges in fashioning a European custody strategy

for the post-T2S marketplace is to balance the short term needs of clients against their longer-term interests.

Société Générale Securities Services

SGSS remains a believer in a local presence, perhaps especially in post-T2S environment, as the best guarantor of asset safety, efficient asset servicing and regulatory forbearance, and the home to its corporate headquarters is at the heart of the 27-market proprietary network of the bank.

A paucity of responses makes it hard to be sure, but the averages derived from a handful of respondents are deeply flattering on every point save the pricing and especially the human side, with scores for client service and relationship management that fall short of the highest global standards. On this evidence, if the A-rated bank can lift client service and relationship management to the same level as its operational services, it will be unbeatable.

CACEIS

A client grumbles that CACEIS “takes too long to respond on emails,” sends “disoriented information” and “answers slowly, we need to chase for updates.” Yet the average scores the asset servicing arm of Crédit Agricole receives from a small number of respondents are redolent of that era just a few years ago when CACEIS used regularly to top the poll of French sub-custodians. Now, seemingly more absorbed by its domestic and international funds business, the bank did not receive many responses to the survey this year.

WEIGHTED AVERAGE SCORES

	BNP Paribas	Deutsche Bank	CACEIS	Société Générale	Country Scores	Global Scores
Market share (% of responses)	65%	15%	12%	9%		
Relationship management	5.47	5.04	5.80	n/a	5.35	5.20
Client service	5.58	4.73	5.74	n/a	5.38	5.40
Account management	5.46	5.15	6.10	n/a	5.47	5.44
Asset safety	5.49	5.61	5.96	n/a	5.57	5.68
Risk management	5.53	6.03	5.80	n/a	5.64	5.46
Liquidity management	5.02	6.28	6.86	n/a	5.32	4.89
Regulation and compliance	5.60	5.27	5.89	n/a	5.55	5.64
Innovation	5.64	4.23	5.83	n/a	5.45	5.18
Asset servicing	4.95	5.08	5.69	n/a	5.05	5.09
Pricing	4.93	4.42	5.84	n/a	4.97	4.82
Technology	5.19	5.52	6.00	n/a	5.26	5.28
Cash management and FX	4.12	5.72	5.00	n/a	4.19	4.25
Total	5.26	5.22	5.86	n/a	5.29	5.24

Germany

BNP Paribas Securities Services

The Frankfurt operation of the French bank attracted more responses than any other provider in Germany, but the strong upward momentum of 2017 has dissipated. Yet the strengths identified by clients are intriguing. “BNP Paribas always seen to be at the forefront of innovation and the RM has been excellent in presenting the changes and what this would mean for post trade operations,” writes a client, who also appreciates a willingness to tailor services to their needs.

As the performance of the bank in relationship management indicates, the appetite not only to innovate but to talk to clients about innovation is winning BNP Paribas plaudits far beyond the narrow confines of new products and services alone. The apparent weakness on technology is almost certainly a short-term hiccup. “The beginning of 2018 was challenging as BNP Paribas seemed to have numerous IT issues” writes a client. “As we move to Q4, we are no longer experiencing such issues.”

Deutsche Bank

Frankfurt was long the largest and best-performing operation in the Deutsche Bank custody and clearing network. A decade and a half ago, after acquiring the custody arm of Dresdner Bank, Deutsche was easily the largest provider of custodial services to inbound business in Germany. The details of the average score suggest that Deutsche continues to settle trades, safekeep assets and collect entitlements with metronomic efficiency, and at reasonable prices too. It also ensures its clients’ needs are taken seriously by the local regulators, their assets are never put at risk,

and the business will continue even in the face of disaster. What has gone missing, amid the averages, is the sense that Deutsche Bank Securities Services Frankfurt is something special. Certainly, the scoring of the human side of the business suggests the custody group is not immune to the wider travails of the bank. “Big turnover of dedicated RM,” as one client notes.

Others

The German market continues to support a number of other providers. Citi continues to offer securities settlement and custody service in Frankfurt as part of its 14-market network in Western Europe. After ditching plans to sell the business five years ago, Commerzbank re-entered the custody business in its home market, but it is not visible in the survey this year.

French custodian and fund administrator CACEIS inherited a custody client base when it purchased the custodial arm of HVB in Munich a decade ago. Though too few of its clients responded to assess the quality of the services properly, the scores are excellent. Deutsche Wertpapier Service Bank (DWP), whose business rests on the solid foundation of managing the securities accounts of savings, co-operative and private banks in Germany, continues to attract a small number of responses.

DZ Bank, the central arm of a network of 900 local co-operative banks in Germany, provides custody services to mutual funds as well as its shareholders. Clients clearly value the services but would like more investment in client service and relationship management.

WEIGHTED AVERAGE SCORES

	BNP Paribas	Deutsche Bank	Market Average	Global Average
Market share (% of responses)	53%	47%		
Relationship management	5.89	4.75	5.22	5.20
Client service	5.76	5.27	5.35	5.40
Account management	5.40	5.33	5.37	5.44
Asset safety	5.93	5.50	5.68	5.68
Risk management	5.29	5.61	5.50	5.46
Liquidity management	4.39	5.56	5.00	4.89
Regulation and compliance	5.85	5.86	5.84	5.64
Innovation	5.96	4.90	5.22	5.18
Asset servicing	4.99	5.26	4.99	5.09
Pricing	4.75	5.08	4.71	4.82
Technology	5.44	4.97	5.18	5.28
Cash management and FX	3.91	4.99	4.44	4.25
Total	5.36	5.24	5.24	5.24

Hong Kong

DBS

This is one of five Asian markets in which DBS provides a custody service, and other operations will struggle to match a performance as outstanding as this. The AA credit rating obviously helps (“Excellent credit rating is one of the main reasons to use DBS,” says a client), but it is hard to find fault with the scoring of the services or the people.

“DBS has an excellent client management team to understand our needs and to update us on market developments,” writes a respondent. “Compared to our other service providers, I am pleased with DBS service.”

Deutsche Bank

“We find Deutsche Bank very easy to work with,” writes a client “They are very responsive to our needs and requests.” But the enthusiasm expressed about the client service officers and the RMs (“very co-operative and helpful”) has not translated into handsome averages in those fields or proved infectious on the operational side of the business.

Respondents reserve their most confident judgments for a narrow range of services: settlement, income collection and especially asset safety.

HSBC

Considered by the average scores alone, this is not a vintage performance by HSBC on what counts as home territory. But hidden in the details is praise aplenty for the way the bank tries to avoid burying clients in paper, settles their trades actively and efficient-

ly, keeps cash and securities safe, and even works hard to keep the costs of cash, collateral and the services themselves under control.

Citi

The scoring of settlement and technology is impeccable – though the bank could always do more to raise levels of automation – but asset-servicing attracts less admiring assessments. Clients would also like to pay less, but their views are reasonable except when it comes to the costs of the items that matter most to the broker-dealers that use the bank: credit and collateral.

BNP Paribas Securities Services

It was 2009 when the French custodian acquired a banking licence in Hong Kong – Beijing followed a year later – as part of its expansion strategy in Asia. Nearly ten years on, a small group of clients declare the services excellent in almost every respect. The exceptions occur mostly in asset-servicing, but it is clear that clients would also prefer to see less due diligence documentation and more information about their cash and collateral.

Standard Chartered Bank

The scores are solid, not spectacular. Attentiveness is noticed (“We appreciate that the bank pro-actively gives a lot of guidance to clients on preparing documents,” says a client), but client service has disappointed. A client says that “frequent staff turnover” has affected the quality of the relationship as well as the speed of turnaround times for queries.

WEIGHTED AVERAGE SCORES

	DBS Bank	Standard Chartered Bank	Deutsche Bank	HSBC	Citi	BNP Paribas	Market Average	Global Average
Market share (% of responses)	21%	31%	17%	11%	10%	9%		
Relationship management	6.34	5.19	4.20	4.79	5.33	5.95	5.08	5.20
Client service	6.12	5.18	4.52	5.48	5.19	5.41	5.24	5.40
Account management	6.14	5.47	5.68	5.55	5.55	4.72	5.51	5.44
Asset safety	6.61	5.80	5.64	5.26	5.84	5.61	5.70	5.68
Risk management	6.42	5.56	4.61	5.37	5.70	3.32	5.30	5.46
Liquidity management	5.83	5.34	4.07	4.89	4.05	4.26	4.69	4.89
Regulation and compliance	6.19	5.56	4.37	5.45	5.98	5.40	5.48	5.64
Innovation	5.81	5.37	3.62	4.72	5.53	5.02	5.06	5.18
Asset servicing	6.10	5.73	4.91	5.16	4.99	4.47	5.29	5.09
Pricing	6.02	5.14	3.79	5.43	5.14	4.66	5.00	4.82
Technology	5.97	5.56	4.83	4.93	5.79	4.94	5.40	5.28
Cash management and FX	5.78	4.95	4.57	3.82	4.24	4.23	4.46	4.25
Total	6.17	5.42	4.54	5.13	5.28	4.89	5.21	5.24

ICSDs

Clearstream

Clearstream eclipses its rival in all but four areas. The scores have a Manichean quality – less than one in six generates an indifferent score – that drives the average towards the mean. The exceptions are pricing (where respondents find virtually nothing to reward) and compliance (which they find faultless). Clearstream shares with every provider declining client confidence in the competitiveness and transparency of cash and FX, and demands for choice, but it would expect to do better on collateral management. “Credit risk department decisions make no sense,” says a client. “It looks like even being over-collateralised means nothing.” Clearstream can afford to ignore continuing issues in asset servicing (settlement and income collection apart) because nobody is doing better. More worrying, and concealed by respectable averages, is the lack of evidence in client service and relationship management that Clearstream people have retained their hold on the affections of their clients. “Strong decrease of the service” as one respondent puts it.

Euroclear

“We have an excellent relationship with Euroclear, working closely together as if we are part of the same team,” writes a sub-custodian bank. Certainly, Euroclear has much in common with sub-custodians: Clients who want better asset servicing; more choice and disclosure in treasury services; and who believe their assets are safe and their trades will settle. Euroclear will not be dismayed by this or by the fact its clients believe it is expensive.

What warrants analysis is the under-performance in cash and collateral (“They do not help much with liquidity”) and the mixed messages from client service and relationship management. One respondent name-checks his current RMs (“always approachable and willing to help in any way they can”) but says service has taken a “decided dip” since his (also name-checked) CSO left. “The current team do not seem to go to the same lengths to help,” he writes.

SIX

SIX outscores its rivals in every area. In only three does it slip below excellence. One is pricing, despite the fact SIX cut its prices in July, when the survey was live. SIX cannot escape the survey-wide censure in cash and FX (though it does not even offer money market services) and asset servicing. It is countering with new services that enrich client trade with SSIs to automate settlement instructions; xChain, a crowd-sourcing search for the elusive “golden source” in corporate actions; and automated tax relief-at-source and reclaims, plus country-specific tax reporting. SIX cannot be accused of being un-innovative.

An IBM Watson-driven Security Operations Centre (SOC) will boost its reputation – evident here – in cyber-security. The SIX Digital Exchange (SDX), announced this summer, will trade, clear and settle tokenised assets. SIX is ambitious as well as innovative. It is not seeking an EU licence to operate, but it has switched its domestic status from a bank to CSD, and plans to compete in Europe as a third country CSD.

WEIGHTED AVERAGE SCORES

	Clearstream	Euroclear Bank	SIX	Market Average	Global Average
Market share (% of responses)	31%	33%	36%		
Relationship management	5.41	5.05	6.22	5.33	5.20
Client service	5.62	5.75	6.21	5.75	5.40
Account management	5.28	5.31	6.30	5.41	5.44
Asset safety	5.88	6.08	6.17	6.01	5.68
Risk management	5.76	5.27	6.70	5.61	5.46
Liquidity management	5.27	4.96	6.48	5.21	4.89
Regulation and compliance	6.37	5.69	6.02	5.95	5.64
Innovation	5.27	4.82	6.17	5.10	5.18
Asset servicing	5.27	4.93	5.88	5.12	5.09
Pricing	4.41	4.18	5.82	4.43	4.82
Technology	5.36	5.23	6.22	5.36	5.28
Cash management and FX	4.76	4.07	5.90	4.42	4.25
Total	5.42	5.14	6.21	5.36	5.24

Ireland

BNP Paribas Securities Services

The French bank did not attract enough responses to reach a definitive view on the quality of the services it provides to investors and traders in Irish securities. However, the details behind the averages do contain some clear, if familiar, messages. Nobody doubts that their cash and securities are safe with BNP Paribas. It keeps on top of regulations that affect clients. The client service officers and RMs are top quality. And the scores for settlement efficiency are unequivocally excellent, but (as in most markets in this survey) their equivalents in asset-servicing fade away.

The familiarity is not surprising: Most clients of BNP Paribas use the bank in multiple markets. One of them does explain an otherwise baffling combination of scores in relationship management and technology. It seems that systems changes led to platform instability, which matters to broker-dealers. “As clients it is very often us who spot an issue and have to chase BNP to confirm that, yes, there is in fact a problem,” he writes. “We have had at least two outages last more than a day.”

Citi

Citi attracted a small but sufficient number of responses to be assessed here. As in 2017, the average scores that it collects from clients are not flattering. They are, however, consistent with the longstanding strengths of the bank.

After the averages are disentangled, it becomes clear that once again Citi is impressing clients most with credit, technology and settlement.

Settlement has, of course, become an issue in Ireland since the United Kingdom voted to leave the European Union in June 2016. At present, trades in Irish equities settle with Euroclear CREST in London and bonds with Euroclear Bank in Brussels. Having ditched plans to create an indigenous (and fund-centric) central securities depository (CSD) of their own, the Central Bank of Ireland and the leadership of the Irish financial services industry turned to Euroclear.

Having announced in February this year that it had decided in principle to establish a new CSD in Ireland, Euroclear later abandoned this idea. Euroclear will instead continue to settle Irish securities in euro, sterling and US dollars from London and Brussels on an interim basis that is likely to be at least as long as any transition of the United Kingdom out of the EU. Market participants await a long-term solution, which may soon become urgent.

Dublin is not the largest market in the Citi clearing and custody network, but it may become more important if the ambitions of the Irish Stock Exchange are fulfilled. It lists only 50 stocks, but since its acquisition by Euronext in March this year it has become part of a multi-national enterprise with a substantial pool of liquidity for Irish issuers to tap and traders to exploit. More importantly, Euronext lists a lot of funds – the financial services industry at which Ireland really excels – and the combined enterprise will be hoping to grow the number of Exchange Traded Funds (ETFs) that are traded. Euronext has also positioned itself as the leading exchange for debt listings.

WEIGHTED AVERAGE SCORES

	BNP Paribas	Citi	Market Average	Global Average
Market share (% of responses)	56%	44%		
Relationship management	4.71	4.18	4.47	5.20
Client service	4.87	4.85	4.86	5.40
Account management	5.33	4.24	4.74	5.44
Asset safety	5.09	5.19	5.15	5.68
Risk management	3.73	5.20	4.66	5.46
Liquidity management	4.14	4.76	4.42	4.89
Regulation and compliance	5.14	4.63	4.89	5.64
Innovation	5.13	4.50	4.82	5.18
Asset servicing	5.01	4.68	4.84	5.09
Pricing	4.39	4.30	4.33	4.82
Technology	4.86	5.37	5.15	5.28
Cash management and FX	3.33	4.90	3.85	4.25
Total	4.68	4.71	4.69	5.24

Israel

Bank Leumi le-Israel

Bank Leumi reckons it is the major indigenous provider of custody services to global investment banks and global custodians trading and investing in the Israeli market. The average scores, though not outstanding, have the virtue of consistency. They also conceal some important truths. If the relationship between Leumi and its international clients is not yet conjoint, trades are settled on time, respondents like their RMs, and any doubts that the bank wants to keep and grow international business is banished. “Relationship is really good,” says a client. “Reactivity and efficiency.” Respondents also agree that Leumi is a large and valuable source of liquidity and appreciate the leverage the bank can exert on their behalf with local regulators. The introduction by Leumi of a dedicated corporate actions team is clearly having an effect. Being less exposed to the eye-catching digital bank for retail customers that Leumi has launched – Hello Pepper – custody clients have yet to appreciate an appetite for innovation, but even a less-than-outstanding set of average scores cannot dispel a sense that Leumi is now the Israeli bank that wants to do what is necessary to win and retain inbound business. “Keep on the excellent work!” writes one client.

Bank Hapoalim

There is not much to choose between the external perceptions of the indigenous rivals, and much the same is true of internal perceptions. The other Israeli sub-custodian also lays claim to a dominant share of inbound business. Hapoalim has, however, attracted a smaller number of responses. The details indicate

clients are happy with the bank as a counterparty, believe their cash and securities are safe with Hapoalim, and are sure it insulates them from local regulatory risk. They agree that its settlement services and technology function effectively and (unusually) are glad to find the bank is relatively open-minded when it comes to investing cash and executing foreign exchange transactions. Where respondents are less convinced that Hapoalim is getting it right, to either local or global standards, is on the personal side. The scores for relationship management and client service are not among its best.

Citi

More than a decade has passed since Citi responded to calls from network managers and opened a direct custody and clearing operation in Tel Aviv. The average respondent reckons the global sub-custodian is still doing a better job than its local rivals in three out of four areas, and it is ahead by a distance in areas where Citi chooses to excel, such as settlement and technology. Its vulnerabilities are venial, even on price, where respondents fail in the end to yield to the temptation that Citi is more expensive than the local alternatives – not least because, for most, Israel is but one market among many where they use the bank.

Mizrahi Tefahot Bank

Mizrahi Tefahot bank did not attract enough responses to be assessed, but it is clear from the scores that its custody service is competitive on pricing.

WEIGHTED AVERAGE SCORES

	Bank Leumi le-Israel	Citi	Bank Hapoalim	Mizrahi Tefahot Bank	Market Average	Global Average
Market share (% of responses)	41%	32%	23%	5%		
Relationship management	5.57	4.90	4.31	n/a	4.75	5.20
Client service	5.79	5.12	4.55	n/a	4.94	5.40
Account management	5.11	4.87	5.32	n/a	5.09	5.44
Asset safety	4.43	5.80	5.42	n/a	5.53	5.68
Risk management	4.81	5.27	5.60	n/a	5.28	5.46
Liquidity management	3.04	6.16	5.21	n/a	5.23	4.89
Regulation and compliance	6.03	5.59	5.75	n/a	5.72	5.64
Innovation	5.32	5.22	4.95	n/a	5.10	5.18
Asset servicing	4.61	5.47	5.22	n/a	5.14	5.09
Pricing	4.01	4.87	4.84	n/a	4.84	4.82
Technology	5.56	5.76	5.58	n/a	5.66	5.28
Cash management and FX	5.04	4.83	4.81	n/a	4.85	4.25
Total	5.13	5.20	5.10	n/a	5.13	5.24

Italy

BNP Paribas Securities Services

“Very good relationship since many years,” is how a client sees his relationship with BNP Paribas Milan. Certainly, the scoring of the RMs, the client service and the relationship as a whole leaves no room for doubt on that point. Account management, settlements, compliance and multiple perspectives on asset safety all fail to find serious fault. In fact, searching for points of weakness in a collective verdict this good seems gratuitous, but they can be found. Asset servicing, notably corporate actions, saw some late notifications. “We are expecting more pro-activity from their side,” says a client. Less-than-smooth technology upgrades were clearly an issue here too, and respondents think BNP Paribas could do more to help them cut cash and collateral costs.

Société Générale Securities Services

A dozen years have passed since the French bank acquired 2S Banca S.p.A in 2006, entrenching Société it in Turin and Milan. Perceptions of the client-facing staff and the technology could be better but, apart from a tiresome KYC process and a handful of calls for more choice and better terms in cash, credit, collateral and FX, there are no visible shortcomings.

Deutsche Bank

Deutsche is getting the basics right. Transactions are settling on time. Entitlements are collected. The technology works for current purposes, even if the level of automation could be higher. Unusually, clients think cash and collateral are well managed.

Confidence in the soundness of the bank, and the safety of the assets it holds, is reassuringly high. But neither client service nor relationship management is much admired, clients detect few signs of innovation, and it will be hard for the business to grow without lifting investment in people, data and technology.

Intesa Sanpaolo

Intesa, particularly in tandem with Banca IMI, has the potential to offer a fast, sophisticated and high volume set of clearing, settlement, securities financing and cash and collateral management services to firms trading the cash and derivatives markets in Italy. But for this set of respondents at least that combination is not yet their daily reality, account opening apart (“The procedure is quick”). The details suggest the average relationship with Intesa is not optimal, and client service fluctuates with the seniority of the contact. “The team is very experienced and pro-active to clients,” writes one major client. “Intesa’s RM is very pro-active and has a professional approach.” But a second has had “hardly any contact.”

Citi

A shortage of data makes it hard to judge the performance of what was once a flagship operation in the Citi direct clearing and custody network of western Europe. What information there is suggests that the bank is valued mainly for access to credit and keen pricing, though even these are offset by indications that fees and spreads could be narrowed further.

WEIGHTED AVERAGE SCORES

	BNP Paribas	Deutsche Bank	Intesa SanPaolo	Société Générale	Citi	Market Average	Global Average
Market share (% of responses)	53%	15%	15%	15%	3%		
Relationship management	5.44	4.91	4.59	4.88	n/a	5.06	5.20
Client service	5.66	4.71	5.10	4.93	n/a	5.25	5.40
Account management	5.43	5.31	5.71	5.49	n/a	5.31	5.44
Asset safety	5.52	5.83	5.83	6.59	n/a	5.66	5.68
Risk management	5.76	6.01	4.84	5.45	n/a	5.54	5.46
Liquidity management	5.18	6.28	4.54	7.00	n/a	5.18	4.89
Regulation and compliance	5.58	5.24	5.52	6.73	n/a	5.37	5.64
Innovation	5.67	4.76	4.28	5.62	n/a	5.20	5.18
Asset servicing	4.95	5.21	4.74	6.21	n/a	4.95	5.09
Pricing	4.96	4.20	4.71	5.71	n/a	4.86	4.82
Technology	5.33	5.52	5.47	5.10	n/a	5.34	5.28
Cash management and FX	4.12	5.08	4.77	3.35	n/a	4.24	4.25
Total	5.31	5.24	5.01	5.22	n/a	5.18	5.24

Japan

Mizuho Bank

“The support of Mizuho Bank is important for us to develop our business in the Japanese market,” writes a client. These scores suggest the average client shares that anxiety to keep Mizuho engaged with their business. There are multiple tributes across client service (“Mizuho always provides excellent service”), relationship management (“We have forged a special relationship with Mizuho”), asset servicing (“The proxy voting services provided by Mizuho Bank are excellent”), compliance (“Mizuho is well-versed in local regulation and compliance-related issues”) and asset safety (“Mizuho clearly understands [the] legal framework in place for clients’ asset protection”). One respondent even adds, “Mizuho operates under a ‘dual office structure,’ which we find very comfortable and reasonable for a provider in a quake-prone nation like Japan.”

The Bank of Tokyo-Mitsubishi UFJ

“We are very satisfied and impressed by their client services level, including speedy feedback, great communication skills and constructive advice for solutions, showing very high level of expertise,” writes a client. “We are particularly feeling helped by their savvy [knowledge] of the Japanese market, such as in-depth analysis of regulation change and advice regarding market practices.” A second adds that “their quality of service is impressive” with the RM playing “a key role to bridge the communication between client and operations.” The average scores bear out these testimonies, slipping below excellence in a handful of issues only in asset servicing, cash and FX, collat-

eral, pricing, risk and relationship management and especially innovation.

HSBC

This is a fine set of scores, in which the traditional virtues of HSBC in terms of client service, operational efficiency and counterparty quality are on full display. Settlement is seen as more or less perfect and, if the bank could get its own deadlines closer to the issuer cut-offs, asset-servicing would run it close – which is quite an achievement in a notoriously intense market for proxy voting and corporate actions. The only conspicuous shortcomings arise in risk management and innovation.

Sumitomo Mitsui Banking Corporation

SMBC has not, contrary to the opinion of some respondents, withdrawn from Yen custody. It is, however, taking the risk of changing its strategy. Instead of persisting with a traditional portfolio of sub-custody services, SMBC is developing value-added products, such as collateral management.

Standard Chartered Bank

The number of responses falls short of the threshold that allows for a provider to be assessed, but respondents do record that they like the client service, and the relationship management, but have encountered technology issues. A client advises that a “notification should be provided to clients for the contingency arrangement if there is any major system failure.”

WEIGHTED AVERAGE SCORES

	Mizuho Bank	MUFG Bank	HSBC	SMBC	Standard Chartered Bank	Citi	Market Average	Global Average
Market share (% of responses)	38%	38%	13%	6%	4%	2%		
Relationship management	6.39	5.88	5.79	n/a	n/a	n/a	5.79	5.20
Client service	6.36	6.12	6.34	n/a	n/a	n/a	6.06	5.40
Account management	6.37	6.19	5.77	n/a	n/a	n/a	5.95	5.44
Asset safety	6.50	6.26	5.71	n/a	n/a	n/a	6.21	5.68
Risk management	6.45	5.92	4.82	n/a	n/a	n/a	5.81	5.46
Liquidity management	5.71	5.91	4.79	n/a	n/a	n/a	5.29	4.89
Regulation and compliance	6.41	6.16	6.06	n/a	n/a	n/a	6.17	5.64
Innovation	6.41	5.45	4.50	n/a	n/a	n/a	5.39	5.18
Asset servicing	6.16	5.90	5.17	n/a	n/a	n/a	5.46	5.09
Pricing	6.10	5.35	4.06	n/a	n/a	n/a	5.20	4.82
Technology	6.21	6.07	5.06	n/a	n/a	n/a	5.64	5.28
Cash management and FX	4.55	5.84	4.07	n/a	n/a	n/a	4.39	4.25
Total	6.27	5.91	5.26	n/a	n/a	n/a	5.68	5.24

Korea

Standard Chartered Bank

This is a strong performance by Standard Chartered in Korea, where the bank has maintained its commitment despite the challenges that followed the Korea First Bank acquisition of 2005. The scoring is also consistent, and consistently abreast or ahead of local rivals in all but one service area. In asset-servicing alone are there signs of a systemic dissatisfaction. But hidden in the underlying questions lie further promptings about cash management, foreign exchange, pricing models and product development that Standard Chartered would be wise not to ignore if it is to maintain its hold here.

HSBC

HSBC is well entrenched in Korea, providing fund administration and global custody to local fund managers as well as sub-custody for inbound investment and trading in Seoul. The averages are not outstanding, but nobody is complaining about the efficiency of settlements, or income collection, or asset safety. Where there is room for improvement is in asset servicing and treasury services such as cash management and FX execution. In principle, respondents are pleased with the client service and the RMs, but they are less convinced that third parties – including colleagues – would agree with them.

Deutsche Bank

These are average scores that Goldilocks would recognise. But what constitutes the averages is more interesting than the averages themselves. Clients say that that Deutsche gets the job

done, but prices are high, client service is poor, and they would value a more imaginative approach to operational shortcomings and day-to-day problem-solving. Assets are regarded as safe with Deutsche, but clients are not un-worried by the quality of the bank as a counterparty. More transparency into the whereabouts of their collateral, and the costs of cash, credit and collateral, would also be welcome.

Citi

If it was possible to characterise a typical broker-dealing client of the bank by what they like and dislike about the services supplied by Citi, its preferences and problems would probably unfold rather like the average client of Citi in Seoul. It is easy to open and close accounts. Trades settle on time. They like the technology. The bank is safe and compliant. But Citi issues too much paperwork, offers insufficient value in cash, FX and collateral, charges too much and ought to be more innovative.

Kookmin Bank

A powerful domestic franchise has enabled Kookmin to compete for the sub-custody business of international banks for a number of years now. Naturally, its domestic strengths make the bank an attractive partner, especially in the \$500-billion Korean mutual and funds of funds markets. Not enough have responded to this survey to gauge accurately the success of Kookmin in its ambition to look after global custodian banks, but those that have are unequivocally enthusiastic about the services.

WEIGHTED AVERAGE SCORES

	Standard Chartered Bank	HSBC	Deutsche Bank	Citi	Kookmin Bank	Market Average	Global Average
Market share (% of responses)	35%	32%	19%	10%	3%		
Relationship management	5.58	4.55	5.82	n/a	n/a	5.04	5.20
Client service	5.77	5.40	5.66	n/a	n/a	5.44	5.40
Account management	5.69	5.10	5.49	n/a	n/a	5.30	5.44
Asset safety	5.63	5.47	5.79	n/a	n/a	5.63	5.68
Risk management	5.34	4.95	5.09	n/a	n/a	5.16	5.46
Liquidity management	5.47	4.54	5.48	n/a	n/a	5.08	4.89
Regulation and compliance	5.60	5.33	5.77	n/a	n/a	5.55	5.64
Innovation	5.56	4.69	5.72	n/a	n/a	5.03	5.18
Asset servicing	4.90	5.06	5.16	n/a	n/a	5.06	5.09
Pricing	5.16	4.49	3.91	n/a	n/a	4.61	4.82
Technology	5.71	4.94	5.58	n/a	n/a	5.33	5.28
Cash management and FX	5.03	3.65	4.37	n/a	n/a	4.21	4.25
Total	5.39	4.87	5.40	n/a	n/a	5.12	5.24

Netherlands

BNP Paribas Securities Services

BNP Paribas has deep roots in this market, adding the 2009 Fortis acquisition to its inheritance from J.P. Morgan. Scoring of settlement is as solid as it is anywhere, and there are scores to match in straightforward asset-servicing tasks such as income collection and corporate actions notifications. Client service and relationship management both attract handsome scores, and individual RMs are name-checked as “competent and client service-minded persons. We appreciate to work with them.” Respondents value the quality of BNP Paribas as a counterparty, though they do wonder how much control they have over assets in custody, and how quickly they access them in a crisis. They would like a fuller story on the costs of liquidity and FX, more choice in both, and help economising on capital and collateral.

ABN Amro Clearing

ABN Amro was a name that had disappeared from custody circles after the bank sold its half of a global custody joint venture to its partner BNY Mellon back in 2007. It had sold its direct custody and clearing businesses, including those in the Netherlands, four years earlier. Today, in a landscape re-shaped by the financial crisis, the revived Dutch bank is providing settlement and custody services once again, but not enough clients have responded to the survey to judge their quality. What is clear is that delivering global derivatives clearing and financing services to proprietary trading houses, fund managers and corporates puts ABN Amro in an excellent position to exploit capital and collateral synergies for its clients.

Deutsche Bank

Respondents insufficient in number to gauge service quality offer a middling verdict in which excellent scores in risk and liquidity management and parts of asset-servicing are offset by less impressive returns from client service, pricing and innovation.

KAS Bank

The 212-year-old independent Dutch custodian and fund administrator has re-oriented its strategy towards technology and data-driven services to domestic pension funds and fund managers.

The bank reckons the securities clearing and settlement business is now commoditised but continues to look after some bank and brokerage clients.

Not many have responded to this survey, but if there are issues in client service and relationship management (“frequent change of RM,” notes a client, who adds it is “seen as negative”), KAS does shine in the areas its new model dictates that it should: settlement and asset-servicing.

Citi

The under-representation of Citi in this survey continues in Amsterdam, but those clients that have responded could scarcely be more pleased with the settlement efficiency, client service, compliance advice, risk management and technology. What doubts they have centre on the level and the disclosure of the costs of credit, cash and FX.

WEIGHTED AVERAGE SCORES

	BNP Paribas	ABN Amro Clearing	Deutsche Bank	KAS Bank	Citi	Market Average	Global Average
Market share (% of responses)	66%	10%	10%	7%	7%		
Relationship management	5.58	n/a	n/a	n/a	n/a	5.40	5.20
Client service	5.67	n/a	n/a	n/a	n/a	5.41	5.40
Account management	5.49	n/a	n/a	n/a	n/a	5.50	5.44
Asset safety	5.42	n/a	n/a	n/a	n/a	5.55	5.68
Risk management	5.59	n/a	n/a	n/a	n/a	5.68	5.46
Liquidity management	5.21	n/a	n/a	n/a	n/a	5.14	4.89
Regulation and compliance	5.69	n/a	n/a	n/a	n/a	5.61	5.64
Innovation	5.65	n/a	n/a	n/a	n/a	5.57	5.18
Asset servicing	5.11	n/a	n/a	n/a	n/a	5.17	5.09
Pricing	5.03	n/a	n/a	n/a	n/a	5.03	4.82
Technology	5.26	n/a	n/a	n/a	n/a	5.35	5.28
Cash management and FX	4.30	n/a	n/a	n/a	n/a	4.15	4.25
Total	5.35	n/a	n/a	n/a	n/a	5.33	5.24

New Zealand

HSBC

HSBC Auckland is the inheritor of the sub-custody business of Westpac, which the giant global bank acquired in 2006. It has attracted easily the most respondents in this market, and their collective verdict is a familiar one. HSBC employs capable staff to work with them, manages their accounts adroitly, settles their trades efficiently, keeps their cash and securities safely, and insulates them from regulatory risk. But they also want a deeper and more seamless relationship and think the bank could do more to contain its prices and reduce spread-driven costs and opportunity costs in cash and FX.

BNP Paribas Securities Services

The attraction of the rapidly growing pension fund and asset management market of New Zealand to the global custody arm of BNP Paribas Securities Services is the same as that of an adjacent country across the Tasman Sea, especially if it generates outbound assets for the bank to safekeep not just in Europe but in Asia and North America. But the French bank also offers local settlement and custody from Wellington, and the small number of clients that have responded mark the core services generously, while reserving judgment on the true banking services.

J.P. Morgan

The J.P. Morgan business in New Zealand is, like its business everywhere, the product of multiple mergers over a long period. One result is that its investor services arm counts a number of New Zealand superannuation funds among its global custody

clients. Another consequence of the acquisition is that the bank now services the sub-custody clients of the former ANZ Custodian Services operation, acquired by J.P. Morgan in 2009. Those clients that have taken the trouble to complete a long questionnaire rate the bank relatively highly in areas of obvious strength (notably asset safety).

Citi

Clients of Citi in Auckland have not responded in large enough numbers to assess how well the average client is serviced. But a close reading of the submissions received suggests they are happy with the settlement of their trades, and the simpler aspects of asset servicing, but are disappointed by the opacity and lack of choice in cash and FX. They would also like more dynamic pricing models, clearer insights into what is driving the costs of the services and a better and faster stream of information to help them manage their local liquidity needs more aggressively.

NAB Asset Servicing

National Australia Bank (NAB) has always owned an impressive roster of end-investor and fund management clients in the domestic markets – the bank outsources their global custody needs – it serves. This helps to explain why it is now the only Australasian bank to retain a custody business of its own. After a period of uncertainty a few years ago, NAB has formulated a fresh strategy and is investing in the business. It is invidious to gauge the success of the new approach from so few responses.

WEIGHTED AVERAGE SCORES

	HSBC	JP Morgan	BNP Paribas	Citi	NAB	Market Average	Global Average
Market share (% of responses)	48%	19%	14%	14%	5%		
Relationship management	4.84	5.56	n/a	n/a	n/a	5.10	5.20
Client service	5.59	4.98	n/a	n/a	n/a	5.35	5.40
Account management	5.55	4.55	n/a	n/a	n/a	5.33	5.44
Asset safety	5.39	5.36	n/a	n/a	n/a	5.50	5.68
Risk management	5.52	5.93	n/a	n/a	n/a	5.52	5.46
Liquidity management	4.86	4.47	n/a	n/a	n/a	4.57	4.89
Regulation and compliance	5.72	6.05	n/a	n/a	n/a	5.82	5.64
Innovation	5.01	4.88	n/a	n/a	n/a	5.07	5.18
Asset servicing	5.17	5.01	n/a	n/a	n/a	5.17	5.09
Pricing	5.16	5.27	n/a	n/a	n/a	5.22	4.82
Technology	4.92	5.08	n/a	n/a	n/a	5.08	5.28
Cash management and FX	4.44	4.48	n/a	n/a	n/a	4.18	4.25
Total	5.23	5.25	n/a	n/a	n/a	5.22	5.24

Norway

SEB

Three out of four average scores, created by a demanding clientele, speak of strong and consistent service by SEB. The details behind the averages suggest the human side of client relationships is in robust health, even in the more testing field of being open to new ideas. Core services, including settlement, asset safety and account management, are equally healthy. More encouragingly still, the results indicate rising expectations. The scoring of the technology platform, for example, is highly respectable, but one client is still looking for more from its reporting capabilities. “SEB’s website is stable but has not changed much in the years we have been using it,” he writes. “We would appreciate being able to run scheduled reports, which are emailed out from the system – right now the data on the site must be accessed by the customer logging on.” At SEB Oslo, as elsewhere, there is always room for improvement in asset-servicing, and SEB clients share the appetite – it is something of a theme in this survey – for greater transparency in cash management and FX execution. No bank is winning prizes for helping clients economise on capital, liquidity and collateral, or pricing of the core services, and SEB is no exception.

Nordea

The averages mask the strength of this performance. Assessments of the quality of Nordea as a counterparty vary by the question, but the average client believes their cash and securities are as safe as they can be in this market. Leading questions are also liable to dent the confidence of respondents in the open-

ness and competitiveness of the price of risk-taking services in particular. The score for technology is vitiated by similar considerations. It is, in any event, likely to prove backward-looking, now that the bank has embarked on a programme to digitise the whole of its business. The scoring of client service, if not relationship management, suggests the bank is hitting its target of striking a balance between centralised operational processing and the maintenance of local expertise.

Handelsbanken Securities Services

There is not enough data yet to measure accurately the strength of the Handelsbanken comeback in this market, but the responses that were received are rich in anticipation of the improvements to come from the investments in people and technology. In Oslo, the bank has benefited from the withdrawal of one of the last stand-alone custodians, which will equip it with a base of Norway-only clients to add to the larger number that require a regional offering.

DNB

DNB has elected to withdraw from Norwegian krone custody business for foreign clients, though it will continue to provide both domestic and global custody services to its institutional clients in Norway. The DNB swansong, delivered by a small number of clients, is a fitting one: excellent RMs, great local knowledge, and impeccable core services, plus a noticeable sense of absence from the future.

WEIGHTED AVERAGE SCORES

	SEB	Nordea Bank	Handelsbanken	DNB	Market Average	Global Average
Market share (% of responses)	50%	25%	14%	11%		
Relationship management	5.61	5.20	4.09	n/a	5.29	5.20
Client service	6.02	5.60	4.09	n/a	5.43	5.40
Account management	5.86	5.87	5.40	n/a	5.84	5.44
Asset safety	5.57	6.06	4.56	n/a	5.68	5.68
Risk management	5.67	4.99	2.88	n/a	5.31	5.46
Liquidity management	4.28	5.59		n/a	4.57	4.89
Regulation and compliance	5.42	5.87	4.63	n/a	5.56	5.64
Innovation	5.52	5.07	4.45	n/a	5.13	5.18
Asset servicing	4.94	5.16	3.73	n/a	5.01	5.09
Pricing	4.50	4.90		n/a	4.74	4.82
Technology	5.54	4.98	4.80	n/a	5.29	5.28
Cash management and FX	4.27	4.28	4.44	n/a	4.35	4.25
Total	5.36	5.34	4.23	n/a	5.28	5.24

Portugal

BNP Paribas Securities Services

Lisbon is home to an international operations centre that BNP Paribas Securities Services opened here in 2008, so the bank is invested here in ways that were not envisaged when it launched its Portuguese custody operation in 1999. Naturally, most of the respondents are using BNP Paribas in multiple markets, and the scoring reprises some familiar themes. Client service is manned by knowledgeable and responsive people. RMs are top quality. Trades always settle on time, but asset-servicing is patchy. BNP Paribas is more innovative than most. Cash management and FX services are satisfactory, but more choice and readier disclosure of costs would be welcome. Likewise, the services are competitively priced, but that does not mean clients would not like them to be lower, and more flexibly structured. BNP Paribas could also do more help its clients manage cash and stock borrowing costs down and work harder to put their collateral to its most remunerative use.

Millennium bcp

Banco Comercial Portugues (BCP) is only just over 30 years old but, after making a string of acquisitions before the financial crisis and maintaining its autonomy through both that crisis and the subsequent sovereign debt crisis that hit Portugal in 2010-14, it is now the largest commercial bank in the country. The small number of clients that responded are not quite large enough in number to confirm these findings about service quality, but the averages they generate are flattering in the extreme across all operational areas. The only visible blips lie in client service and

relationship management. It received impressive scores last year too, but these are even better.

Deutsche Bank

The German bank has provided a custody service here since 2008, initially as part of a service provided by a combination of local and remote operations spanning the then four Euronext markets, but much has changed in the Portuguese economy since then, though the stock market has made little upward progress since the acute phase of the sovereign debt crisis ended in 2014. Interestingly, Deutsche Bank made a point of stressing that the recent sale of its private and commercial banking business in Portugal to a Spanish buyer did not signal any loss of commitment to servicing financial institutions here. The small number of respondents certainly think the bank provides a good service in Lisbon, though they would like the client service to be better and the price of the services to be lower.

Novo Banco

The successor to the failed Banco Espirito Santo (BES), now owned by a fund managed by an American private equity fund, attracted a small number of responses, which suggest that the core services are satisfactory, but the bank should invest in RMs.

Santander Securities Services

Santander, did not attract enough responses to be assessed in full, but those clients that did respond offered a flattering verdict.

WEIGHTED AVERAGE SCORES

	BNP Paribas	Millennium BCP	Deutsche Bank	Novo Banco	Santander Securities Services	Market Average	Global Average
Market share (% of responses)	67%	17%	8%	4%	4%		
Relationship management	5.50	5.44	n/a	n/a	n/a	5.38	5.20
Client service	5.68	5.58	n/a	n/a	n/a	5.53	5.40
Account management	5.41	6.01	n/a	n/a	n/a	5.53	5.44
Asset safety	5.92	6.34	n/a	n/a	n/a	5.99	5.68
Risk management	5.48	5.88	n/a	n/a	n/a	5.58	5.46
Liquidity management	4.90	n/a	n/a	n/a	n/a	5.11	4.89
Regulation and compliance	5.68	6.34	n/a	n/a	n/a	5.67	5.64
Innovation	5.72	6.20	n/a	n/a	n/a	5.62	5.18
Asset servicing	5.06	5.85	n/a	n/a	n/a	5.24	5.09
Pricing	4.97	6.27	n/a	n/a	n/a	5.15	4.82
Technology	5.22	6.00	n/a	n/a	n/a	5.33	5.28
Cash management and FX	4.34	5.50	n/a	n/a	n/a	4.38	4.25
Total	5.33	5.92	n/a	n/a	n/a	5.41	5.24

Singapore

Standard Chartered Bank

Respondents like their relationship managers. “Supportive RM team, keep in touch,” says one. Another applauds an “excellent and dedicated team that always reach out to clients to seek their requirements and strive to deliver to their demand.” But good relationships at the personal level are not yet translating into seamless operational support. Interestingly, assessments of client service, which measures day-to-day delivery of current services, is more positive. “Very well documented,” writes a client. “Have not missed any SLA.”

Not unexpectedly, settlement is much less troublesome than asset-servicing, though a client would “prefer more pro-active contact from custodian in the event of possible trade failure/issue with trade matching rather than the current situation, whereby client has to check the custodian platform regularly to monitor trade settlement.” The technology is creating wider discontent. “System glitches happen too frequently for us to track,” notes one client.

DBS

These scores are not as lustrous as those DBS earned in Hong Kong, but they run them close. The only areas that even hint of shortcomings occur in narrow fields such as cost disclosure and the up-to-dateness of information. The highest accolade is earned by the RMs. One client name-checks his, describing her as “very professional and responsive to our queries and has assisted us on a timely basis. We are grateful to have such an outstanding relationship manager to guide us.”

Deutsche Bank

Respondents are confident their trades will be settled and their assets safekept, but the outcome overall is not a result that Deutsche would expect here. The averages fall short not just of the thresholds, but of the standards the bank has set itself in the past and in other markets.

HSBC

A less-than-vintage return by a small group of clients nevertheless contains many encouraging messages about staff quality, settlement efficiency, and service standards even in hard-to-please areas such as income collections and tax reclaim, alongside more predictable perceptions such as credit strength and access to regulators.

Citi

This is an outstanding set of results. If it could raise the quality of its RMs, improve corporate action notifications, offer more transparency and choice in cash and FX and pass on cost savings more readily, Citi Singapore would be close to perfection.

BNP Paribas Securities Services

More than a decade has passed since the French custodian opened in Asia, with the aim of servicing global clients in the region. BNP Paribas has built a franchise here, but too few of its members responded to make confident assessments of the quality of the services. However, the averages fall short of the levels obtained elsewhere.

WEIGHTED AVERAGE SCORES

	DBS Bank	Standard Chartered Bank	Deutsche Bank	HSBC	Citi	BNP Paribas	Market Average	Global Average
Market share (% of responses)	26%	26%	18%	18%	10%	6%		
Relationship management	5.18	4.84	4.46	4.31	5.92	n/a	4.87	5.20
Client service	5.47	5.25	4.37	5.24	6.03	n/a	5.31	5.40
Account management	5.56	5.24	4.88	5.07	6.06	n/a	5.34	5.44
Asset safety	5.50	5.82	5.50	4.76	6.01	n/a	5.47	5.68
Risk management	5.12	5.20	5.24	5.89	6.09	n/a	5.40	5.46
Liquidity management	4.55	3.73	5.09	5.38	5.02	n/a	4.58	4.89
Regulation and compliance	6.08	5.50	4.64	5.14	6.13	n/a	5.54	5.64
Innovation	5.32	5.49	4.49	4.29	6.05	n/a	5.12	5.18
Asset servicing	5.09	4.86	4.52	5.46	5.61	n/a	5.23	5.09
Pricing	4.18	4.81	4.09	4.47	5.59	n/a	4.63	4.82
Technology	5.30	4.52	4.78	5.01	5.76	n/a	5.12	5.28
Cash management and FX	4.44	4.28	4.07	4.54	3.65	n/a	4.29	4.25
Total	5.15	5.00	4.65	4.96	5.79	n/a	5.10	5.24

Spain

BNP Paribas Securities Services

Madrid was always a flagship operation in the BNP Paribas network, and it collects a predictably impressive set of scores from a large group of respondents. However, there is a touch of the little girl with the curl about the averages. High levels of satisfaction with account management, asset safety, client service, risk management and compliance are offset by concerns about price and choice in cash and FX, the valuation of collateral and pricing structures (though not, oddly, pricing schedules).

Santander Securities Services

In its home market, Santander delivers the core services to a high standard. Settlement is unproblematic and - the corporate actions deadline apart - even asset-servicing receives unusually high marks. Clients value the client service and feel that, if their relationship with the bank is not yet a mutual admiration society, it is healthy. Gripes about lack of choice and transparency in cash and FX, and room for improvement in liquidity and collateral management, are scarcely peculiar to Santander. Clients think pricing could be lower if greater efforts were made, and pricing models included incentives to be more efficient.

Deutsche Bank

Deutsche sees the TARGET2-Securities (T2S) settlement platform as an opportunity to offer a new model of servicing across the markets affected. If the basic requirement is to marry local asset-servicing to pan-European settlement, the scores submitted by clients of Deutsche Bank Madrid suggest that there is

work to be done on corporate actions, proxy voting, tax reclaim and (to a lesser extent) income collection. There is praise for the client service and regulatory engagement.

BBVA

A lack of respondents makes it difficult to gauge progress after a good set of results last year. But those clients that have responded indicate high levels of satisfaction in all areas except the trickier aspects of asset-servicing (corporate actions and tax reclaims) and pricing and pricing schedules. The RMs are admired and so are the client service officers, whose otherwise impressive performance is distorted by a single factor. A client is grateful for “very professional and responsive support.”

Citi

As a major provider of direct clearing services, Citi was always in the forefront of ameliorating problems encountered by clients in a notoriously difficult market. Getting credit for that was never easy, and the limited number of responses submitted for this year suggest the successful migration of Iberclear on to T2S has made it no easier. Spain was one of the last markets to migrate to T2S, and major reform of clearing, settlement and registration are still not complete.

Société Générale Securities Services

A handful of responses are insufficient to justify a full assessment but indicate excellence in the core services.

WEIGHTED AVERAGE SCORES

	BNP Paribas	Santander	Deutsche Bank	BBVA	Société Générale	Citi	Market Average	Global Average
Market share (% of responses)	41%	28%	15%	7%	7%	2%		
Relationship management	5.97	5.26	5.41	n/a	n/a	n/a	5.57	5.20
Client service	5.83	5.94	5.85	n/a	n/a	n/a	5.87	5.40
Account management	5.72	5.81	5.39	n/a	n/a	n/a	5.61	5.44
Asset safety	6.16	6.01	5.62	n/a	n/a	n/a	5.84	5.68
Risk management	5.65	5.32	5.63	n/a	n/a	n/a	5.58	5.46
Liquidity management	5.21	3.78	5.69	n/a	n/a	n/a	5.20	4.89
Regulation and compliance	5.78	5.85	5.69	n/a	n/a	n/a	5.79	5.64
Innovation	5.93	5.74	4.20	n/a	n/a	n/a	5.48	5.18
Asset servicing	5.12	5.67	5.19	n/a	n/a	n/a	5.28	5.09
Pricing	4.95	4.81	4.06	n/a	n/a	n/a	4.72	4.82
Technology	5.48	5.08	5.53	n/a	n/a	n/a	5.31	5.28
Cash management and FX	4.31	3.81	4.80	n/a	n/a	n/a	4.22	4.25
Total	5.52	5.48	5.30	n/a	n/a	n/a	5.42	5.24

Sweden

SEB

SEB gets easily the most responses of any provider in Stockholm. Its characteristic strengths (notably in settlement) are evident here as are its weaknesses in asset servicing functions (corporate actions, proxy voting and tax reclaim). The client service is appreciated and the RMs do a good job of keeping in touch and adapting services where possible.

The desire for lower prices, cheaper credit, more choice and transparency in cash and FX, and help with more efficient management of capital, cash and collateral, are universal. But these are things that make a difference to sell-side clients and SEB will be mindful that a rival for the business of broker-dealing clients has emerged in the shape of Citi. The American bank, which announced a Swedish service as long ago as 2006, added Denmark two years ago as part of its strategy to cover all markets using T2S.

Nordea

The averages the bank earns here are for the most part superior to those earned elsewhere in the region. Nordea is also doing well in the areas where it would expect to excel: credit quality and asset safety and especially the core services of settlement and (unusually) asset-servicing. But the bank has also embarked on a bold technology strategy, and one way to judge the success of the digitalisation initiative is by its impact on innovation (Have clients noticed the commitment?) and relationship management (Has it helped to bridge the gaps with clients?). On both fronts, the average scores are encouraging.

If Nordea was doing more to use technology to help its clients in Sweden cut their capital costs, it would taste perfection in client perceptions of its approach to innovation. The scoring of relationship management is effectively perfect. The only puzzle is the scoring of technology, where the details indicate respondents have yet to be informed about the digitalisation programme or (more understandably) experience its benefits.

Handelsbanken Securities Services

Handelsbanken has emerged from a three-and-a-half-year sabbatical with a clear commitment to Nordic sub-custody. It aims to centralise the processing of what the four markets have in common while servicing their peculiarities locally. The strategy enjoys management backing, evident in a new technology platform and the recruitment of fresh faces.

The responses here are common to the other markets so there is no home premium – or enough data to offer a definitive verdict on how well the new approach is playing with clients. However, the bank will be encouraged to learn that the average respondent is excited about the future. The next task is to sell it to prospective clients in a region that is consolidated but competitive, and where variation persists, not least in the shape of currencies.

The bank is by origin Swedish so, unlike much of its client base in Denmark, Finland and Norway, it owns relationships in Stockholm that are not pan-Nordic. These will provide a useful foundation for growing the franchise throughout the region.

WEIGHTED AVERAGE SCORES

	SEB	Nordea Bank	Handelsbanken	Market Average	Global Average
Market share (% of responses)	68%	18%	14%		
Relationship management	5.32	6.34	4.09	5.26	5.20
Client service	5.89	6.11	4.09	5.62	5.40
Account management	5.56	5.81	5.40	5.59	5.44
Asset safety	5.46	5.71	4.56	5.47	5.68
Risk management	5.77	5.72	2.88	5.52	5.46
Liquidity management	4.14	5.42	0.00	4.33	4.89
Regulation and compliance	5.69	5.97	4.63	5.65	5.64
Innovation	5.11	5.48	4.45	5.11	5.18
Asset servicing	5.04	5.92	3.73	5.05	5.09
Pricing	4.66	4.90	0.00	4.67	4.82
Technology	5.07	5.53	4.80	5.16	5.28
Cash management and FX	3.83	5.91	4.44	4.06	4.25
Total	5.22	5.80	4.23	5.22	5.24

Switzerland

Credit Suisse

This is an excellent performance, albeit one created by a small number of clients. Valuing the counterparty is axiomatic for clients of Swiss universal banks, and nobody thinks Credit Suisse will fail to make their clients whole if assets go missing. The assessment of both client service and relationship management is generous to the point at which the bank is seen as a marketing tool by its clients. Across account management, asset servicing, liquidity and risk management, compliance and even cash management, FX and pricing, the only blips are either shared by every other bank in the survey (such as poor corporate actions notifications) or venial (such as resistance to passing on infrastructural cost savings).

SIX

A new questionnaire makes it hard for SIX to maintain the upward momentum of the last two years, but the outcome is nevertheless both impressive and consistent. Only in relationship management is there a hint of something less than excellent, but the average owes less to individuals or relationships than the inability of a financial market infrastructure to bespoke its services. “Some of the pending items last too long, although we understand this might be due to some factors within other departments of SIX, or external ones,” as a client puts it. Comments on the SIX people are flattering anyway. “Excellent responding times,” says one client. “Very pro-active.” A second avers that “our long-lasting business relationship is built around trust and a high level of quality communication.”

BNP Paribas Securities Services

BNP Paribas has a substantial operation in Zurich, providing global custody to Swiss institutions and fund administration services to foreign fund managers distributing in Switzerland, as well as supporting trades executed on the Swiss Exchange and cleared via X-clear.

The bank enjoyed outstanding results here last year. Their 2018 equivalents compare well on the human side but, in addition to raising survey-wide issues in banking, respondents are looking for more, particularly across pricing and asset servicing and even aspects of settlement.

UBS

A strong turnout by clients has not translated into persuasive scores. Confidence in UBS as a counterparty is unquestioned. Clients think the bank understands their sensitivity to asset safety and award UBS plaudits for helping them achieve the optimal balance between segregated and omnibus accounts. The settlement score is solid, but those for asset-servicing are not. “The back office can still improve in delivering pro-active service,” writes a client. “We often have to send a reminder in ongoing cases.” A bank with a high profile in exploring the potential of blockchain, APIs and AI will be disappointed not to have registered its investment in innovation with more clients. The RMs, which UBS trains and incentivises to build strong relationships with clients, are doing better than the average suggests. “They are trying to do their best to service us” is the Delphic verdict of one client.

WEIGHTED AVERAGE SCORES

	Credit Suisse	SIX	BNP Paribas	UBS	Market Average	Global Average
Market share (% of responses)	15%	12%	32%	41%		
Relationship management	5.92	5.02	6.00	4.36	5.08	5.20
Client service	5.61	5.46	5.70	4.82	5.15	5.40
Account management	5.81	5.61	5.94	4.58	5.30	5.44
Asset safety	6.20	6.32	6.19	5.20	5.67	5.68
Risk management	5.91	6.09	4.91	4.59	5.34	5.46
Liquidity management	5.76	6.25	4.87	4.05	4.82	4.89
Regulation and compliance	6.07	5.80	5.37	5.67	5.68	5.64
Innovation	5.45	6.44	5.60	3.53	4.83	5.18
Asset servicing	5.58	5.89	4.67	3.99	4.77	5.09
Pricing	5.27	5.61	4.75	3.70	4.58	4.82
Technology	5.49	6.31	5.19	4.46	4.99	5.28
Cash management and FX	5.33	6.22	3.75	3.93	4.32	4.25
Total	5.71	5.78	5.22	4.42	5.07	5.24

United Kingdom

BNP Paribas Securities Services

A decade on from opening in London, BNP Paribas seems more at home in the London market than any other provider. As it happens, these scores are more comfortable than compelling, but clients are convinced where it matters. They believe their assets are safe, their trades will settle on time, income will be credited, and even that the corporate action notifications are better than average. Above all, they are working happily with the BNP Paribas people. “BNP Paribas provide direct access to their operations teams rather than a single point of contact,” writes a client. “This works very well for us and speeds up the turnaround in responses where time is crucial.” The comments about the RMs are a better guide to their quality than the score. “It is of great benefit that the RM has been running our account for several years, and this continuity of service means they have a deep understanding of our business,” writes one client. “The RM is always available and delivers an exceptional service.” A second adds that it advantageous to have a London-based RM oversee their global business with BNP Paribas. “The RM is technically very experienced, plus also demonstrates a good understanding of our business,” he says.

HSBC

In this habitually under-scoring market, a patchy performance is good enough to put HSBC ahead of the local benchmarks in most areas, but the bank shines in no operational sphere. “Too slow return [of calls],” says a respondent. “Responsibility problems!” These scores suggest it is chiefly the strength of the bank

as a counterparty and the size of its compliance machine that are keeping clients engaged.

Deutsche Bank

Deutsche did not impress here last year, and there are more signs of regression than progress this year. Positive points include the commonplace (assets are safe) and the unusual (efficient liquidity management), and clients value an ability to keep them on the right side of law and regulation. But the basic settlement and asset-servicing products are not admired by the average client.

Citi

There is not enough information to make truly confident judgments, but a limited quantity can be illuminating. Many of the findings are familiar. Citi is good at settlement and credit and financing, for example, but not so good at asset-servicing or collateral management. Its prices are competitive but ought to be lower. Respondents are convinced their cash and securities are safe and can easily be retrieved, but worry about where their collateral is held and are unsure what would happen to assets if the bank failed in this jurisdiction.

BNY Mellon

The global custodian has attracted respondents here since it acquired the RBS Trust business in London in 1999. There are not enough to assess the quality of its work properly.

WEIGHTED AVERAGE SCORES

	BNP Paribas	Citi	Deutsche Bank	HSBC	Citi	BNY Mellon	Market Average	Global Average
Market share (% of responses)	37%	9%	19%	21%	12%	5%		
Relationship management	5.43	4.18	4.41	4.49	n/a	n/a	4.80	5.20
Client service	5.12	4.85	4.42	5.10	n/a	n/a	4.93	5.40
Account management	5.39	4.24	4.98	5.57	n/a	n/a	5.12	5.44
Asset safety	5.61	5.19	5.40	5.71	n/a	n/a	5.52	5.68
Risk management	4.78	5.20	5.64	5.38	n/a	n/a	5.14	5.46
Liquidity management	4.67	4.76	5.71	4.55	n/a	n/a	4.78	4.89
Regulation and compliance	5.13	4.63	5.04	5.91	n/a	n/a	5.19	5.64
Innovation	5.41	4.50	4.25	3.81	n/a	n/a	4.72	5.18
Asset servicing	4.86	4.68	4.34	4.71	n/a	n/a	4.69	5.09
Pricing	4.53	4.30	4.12	5.29	n/a	n/a	4.68	4.82
Technology	5.08	5.37	5.30	5.16	n/a	n/a	5.17	5.28
Cash management and FX	3.92	4.90	4.13	4.21	n/a	n/a	4.14	4.25
Total	5.04	4.71	4.78	5.05	n/a	n/a	4.93	5.24

United States

BNP Paribas Securities Services

In 2012 the French bank made a bold move for a sub-custodian servicing American global custodians. It launched a direct custody and clearing operation to look after the domestic assets of foreign banks and brokers in the United States. Judging by these results and those of 2016 and 2017 – it top-scored in both years – the move has fulfilled the expectations of its progenitors. BNP Paribas has won some large mandates and introduced an integrated brokerage and custody service that has gained a following. The scoring of RMs, a useful proxy for what clients really think, is outstanding. The bank has an edge in blockchain, AI, robotics, Big Data and cyber-security that the scores for innovation and data security record. Client service and technology were obviously affected by a problematic upgrade at the turn of the year. Respondents would like BNP Paribas to pass on as price cuts any savings it makes. Corporate actions and proxy voting are problematic here, as they are everywhere. In cash and FX, there are issues, but mainly of choice rather than competitiveness or transparency. Importantly, BNP Paribas here share the universal disappointment at the inability of custodians to take their capital and collateral costs seriously.

Brown Brothers Harriman

The doyen of this market attracts fewer respondents than of old, but it is still getting the human side right, even if the averages do not bear this out on all points. “Great support from the relationship and client services team,” writes a respondent. A firm that has always seen technology as crucial to its ability to compete

will be pleased to out-perform the benchmarks for innovation and technology. BBH under-performs in unexpected (account management) as well as expected areas (corporate actions, cash and FX), but clients do at least appreciate the risk-reducing properties of a conservative balance sheet.

BNY Mellon

This is a performance that will disappoint. Respondents find the bank makes it relatively easy to open an account, and they are confident it can settle trades into the account and safekeep the assets once they are there. But they show little confidence in the ability of the bank to service the assets with flair, or finance them efficiently, and they want more choice and fuller disclosure when it comes to cash management and FX execution. Respondents also have nothing flattering to say about the level and structure of the prices charged.

Citi

The settlement service and the technology scores are as strong here anywhere, and respondents are confident that Citi can protect their cash and securities, from regulators as well as other forms of risk. But it is hard to identify other areas of strength.

J.P. Morgan

The bank attracted enough responses to warrant an assessment. The responses it received include some surprising findings about client attitudes, especially in asset safety.

WEIGHTED AVERAGE SCORES

	BNP Paribas	Brown Brothers Harriman	BNY Mellon	Citi	J.P. Morgan	Market Average	Global Average
Market share (% of responses)	36%	16%	24%	16%	7%		
Relationship management	6.14	5.04	4.54	4.94	5.63	5.22	5.20
Client service	5.22	5.49	4.96	5.00	4.70	5.12	5.40
Account management	5.37	4.60	5.44	5.02	6.07	5.18	5.44
Asset safety	5.90	6.00	5.62	5.26	5.06	5.47	5.68
Risk management	5.28	6.12	4.76	5.21	6.05	5.52	5.46
Liquidity management	5.44	4.65	4.05	4.09	4.88	4.70	4.89
Regulation and compliance	5.88	5.83	5.09	5.60	5.89	5.53	5.64
Innovation	5.89	5.34	4.77	5.33	5.63	5.30	5.18
Asset servicing	5.31	5.43	4.68	4.79	6.00	5.05	5.09
Pricing	4.99	5.33	4.14	4.61	6.00	4.76	4.82
Technology	5.21	5.58	4.78	5.08	4.63	5.19	5.28
Cash management and FX	5.05	4.68	2.91	3.74	6.00	4.05	4.25
Total	5.50	5.35	4.69	4.94	5.54	5.15	5.24