

AGENT BANKS IN EMERGING MARKETS SURVEY



Asking for more

Consistent with its Major Market equivalent, published in the Fall edition, the 2018 Agent Bank in Emerging Markets Survey incorporates several major changes in design and presentation.

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. Over the years, the survey has expanded and is now presented in three segments: major markets (Fall edition); emerging markets (Winter edition) and frontier markets (Spring edition).

It is the first year 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.

Of the 1,150 responses received, 201 failed the validation process and 130 were excluded as domestic, leaving 819 responses for final survey calculations.

The ABEM survey was conducted between July and November 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 ascribe greater importance to risk, liquidity and asset safety than to operational concerns such as settlement.

The 2017 Agent Banks in Emerging Markets (ABMM) survey asked 24 questions divided between Relationship Management and Client Service (4), Value Delivered (2), Settlement (4), Asset Servicing (6), Ancillary Services (2), Reporting (3) and Technology (3). The 2018 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. Respond-

ents 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. 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. In the meantime, tables for each market include the category and overall scores for all rated providers as well as the market and global averages.

Response base

The goal of the ABEM survey 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). Published scores 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. We are grateful also to the agent banks that completed the provider questionnaire. This was designed by McLagan to match exactly the questions posed to their clients, with the aim of picking up

Relative performance

The tables accompanying each market write up include scores for individual providers alongside market and global averages. Table 1 indicates the relative perceptions among the total survey response base of the quality of delivery in each service area. This allows readers to compare their own perceptions to those of the respondent pool as a whole. Not surprisingly, for example, Asset Safety, which was rated highly in the major markets survey, is the least regarded aspect of emerging market service provision.

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 box below.

TABLE 1: GLOBAL PERCEPTIONS OF SERVICE DELIVERY IN EMERGING MARKETS

Service area	Global average
Client service	5.56
Asset servicing	5.52
Risk management	5.50
Cash management and FX	5.42
Technology	5.41
Relationship management	5.30
Pricing	5.28
Total	5.23
Account management	5.14
Liquidity management	5.14
Regulation and compliance	4.84
Innovation	4.75
Asset safety	4.60

Table 2 lists the overall market averages of the countries covered in the survey from highest to lowest. This provides a benchmark against which to assess the results of specific service providers in a particular market. Within the emerging markets universe, the spread of average scores is surprisingly similar to that in the major markets, though the gap between top and bottom performing market is slightly wider.

TABLE 2: COUNTRY SCORES (HIGHEST TO LOWEST)

Market	Average
Saudi Arabia	5.85
Russia	5.81
Poland	5.62
Qatar	5.55
UAE	5.55
Greece	5.49
Colombia	5.47
India	5.46
Hungary	5.16
Turkey	5.16
Taiwan	5.13
South Africa	5.10
Philippines	5.09
Czech Republic	5.04
Egypt	5.04
Malaysia	5.04
Thailand	4.99
Pakistan	4.93
China	4.89
Indonesia	4.89
Mexico	4.87
Brazil	4.80
Chile	4.79
Peru	4.55

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

For queries about survey questionnaires and methodologies, contact:
 Dominic Hobson, dominic.hobson@mclagan.com

For queries about survey participation, timetables and process, contact:
 Allison Cayse, allison.cayse@mclagan.com

For queries about survey research reports, contact:
 Keith Amos, kamos@mclagan.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



Brazil

BNP Paribas Securities Services

These scores represent a sharp improvement on the disappointing returns of a year ago, clearing the local benchmarks with ease in all areas. Even in the ever-testing field of pricing, the French bank eclipses the local competition. “Really pleased with the level of service and responsiveness to our needs,” confirms a client. This is a reward for a degree of commitment other custodians lacked, as well as a promising augury for the future.

Since opening a securities services operation in São Paulo in 2010 – at the height of the Brazilian economic boom – BNP Paribas has persisted through the bust. It is now well-entrenched as both a fund administrator and a custodian to domestic as well as foreign asset managers and investors.

Citi

Citi is looking after some major clients here. Their assessment of the quality of the services is mixed and exhibits the characteristic Citi combination of strengths in client service and clearing and settlement offset by less-than-stellar returns on the safekeeping side. One thing the respondents clearly do not doubt, despite the exit of the bank from retail banking in Brazil, is the Citi commitment to this market. A bank that first came to the country over a century ago is still looking to profit from the flow of capital into and out of Brazil.

Itaú Unibanco

Itaú bought the Citi retail assets in Brazil in 2016. Now the largest indigenous bank in the region, let alone the country, Itaú

has built a sizeable sub-custody business in its home country. The average scores are less pleasing than those of a year ago, but they are consistent, fading seriously in only a single area and rising noticeably in one other. Importantly, respondents have no doubts that their assets are safe with the BB-rated bank.

Banco Bradesco

Bradesco is a large retail bank, but it has built a strong reputation in investment banking and asset management as well, partly through acquisition. The average scores earned by its custody and clearing operations, albeit from a group of respondents too small in number to warrant a rating, do not enjoy the same lustre. They suggest room for improvement in banking services in particular, but clients also indicate they are prepared to be patient.

Santander Securities Services Brasil

Santander is the largest foreign bank in Brazil. Last year, the country was the single largest source of income as well as customers for the Spanish bank. However, its local custody operation was one of four that the Spanish bank placed into the venture with Warburg Pincus four years ago. Not enough responses were received to rate the bank.

Others

A small number of responses were also received for Deutsche Bank and J.P. Morgan, which launched a direct custody operation here with considerable fanfare back in 2011.

WEIGHTED AVERAGE SCORES

	BNP Paribas	Citi	Itaú Unibanco	Banco Bradesco	Santander	Market Average	Global Average
Share of validated responses (%)	21%	29%	17%	13%	13%		
Relationship management	4.97	4.67	3.86	n/a	n/a	4.43	5.30
Client service	5.30	4.92	5.57	n/a	n/a	5.21	5.56
Account management	5.18	4.60	4.00	n/a	n/a	4.53	5.14
Asset safety	5.65	3.71	2.40	n/a	n/a	4.29	4.60
Risk management	5.38	4.95	4.67	n/a	n/a	4.97	5.50
Liquidity management	5.76	4.81	4.57	n/a	n/a	5.00	5.14
Regulation and compliance	4.44	4.17	4.00	n/a	n/a	4.26	4.84
Innovation	4.04	4.10	4.38	n/a	n/a	4.10	4.75
Asset servicing	5.69	5.55	5.07	n/a	n/a	5.41	5.52
Pricing	5.94	4.74	4.62	n/a	n/a	5.05	5.28
Technology	5.95	5.19	5.67	n/a	n/a	5.62	5.41
Cash management and FX	5.73	5.22	4.50	n/a	n/a	5.16	5.42
Total	5.25	4.72	4.46	n/a	n/a	4.84	5.23

Chile

Citi

“Very slowly answers,” writes a major client. “Openings always take more time than expected. We need always to chase for answers.” The average scores, especially for account management and relationship management, indicate their experience is not an isolated one. In only one service area do they fall the right side of being less than good. The traditional strengths of the bank as a provider of efficient settlement services and short-term credit to broker-dealers are, nevertheless, as evident in Santiago as they are elsewhere.

The bank will be concerned by the slippage on the human side of the business, where the scoring of client service and relationship management suggests that slow responses to queries are evidently not the only challenge Citi Santiago clients must overcome. That said, there is no visible concern about the commitment of Citi to the market. The American bank has a long history and a sizeable presence in Chile, where it merged its local assets with the much larger balance sheet of Banco de Chile back in 2007-08.

Banco Santander Chile

The Spanish bank is the biggest in Chile in terms of both assets and customers. This is not an especially large market for the bank as a whole in terms of customers, revenues or profits, but the bank is winning admirers here. As in 2017, Santander is the star performer in the direct custody and clearing industry in Chile. Unfortunately, the bank did not attract enough responses to maintain a rating here this year, but the scores it received

from those clients that did respond are certainly impressive. They outpace the local benchmarks in every service area and fall short of the global equivalents in only two areas – and even then, by narrow margins. That said, the scores imply there is work to do in both the banking and the client services. A large and much-admired retail presence in the country, coupled with a sizeable and well-performing corporate loan book, underwrites the commitment of Santander to servicing inbound capital.

Itaú Corpbanca

The unadorned assessment of an important client (“overall good service provided”) serves as an accurate summation of the average scores, if not the particular ones. There are not enough responses to secure a rating, and the bank has lost some of the upward momentum evident in 2017, but those clients that have responded are clear about what they like most. Itaú Corpbanca, which emerged from the 2014 merger between Banco Itaú Chile and Corp Group, continues to win plaudits for client service and relationship management.

There is nothing much wrong with the returns in the core clearing and custody services either. Where the performance falters somewhat is in the banking and value-added services, but it would be wrong to draw sweeping conclusions from such a modest data set. There is no visible anxiety about the commitment and creditworthiness of the bank. Though Itaú Corpbanca has no controlling shareholder, it is one of the four biggest banks in the country and has a reassuringly large retail presence.

WEIGHTED AVERAGE SCORES

	Citi	Banco Santander Chile	Itaú Corpbanca	Market Average	Global Average
Share of validated responses (%)	55%	27%	18%		
Relationship management	3.62	n/a	n/a	4.44	5.30
Client service	4.94	n/a	n/a	5.32	5.56
Account management	4.72	n/a	n/a	5.05	5.14
Asset safety	4.06	n/a	n/a	4.35	4.60
Risk management	4.29	n/a	n/a	4.84	5.50
Liquidity management	4.20	n/a	n/a	4.57	5.14
Regulation and compliance	4.70	n/a	n/a	4.54	4.84
Innovation	4.00	n/a	n/a	4.33	4.75
Asset servicing	4.93	n/a	n/a	5.16	5.52
Pricing	3.69	n/a	n/a	4.54	5.28
Technology	4.73	n/a	n/a	4.94	5.41
Cash management and FX	5.05	n/a	n/a	5.16	5.42
Total	4.39	n/a	n/a	4.79	5.23

China

Standard Chartered Bank

The bank retains its status as the highest-scoring and most-consistent custodian bank in China. The average scores are also soundly based, on an impressive turnout by more than twice as many clients as its keenest rival. They clear the local and global benchmarks with contemptuous ease, and comments have that detailed flavour characteristic of more-than-satisfied clients who are simply mystified that anything could possibly have gone wrong. “Cannot access SCB occasionally (due to system maintenance/glitch?), which delays our processing time,” writes one respondent. “Trade already sent to bank; however, securities team cannot see them – manual trade instruction sent again.” Where Standard Chartered could be better still in China is on the banking side, but even when it comes to cash, credit and collateral the bank outshines its average peer.

HSBC

HSBC has not arrested the slippage evident here a year ago. Although “good service” is the economical judgment of one client, the average scores do not bear it out. They are unimpressive in areas that were problematic in 2017 (such as pricing and asset servicing) and in new fields (such as innovation and liquidity management) too. The bank is adrift of the undemanding local benchmarks in multiple service areas. Respectability hinges on client service, where the verdict a year ago was as flattering as ever, but not every respondent is appreciative in 2018. “Do not respond to emails,” writes one.

Deutsche Bank

The German bank has built an outbound as well as an inbound franchise in a strategically important market in a region where it expects to grow. However, the custody team in Shanghai has not sustained the strong performance of a year ago. Though Deutsche continues to shine in relationship management and client service (“good service and excellent communication” writes a client) and impresses in at least one service area (“well informed on regulation and compliance”) there is a lack of conviction about the scoring in other areas.

ICBC

The largest custodian bank in China has attracted a handful of responses from non-domestic clients. Their scoring of ICBC indicates that the bank is meeting its goal of getting closer to clients, but needs to invest more in the services themselves.

Citi

The mainland China arm of Citi fell short of securing enough responses to guarantee a rating here. The responses that were received speak of greater confidence in Citi as counterparty than as a service provider.

Others

Responses were also received for two other members of the quartet of powerful state-owned commercial banks, in the shape of Bank of China and China Construction Bank, both of which have formidable domestic custody franchises.

WEIGHTED AVERAGE SCORES

	Standard Chartered Bank	HSBC	ICBC	Deutsche Bank	Citi	China Construction Bank	Market Average	Global Average
Share of validated responses (%)	40%	17%	8%	10%	6%	6%		
Relationship management	5.51	5.03	4.85	5.13	n/a	n/a	5.13	5.30
Client service	5.66	5.00	4.00	3.90	n/a	n/a	4.99	5.56
Account management	5.48	5.06	3.83	3.64	n/a	n/a	4.89	5.14
Asset safety	4.91	4.36	2.50	3.22	n/a	n/a	4.35	4.60
Risk management	5.78	5.36	4.38	4.07	n/a	n/a	5.07	5.50
Liquidity management	5.68	4.29	4.20	4.00	n/a	n/a	4.69	5.14
Regulation and compliance	4.82	4.80	n/a	2.29	n/a	n/a	4.33	4.84
Innovation	5.02	4.10	4.00	3.46	n/a	n/a	4.48	4.75
Asset servicing	5.78	5.60	4.79	3.74	n/a	n/a	5.08	5.52
Pricing	5.56	4.51	4.59	5.18	n/a	n/a	4.93	5.28
Technology	5.28	5.38	4.79	4.53	n/a	n/a	5.02	5.41
Cash management and FX	5.56	5.27	4.60	4.62	n/a	n/a	5.10	5.42
Total	5.44	4.93	4.33	4.07	n/a	n/a	4.89	5.23

Colombia

Citi

These scores add up to an overall performance which matches almost exactly what happened last year. Even in the details, it is noticeable that in 2018 Citi Bogota does best (settlement, client service and relationship management) and worst (notably pricing) in exactly the same service areas as it did in 2017. Though the giant American bank has long used its Tampa operations centre to support its Latin American custody and clearing businesses, Citi has entrenched itself locally through trade finance, offshore investment products and FX and cash management products. These last two services do not attract rave reviews from direct custody and clearing clients, though they are judging Citi on a global rather than a local basis, and the clients do clearly see value in Citi as a source of credit and as a counterparty.

BNP Paribas Securities Services

The French bank received an exceptional set of scores in this market a year ago. In 2018 it has received a relatively small number of responses, and the average scores are not as high. They, nevertheless, indicate clients are delighted with everything except the safekeeping fees and the spreads charged on cash deposits and foreign exchange transactions – and even on those fronts, the scores place BNP Paribas ahead of the local and global benchmarks.

It is a fine record by the Bogota arm of what one Colombian client calls the “supranational” BNP Paribas network, especially since it opened as recently as 2012, which is only two years after the bank embarked on its aggressive expansion strategy in Latin

America with the launch of a custody service in then-booming Brazil. The idea was to service outbound as well as inbound Colombian business, and the logic was impeccable. The Colombian government had recently passed a law obliging all Colombian investors to appoint an independent custodian. BNP Paribas had good reason to believe network managers at the major global custodian and investment banks would be less inclined to give their Colombian business to a global competitor, and the in-house investment banking and asset management arms of BNP Paribas were active in the Colombian securities markets.

One additional hope at the time was that the Mercado Integrado Latino-Americano (MILA), which in 2011 brought together the stock exchanges and central securities depositories (CSDs) of Chile, Colombia, Mexico and Peru, would drive intra-regional capital flows. Though the four countries are united in their ambition to create a free trade area, the four exchanges offer investors access to more than 750 stocks, and several MILA-tracking funds exist, trading volumes have not increased as fast as the MILA progenitors had initially hoped.

Itaú Securities Services Colombia S.A.

The Colombian arm of Itaú has not attracted enough responses to be assessed properly, but it garners a meaningful share of inbound custody as well as supporting Colombian investors abroad. The scores suggest Itaú has client-friendly staff and is getting the basic services right, but there is room for improvement in cash, credit and FX.

WEIGHTED AVERAGE SCORES

	BNP Paribas	Citi	Itaú Colombia	Market Average	Global Average
Share of validated responses (%)	33%	58%	8%		
Relationship management	6.08	4.39	n/a	5.22	5.30
Client service	6.24	5.71	n/a	5.98	5.56
Account management	6.10	5.24	n/a	5.69	5.14
Asset safety	6.06	4.42	n/a	5.23	4.60
Risk management	6.28	4.93	n/a	5.68	5.50
Liquidity management	6.15	4.48	n/a	5.26	5.14
Regulation and compliance	5.83	4.88	n/a	5.24	4.84
Innovation	5.60	4.04	n/a	4.90	4.75
Asset servicing	6.39	4.93	n/a	5.67	5.52
Pricing	6.23	4.65	n/a	5.45	5.28
Technology	6.11	5.00	n/a	5.54	5.41
Cash management and FX	6.00	5.31	n/a	5.66	5.42
Total	6.09	4.81	n/a	5.47	5.23

Czech Republic

Raiffeisen Bank International

This is an even better set of results than the Vienna-headquartered, regional specialist achieved last year. “Specialities are handled professionally,” says a client, but the average scores suggest it is not just the unusual requests that receive special attention. In every service area, the scores are well ahead of the local and global benchmarks, with only the returns in the demanding field of minimising the costs of cash and credit evincing even a scintilla of doubt. As in 2017, the highly visible RMs of RBI earn their reward. “We value the service of relationship management very much,” as a client puts it.

Československá obchodní banka

The 2017 dip in scores was evidently a blip. Respect for the people at CSOB in Prague is exceptionally high, and 2018 also sees a solid set of scores across the core service areas. Importantly, asset servicing, which was an issue last year, is up significantly. While customers of CSOB do have one thing in common with customers of every custodian everywhere – a yearning to pay less in fees, and receive keener pricing on cash and FX – it is in the less quotidian and more forward-looking components of modern securities services that clients want CSOB to invest in.

Citi

One important client is happy enough (“very good service”), but this outcome will be less pleasing to the Citi operation in Prague than the returns of 2017. This year, the average assessment even of the traditional strengths of Citi as a direct custody and

clearing agent – such as client service and technology – fall short of both the local and the global benchmarks in most service areas. Reassuringly, the confidence of financial and institutional clients in the bank as a counterparty and a long-term partner in the Czech securities markets is clearly undented by the management decision of 2015 to sell the retail banking franchise to Raiffeisen.

UniCredit

Scores have dipped for a second year in succession. They are now at a level that leaves the bank that was once the market leader, not just in terms of market share in Prague, but throughout central and eastern Europe, far adrift of both the local and the global benchmarks. Even relationship management and client service, which imparted a degree of buoyancy to UniCredit Prague in 2017, shine less brightly this year. In matters of pricing, and all future-oriented service areas, clients are clearly signalling a need for resurrection.

Société Générale Securities Services

The French bank, whose presence in Prague is underpinned by its ownership of Komerční banka – one of the three largest retail banks in the Czech Republic – has built a sizeable share of the safekeeping market. The average scores represent a massive improvement on its 2017 performance here, but unfortunately SGSS did not attract quite enough responses to assess the quality of its services with complete confidence.

WEIGHTED AVERAGE SCORES

	Raiffeisen Bank International	CSOB	Citi	UniCredit	Société Générale	Market Average	Global Average
Share of validated responses (%)	21%	19%	21%	29%	11%		
Relationship management	6.11	6.07	4.61	4.24	n/a	5.18	5.30
Client service	6.38	5.83	5.12	4.08	n/a	5.10	5.56
Account management	6.22	4.57	4.59	3.95	n/a	4.86	5.14
Asset safety	5.85	4.20	3.83	3.36	n/a	4.31	4.60
Risk management	6.48	5.69	4.90	4.54	n/a	5.46	5.50
Liquidity management	6.20	4.91	4.79	3.71	n/a	4.79	5.14
Regulation and compliance	5.40	5.10	4.36	4.39	n/a	4.76	4.84
Innovation	5.69	4.33	4.21	3.79	n/a	4.75	4.75
Asset servicing	6.09	6.07	5.65	4.05	n/a	5.22	5.52
Pricing	5.88	5.65	4.97	4.15	n/a	5.13	5.28
Technology	6.24	5.00	5.10	5.26	n/a	5.47	5.41
Cash management and FX	5.95	5.75	5.22	4.00	n/a	5.08	5.42
Total	6.06	5.22	4.79	4.15	n/a	5.04	5.23

Egypt

Citi

“I have not seen any updates, visits or contacts made by Citibank,” notes a client. “Is this market not strategic for Citibank? I would appreciate some activities at all.” As it happens, and on a sizeable turn-out by clients, client service and relationship management are among the higher scoring service areas for Citi in Cairo. In fact, one demanding client, who is frustrated by “complicated solutions for name-change of accounts” nevertheless acknowledges he receives a “good service.” Overall, average scores awarded are down for a second year in succession.

HSBC

2018 sees a modest improvement for HSBC in Egypt. With the EGX-30 coming off a two-year bull run throughout most of this year, the bank can congratulate itself on finding the right combinations of local and remote servicing and people and technology to deliver a steady performance and especially in surpassing both the local and global benchmarks in the tricky sphere of risk management. The averages do of course conceal a considerable volatility in the detailed scoring, but in most of the areas where it matters, including client service and relationship management, HSBC had a great year in Cairo.

QNB Alahli

QNB continues to impress clients with the quality of its services. One respondent is pleased by “strong support and very good reactivity,” while a second is “very impressed by the team’s attention to detail and explanation for document requirements.”

There is less enthusiasm for the cost of the services, including cash management and FX. One client would also “like to see more pro-activity from the account management team in updating us of critical changes in the market, via a monthly or quarterly call discussing upcoming market initiatives/changes.”

National Bank of Egypt: Custody Services Sector- treasury group

The indigenous provider will be disappointed not to maintain the strong overall performance of a year ago, but a small group of clients nevertheless ensure that NBE continues to shine in core services, and especially on the people side. “We receive an excellent service from the NBE,” writes a client. “They are one of the best custodians we have.” This will delight NBE management, which pursues a simple strategy for success: get close to clients and stay close to them. A client has noticed “good services and support provided by the operations team.”

Other

Many years have passed since Standard Chartered Bank launched a Dubai-headquartered regional custody service for banks, brokers and investors active in the Middle East in 2011. With the service now under new leadership and joined with the African network it acquired from Barclays in 2010, the gathering momentum of the revived business has not gone unnoticed by firms active in the Egyptian marketplace. Commercial International Bank also garnered response, but neither received enough submissions to be assessed properly.

WEIGHTED AVERAGE SCORES

	QNB Alahli	National Bank of Egypt	HSBC	Citi	Market Average	Global Average
Share of validated responses (%)	21%	17%	17%	34%		
Relationship management	5.74	6.00	5.33	4.38	5.08	5.30
Client service	5.76	6.12	5.70	5.67	5.62	5.56
Account management	5.86	5.20	4.75	4.43	5.01	5.14
Asset safety	4.55	5.50	3.60	4.00	4.15	4.60
Risk management	5.88	5.60	5.80	5.25	5.53	5.50
Liquidity management	5.00	4.00	4.21	4.72	4.47	5.14
Regulation and compliance	5.54	7.00	5.60	5.33	5.34	4.84
Innovation	4.67	4.00	3.75	3.95	4.21	4.75
Asset servicing	5.58	7.00	6.11	5.61	5.68	5.52
Pricing	6.11	4.44	5.18	5.03	5.26	5.28
Technology	5.55	7.00	4.33	4.53	4.80	5.41
Cash management and FX	5.75	4.00	4.83	5.17	5.14	5.42
Total	5.53	5.27	4.96	4.79	5.04	5.23

Greece

Eurobank

Scores do not come much better than this. Clients are so happy that none of them has a complaint to air or a point to make. Taken as a whole, the average weighted scores represent an advance of nearly a tenth on the already outstanding returns Eurobank earned last year. In just one service area do they fall below the line that separates the good from the very good – in the predictable field of pricing. Even on that narrow question, Eurobank is further ahead of the global benchmark than the local one.

BNP Paribas Securities Services

“Very strong support and responsiveness,” is how one client describes BNP Paribas in Athens. “Perfect knowledge of their market.” Certainly, the bank delivers another powerful riposte to anyone who thinks the travails of the Greek economy and stock market have blunted the edge of what was always one of the most client-focused and responsive operations in its sub-custody. The average scores, which in the round mark an advance on last year, dip only when it comes to fees and charges and spreads. The score for asset-servicing could be better, with one respondent complaining of late corporate action notifications.

Piraeus Bank Securities Services

Piraeus has lived the Greek economic and financial crisis as vividly as any corporate institution in the country, having spent the last six years at the centre of the restructuring of the Greek banking industry. Finding foreign portfolio investors to service through the Greek crisis – especially after Greece dropped out

of the MSCI developed market index in 2013 – was inevitably challenging, but these scores are rich reward for perseverance. Though they cannot match the exceptional scores of a year ago, only the less impressive scores for risk management and pricing will concern Piraeus.

National Bank of Greece

The securities services division of NBG returns to the survey after a two-year absence. The scoring, by a relatively small group of international clients, is somewhat capricious. Deep appreciation of the people is evident in outstanding scores for client service and relationship management, but clients also indicate a need for investment in new technology and fresh approaches, and for improvements to treasury services. The details indicate a high degree of confidence in the future, but NBG will not want to keep well-disposed clients waiting too long.

Citi

Citi has good claim to be the largest custodian in the Greek market, and the leading conduit for institutional flows into the Greek market, but only a handful of clients of its local clearing and custody operation have responded. The collective verdict is consistent but noticeably less flattering than it was a year ago. This is consistent with the local mood. Capital flows have revived in the latter part of this year, but the Athens stock market has had a less than vintage year. That said, the scores area also congruent with the overall performance of Citi throughout the survey.

WEIGHTED AVERAGE SCORES

	Eurobank	Piraeus Bank Securities Services	BNP Paribas	National Bank of Greece	Citi	Market Average	Global Average
Share of validated responses (%)	16%	18%	45%	9%	11%		
Relationship management	6.22	6.33	5.76	5.33	4.23	5.58	5.30
Client service	6.96	6.33	5.71	5.20	4.91	5.78	5.56
Account management	6.73	5.68	5.14	5.46	4.66	5.46	5.14
Asset safety	6.88	6.00	4.25	3.56	4.75	4.90	4.60
Risk management	6.52	4.85	5.79	6.14	4.75	5.72	5.50
Liquidity management	6.86	6.11	6.02	4.54	4.53	5.74	5.14
Regulation and compliance	6.92	n/a	5.30	4.18	4.88	5.32	4.84
Innovation	5.87	5.64	5.10	4.10	4.25	5.03	4.75
Asset servicing	6.90	5.08	5.87	5.29	4.51	5.64	5.52
Pricing	6.30	4.96	5.68	5.96	4.12	5.52	5.28
Technology	6.97	5.50	5.36	4.71	5.17	5.56	5.41
Cash management and FX	6.95	6.20	5.54	2.89	5.35	5.57	5.42
Total	6.58	5.52	5.47	5.02	4.63	5.49	5.23

Hungary

Raiffeisen Bank International

This is home territory for the rising force in CEE custody and clearing, and not just in the historical sense. RBI has one of the largest banking businesses in its entire regional network in Hungary, and its securities services operation aims to shine. A sizeable but demanding group of clients will not disappoint them when it comes to their assessment of the quality of their core services and, if the ordinary scores earned by the RMs are counter-intuitive, the exceptional score for client service is not.

BNP Paribas Securities Services

The French bank added securities services to its Budapest business a decade ago. It was always going to be hard to match the stellar performance of a year ago, but the relatively small number of clients that have responded for BNP Paribas in 2018 still deliver an overall average score that is outstanding, faltering in only a couple of service areas, including on the consistent and predictable matter of price.

Citi

Average scores are down again this year for Citi Budapest. As in 2017, the chief point of vulnerability is price, but the scores are ordinary across a range of service areas. The bank can be pleased that its RMs and its technology win plaudits, and that confidence in its balance sheet strength is high. Citi also owns the sort of clientele that is hard to please – one does acknowledge “good service” – but, on this evidence at least, the bank is not keeping pace with industry standards at the local or the global level.

UniCredit

The bank has halted the slides in scores that was apparent here a year ago, but the averages across almost all service areas lack the enthusiasm that characterised the work of the CEE regional custodian in its heyday. Curiously, UniCredit has not matched the zest of the Hungarian stock market over the last few years.

Deutsche Bank

It is a pity that the German bank did not garner quite enough responses to be rated here, because the respondents that have assessed the quality of its services are clearly impressed – especially by a relationship management model that is obviously working well at the local, regional and global levels. Earthier fields, such as onboarding and safekeeping, do not elicit the same degree of enthusiasm.

Others

KBC Securities received a number of responses, though an insufficient quantity to be assessed in full. The firm, which used to offer the same integrated DMA brokerage and custody service in Budapest as it did in Brussels, was this year merged with K&H Bank following the decision by the management of the Flemish bank to concentrate on investment banking.

Data was also received for CIB Bank, the Hungarian subsidiary of Intesa Sanpaolo Group, also in insufficient quantity to make meaningful judgments about the quality of its custody services.

WEIGHTED AVERAGE SCORES

	Raiffeisen Bank International	BNP Paribas	Citi	UniCredit Bank	Deutsche Bank	Market Average	Global Average
Share of validated responses (%)	29%	16%	23%	16%	10%		
Relationship management	6.14	5.64	4.94	4.88	n/a	5.32	5.30
Client service	6.43	6.88	5.19	4.56	n/a	5.47	5.56
Account management	6.17	5.00	4.38	4.72	n/a	5.08	5.14
Asset safety	4.63	5.62	4.15	4.62	n/a	4.68	4.60
Risk management	6.47	5.79	4.95	5.17	n/a	5.58	5.50
Liquidity management	6.06	4.25	4.74	4.53	n/a	4.96	5.14
Regulation and compliance	5.13	6.33	4.50	5.06	n/a	5.11	4.84
Innovation	5.00	4.11	4.12	3.79	n/a	4.45	4.75
Asset servicing	5.19	6.60	5.10	4.79	n/a	4.91	5.52
Pricing	5.38	6.00	5.23	4.87	n/a	5.26	5.28
Technology	6.10	6.89	5.11	5.48	n/a	5.64	5.41
Cash management and FX	5.95	6.71	5.45	4.71	n/a	5.42	5.42
Total	5.73	5.60	4.83	4.76	n/a	5.16	5.23

India

Standard Chartered Bank

“The SCB Mumbai team are very friendly and helpful,” writes a client. He is not alone in this view, since, on an excellent turnout by clients, SCB has scored strongly and consistently across every area, and none better than client service. On this evidence, from a larger cohort of clients than any other provider, SCB can justly claim to be the custodian to beat in India.

Citi

These results are much less pleasing than those of 2017, but the overall outcome is dictated by less-than-stellar returns in a small number of areas, two of which are driven by pricing considerations rather than service issues.

Deutsche Bank

“Easy to approach and very pro-active in solving any requirements,” is how one respondent sees Deutsche Bank in India, and the bank does receive some of its best scores for client service and relationship management. The averages, nevertheless, fall short of the exceptional levels achieved in 2016 and 2017. Importantly, Deutsche Bank collects one of its best scores in regulation and compliance. “Deutsche Bank leads the market in advocacy initiatives and has demonstrated client interest at key market forums,” as a client puts it.

HSBC

A client says the bank provides a “good service,” but average scores down on last year speak of a service that is less-than-good

in almost every area. Clients still believe in the balance sheet (and remain confident that the relationship is in good hands) but are arguing strongly for more investment in service quality and better value in core, banking and value-added services.

BNP Paribas Securities Services

A small number of respondents mark BNP Paribas either generously or extremely generously across all but a handful of service areas. Predictably, the bank is seen as expensive. Less predictably, for a bank with an obvious interest in developing new digital and data services, average scores also dip somewhat in technology and innovation.

Edelweiss

The securities services arm of the diversified Indian financial services conglomerate services a sizeable group of mainly buy-side institutions, which award the firm exceptionally high average scores.

Others

Responses were received from clients of three indigenous providers – ICICI Bank (which received exceptionally high scores), Kotak Mahindra Bank (whose rate of response was down last year too) and the Stockholding Corporation of India – but not in sufficient numbers to assess the quality of their services accurately. Respondents also assessed two global providers with local operations, J.P. Morgan and SGSS.

WEIGHTED AVERAGE SCORES

	Edelweiss	Deutsche Bank	BNP Paribas	Standard Chartered Bank	Citi	HSBC	Market Average	Global Average
Share of validated responses (%)	35%	17%	6%	24%	6%	8%		
Relationship management	6.51	6.04	4.90	5.34	5.33	4.64	5.46	5.30
Client service	6.68	5.84	6.90	5.50	5.67	5.12	5.62	5.56
Account management	6.55	5.60	5.45	5.32	5.10	4.71	5.30	5.14
Asset safety	6.54	5.89	6.00	5.35	n/a	3.91	5.40	4.60
Risk management	6.71	6.16	5.82	5.71	5.45	5.00	5.76	5.50
Liquidity management	6.50	5.60	3.83	5.33	5.08	4.76	5.29	5.14
Regulation and compliance	6.28	4.97	6.50	4.84	n/a	4.50	4.93	4.84
Innovation	6.44	5.96	5.50	5.03	4.00	4.11	5.26	4.75
Asset servicing	6.72	6.00	6.67	5.61	5.88	4.76	5.66	5.52
Pricing	6.31	6.15	5.24	5.45	4.83	5.19	5.51	5.28
Technology	6.53	5.97	5.38	5.58	5.25	4.86	5.63	5.41
Cash management and FX	6.40	5.92	5.00	5.40	5.91	4.92	5.60	5.42
Total	6.51	5.87	5.51	5.38	5.18	4.76	5.46	5.23

Indonesia

Standard Chartered Bank

A new client records that the “global relationship team is a pleasure to work with as well as the onboarding team.” They had to get it right, because this is an important market for Standard Chartered. The bank has a long history in Indonesia, entrenched itself by acquiring PermataBank 12 years ago, and now runs a sizeable branch network in the country.

Of the 70 countries where Standard Chartered operates, Indonesia is the sixth biggest contributor. As it happens, admiration of the client-facing people at Standard Chartered is more evident at the level of the questions than at the service area level. The details also show respondents have no complaints about the core services of settlement, safekeeping and asset servicing. Where there is still room for improvement is in cash, collateral, capital and credit.

Citi

Citi Jakarta has not attracted many responses this year. Those clients that have assessed the bank deliver a collective verdict that is well below the solid performance of 2017. Respondents entertain no doubts about the safety of their cash and securities in bad times as well as good; they take settlement of transactions for granted and like their client service officers. It is in value (and in value-added services) that they want Citi to take a closer look at itself.

HSBC

Average scores have dipped since last year, when they were also

down slightly. Although the bank is beating the benchmarks in areas that have a material financial impact on clearing clients – and clients are not worried that their trades will not settle or that their assets are not safe – they are less convinced about fees and spreads. Where they entertain no doubt is commitment. They know HSBC acquired Bank Ekonomi Raharja here 10 years ago and that the Ekonomi operations were finally merged with the local branch last year, allowing HSBC to expand the range of services it offers in the country.

Deutsche Bank

“We find Deutsche Bank easy to work with,” writes a client. “They are very responsive to our needs and requests.” Certainly, the scores the German bank collects for client service and relationship management are among the best it receives in this market, but there is considerable volatility in the scoring of different service areas, and the overall outcome is adrift of last year. Indonesia was always one of the larger franchises in the Asian network of Deutsche Bank, which has added a large domestic fund administration business here to its sizeable custody franchise.

Other

Data was also received for DBS, Jakarta being one of the four markets where the Singapore-headquartered bank provides direct custody and clearing services. Though the bank did not secure enough responses to be assessed formally, the average scores were flattering.

WEIGHTED AVERAGE SCORES

	Standard Chartered Bank	HSBC	Deutsche Bank	Citi	Market Average	Global Average
Share of validated responses (%)	36%	23%	31%	11%		
Relationship management	5.22	4.78	5.25	4.77	5.13	5.30
Client service	5.50	4.64	5.44	5.85	5.41	5.56
Account management	5.07	4.76	4.30	4.90	4.77	5.14
Asset safety	4.59	4.67	4.20	2.33	4.12	4.60
Risk management	5.30	5.21	5.25	5.44	5.28	5.50
Liquidity management	5.24	4.14	4.48	5.60	4.91	5.14
Regulation and compliance	4.26	5.38	4.36	3.50	4.29	4.84
Innovation	4.62	5.00	3.95	3.71	4.31	4.75
Asset servicing	5.29	6.17	5.07	4.50	5.21	5.52
Pricing	5.10	4.37	5.19	4.23	4.93	5.28
Technology	5.11	5.82	4.95	5.29	5.13	5.41
Cash management and FX	5.20	5.08	4.89	5.50	5.15	5.42
Total	5.07	4.93	4.77	4.48	4.89	5.23

Malaysia

Standard Chartered Bank

Standard Chartered did well here last year. It has done less well in 2018, but the issues are more specific than the service area scores suggest. They revolve around questions of price, both explicit (in the shape of ad valorem and transaction fees) and implicit (in the shape of spreads on deposits and foreign exchange bargains and short-term credit), and these issues are scarcely local. There is work to be done on asset servicing, which is a local issue. But when it comes to the core responsibilities of safekeeping and settlement, the scores are never less than good and occasionally excellent.

Deutsche Bank

This is a strong endorsement of the service provided by Deutsche Bank in Kuala Lumpur. In almost every service area the bank clears the local and global benchmarks, and by generous margins in the majority of cases, to take the overall score to a level which is well ahead of last year. Where clients are looking for Deutsche to do more is in paying income and withholding tax entitlements more promptly, narrowing cash and FX spreads, helping clients minimise their costs of credit, collateral and capital, and trying harder to shrink transaction charges.

Citi

The average scores are down markedly again on 2017, which was itself a less pleasing year than 2016. Curiously, the detail shows that Citi is not getting much that matters wrong. It is not difficult to open an account (even the KYC is tolerable) with Citi

in Kuala Lumpur, trades settle on time, cash, FX, securities and collateral are safekept, the client service is attentive, and the average client expects to continue to do business with Citi for a long time into the future. That Citi shines less brightly in asset servicing is a fact of such longstanding that it scarcely requires scrutiny any longer. It is managing – not holding - the cash and the collateral that the bank falls short.

HSBC

This is an important market for HSBC. The bank has had an international transaction processing hub in Kuala Lumpur since 2002, and it has developed into an important and client-facing centralised servicing centre for all parts of the 38-market direct clearing and custody network of the bank. A reasonable number of clients of the local sub-custody arm of the bank are less interested in the global centre of excellence than in the ability of HSBC to settle their trades quickly (it can), service their assets promptly (not always) and keep their cash and securities safe (not completely convinced). The eventual outcome is less impressive than it was a year ago.

Maybank

The verdict of a small number of Maybank clients is as volatile as the performance of the Malaysian stock market in 2018. It is unsurprising, since there are two few responses for any assessment to be sound. UOB continues to offer a service but no responses were received.

WEIGHTED AVERAGE SCORES

	Deutsche Bank	Maybank	Citi	HSBC	Standard Chartered Bank	Market Average	Global Average
Share of validated responses (%)	12%	12%	15%	30%	27%		
Relationship management	6.50	4.60	4.95	5.30	5.29	5.33	5.30
Client service	6.62	6.50	5.79	4.47	5.45	5.52	5.56
Account management	5.60	4.93	4.60	4.78	4.82	4.87	5.14
Asset safety	5.25	6.20	3.13	3.88	4.10	4.20	4.60
Risk management	6.30	4.62	5.36	5.44	5.18	5.32	5.50
Liquidity management	5.92	5.50	5.56	3.96	4.93	4.93	5.14
Regulation and compliance	5.67	4.00	3.67	5.38	4.23	4.53	4.84
Innovation	5.50	6.11	4.54	4.36	4.22	4.50	4.75
Asset servicing	6.06	5.89	5.67	5.73	4.78	5.39	5.52
Pricing	6.20	5.71	5.30	4.88	4.68	5.01	5.28
Technology	6.12	5.13	5.29	5.50	5.18	5.39	5.41
Cash management and FX	6.29	6.33	5.60	5.25	5.25	5.49	5.42
Total	6.02	5.33	4.93	4.91	4.82	5.04	5.23

Mexico

Citi

Something Mexico has in common with central and eastern Europe – or at least did – is that all its major banking groups are controlled by foreign banks. Custody market leader Citi bought Banco Nacional de México (Banamex) way back in 2001, as the Mexican economy emerged from its now-forgotten financial crisis of 1994. As in 2017, no provider of clearing and custody services in Mexico had attracted more responses this year than Citi.

The overall average scores are lower than last year, and all the familiar tendencies of the bank in this industry can be found in the details. Citi can settle trades in Mexico efficiently, but it is less admired for its ability to manage corporate actions processing, proxy voting and income collection. Short-term borrowing is available when it is needed, but the bank could do better on cash and collateral. The technology does the job, and work-arounds are readily found, but the contribution of the bank to cost and capital savings could be more substantial. Clients feel that their assets are safe and that the bank is creditworthy, but the fees and the spreads are not competitive. A major client grumbles that it is “unclear who is our local relationship manager.”

Santander Securities Services Mexico

For Santander, Mexico is one of four Latin American markets where it provides securities services. This is an excellent set of results, albeit derived from a relatively small cluster of clients that use its services in Mexico City. In all the core services – set-

tlement, income collection, tax reclaims and corporate actions, the average scores are impressive. In fact, it is hard to find any conspicuous weaknesses at all in the detailed scoring.

The only real signs of vulnerability lie in a client concern that Santander will not develop its securities services fast enough to keep up with changing customer needs, particularly in terms of investing in digital technology and using data to help clients be more efficient.

But there is one sense in which Santander Mexico is impregnable: The Spanish bank is deeply entrenched in the Mexican banking markets, having controlled Serfin – then the third-largest bank in Mexico – since 2000. It has used the acquisition to build a powerful domestic business that is outshone only by Banamex and Bancomer.

BBVA Bancomer

The Spanish parent bank steadily took full control of Bancomer at the turn of the century, and it now owns the largest bank in the country. Bancomer accounts for a sizeable portion of the total revenues of BBVA, which has effectively placed a bet on the long-term development of the Mexican economy, which is already the 15th largest in the world.

In the last year, Mexico has also acquired a second stock market, the Bolsa Institucional de Valores (BIVA), which broke the monopoly of the Bolsa Mexicana de Valores when it opened for trading of the same securities in July this year. So it is surprising that BBVA Bancomer has attracted so few responses this year.

WEIGHTED AVERAGE SCORES

	Santander	Citi	BBVA Bancomer	Market Average	Global Average
Share of validated responses (%)	29%	62%	10%		
Relationship management	5.19	4.63	n/a	4.74	5.30
Client service	5.69	4.97	n/a	5.32	5.56
Account management	5.20	4.60	n/a	4.81	5.14
Asset safety	5.13	3.95	n/a	4.52	4.60
Risk management	5.41	4.77	n/a	4.96	5.50
Liquidity management	4.74	4.56	n/a	4.66	5.14
Regulation and compliance	5.20	4.40	n/a	4.77	4.84
Innovation	4.68	4.13	n/a	4.36	4.75
Asset servicing	5.96	4.92	n/a	5.37	5.52
Pricing	5.35	4.42	n/a	4.84	5.28
Technology	5.78	4.70	n/a	5.12	5.41
Cash management and FX	5.59	5.16	n/a	5.33	5.42
Total	5.28	4.60	n/a	4.87	5.23

Pakistan

Standard Chartered Bank

No provider collected more responses in Karachi than Standard Chartered, and no bank has achieved a higher score either. In most service areas it clears the global as well as the local benchmarks, and the overall score is up by an eighth on last year. In the core products of settlement, income collection and corporate actions notifications, the bank touches excellence. There is not much wrong with perceptions of the client service or the relationship management either, though a careful reading indicates an appetite for greater flexibility.

Like every custodian in this survey, Standard Chartered shines less brightly in matters of cash, FX and credit spreads and daily liquidity.

The commitment of the bank to this market is not in doubt. Standard Chartered owns a sizeable retail and corporate banking franchise here, which was much enlarged by the merger of its own operations with those of Union Bank back in 2006.

Deutsche Bank

The overall outcome is little changed by comparison with 2017. The bank is also doing best (notably settlement and technology) and worst (especially pricing) in much the same areas, though there is a striking improvement in asset servicing. Though it would be daring to place too much reliance on the assessments of such a limited number of respondents, the findings do suggest that Deutsche has weathered the challenges it encountered at the time of the return of Pakistan to the MSCI emerging market index, and which were an issue in the survey last year.

Like other custodian networks, the German bank can rely to some extent on its regional hub in Dubai to manage the capacity issues created by the characteristic booms-and-busts of smaller emerging markets. It is telling that the bank collects some of its best scores for non-bureaucratic account management, keeping cash and securities safely, managing the settlement process and providing stable and robust technology.

Citi

Average scores are down for a second year in succession, and to levels that indicate a need for change in most areas. But then the last 12 months were challenging ones for any direct clearing and custody agent servicing broker-dealers in Karachi. Back in 2016 Pakistan was the top-performing market in Asia. This helped to prompt the restoration of the country to the MSCI emerging market index in May 2017 after a nine-year absence. In theory, that should have halted the profit-taking sell-off by foreign investors and led to a sustained bull market on the back of a surge of inbound indexed investment portfolio flows. It was, in fact, followed by a continuous decline in the Karachi Stock Exchange 100 (KSE 100) that did not halt till December, and the market has traced a volatile path ever since.

Importantly, the detailed scores underline that throughout this period, Citi Karachi has continued to deliver the basics of the clearing business – settlement, meeting cash needs, opening and closing accounts, robust technology and avoiding compliance problems – with aplomb.

WEIGHTED AVERAGE SCORES

	Standard Chartered Bank	Deutsche Bank	Citi	Market Average	Global Average
Share of validated responses (%)	47%	21%	32%		
Relationship management	5.24	5.69	4.52	5.10	5.30
Client service	5.48	5.85	4.67	5.34	5.56
Account management	5.51	5.23	4.46	5.16	5.14
Asset safety	4.15	3.88	3.42	3.91	4.60
Risk management	5.59	4.92	4.47	5.13	5.50
Liquidity management	5.52	4.55	3.94	4.82	5.14
Regulation and compliance	4.33	4.56	5.00	4.50	4.84
Innovation	4.39	4.17	3.91	4.29	4.75
Asset servicing	5.09	5.12	5.38	5.17	5.52
Pricing	4.80	5.40	4.33	4.78	5.28
Technology	5.43	5.00	4.88	5.18	5.41
Cash management and FX	5.65	5.55	5.21	5.51	5.42
Total	5.07	5.07	4.53	4.93	5.23

Peru

Citi

“They need to improve the service” is how one client judges the performance of Citi as a direct clearing and custody agent in Peru. A superficial reading of the overall score in 2018 – it is within a handful of basis points of being exactly the same as that of a year ago – might suggest that nothing has changed at Citi Lima in the last 12 months. In fact, one of the conspicuously lower scoring areas of 2017 – asset servicing – has improved considerably this year in all but one demanding detail. The score for value, on the other hand, which was also judged to be poor last year, has deteriorated further.

In settlement, a field where Citi always expects to excel, the scores are outstanding. This attests to the ability of the bank to adjust capacity to volume since 2017-18 saw considerable activity in the Peruvian markets.

The country came close to demotion from the MSCI emerging markets index, prompting a series of government measures to avert that outcome, and the consequent flight of capital. The benefits of doing so are evident in the performance of the Lima stock exchange since 2016. Though prices have come off somewhat since the spring, Lima has had something of a bull run since then, despite the sell-off in emerging markets throughout 2018.

If the anticipated correction actually occurs in 2019, and the bear market in emerging stocks comes to an end, Peru might well be one of the markets in which fund managers are overweight. If so, Citi is now close to owning a monopoly of the equity clearing and custody business which will result. The

Peruvian government is hoping international sovereign fixed income interest will expand as a result of the option to channel it through Euroclear, which has provided a service for foreign investors to hold and settle Peruvian bonds on its platform since July 2017.

Peru is also a member of the integrated Latin American market (Mercado Integrado Latinoamericano, or MILA) that brings together the equity markets of Chile, Colombia, Mexico and Peru, though hopes that the alliance would bolster international interest in the region by facilitating the creation of a benchmark (S&P launched a series of four to track the performance of the MILA markets) and pooling liquidity have yet to be fulfilled.

Others

Responses were also received from clients of Banco de Crédito del Perú, the oldest and largest indigenous bank in Peru, which also provides services in neighbouring Bolivia. The number was too small to make definitive judgments about service quality, but there is clearly respect for the value of its local connections when it comes to interacting with the regulators. Scotiabank has had a substantial presence here since 2006, when Banco Sudamericano, in which it had a minority shareholding, was merged with Banco Wiese Sudameris to create Scotiabank Peru. Scotia supplies custody services in Lima and has attracted responses to the survey in the past, but none was received this year.

WEIGHTED AVERAGE SCORES

	Citi	Market Average	Global Average
Share of validated responses (%)	75%		
Relationship management	4.52	4.30	5.30
Client service	5.94	5.87	5.56
Account management	5.54	4.42	5.14
Asset safety	4.25	3.43	4.60
Risk management	5.45	5.26	5.50
Liquidity management	4.75	4.05	5.14
Regulation and compliance	4.71	4.92	4.84
Innovation	4.00	3.31	4.75
Asset servicing	5.80	5.64	5.52
Pricing	4.96	4.92	5.28
Technology	5.25	4.14	5.41
Cash management and FX	5.57	4.58	5.42
Total	5.12	4.55	5.23

Philippines

Deutsche Bank AG Manila Branch

The German bank has a large presence in Manila, including equity and fixed income issuance and trading operations, as well as securities services. Users of its local custody and clearing services like most of what they are offered. As in 2017, they would like to pay less in ad valorem and transaction fees, but also think Deutsche could be more creative in finding ways for them to reduce costs beyond adjustments to the price schedule.

In 2018, they have added to that a degree of dissatisfaction with the spreads they are paying on cash and FX. But the scores for client service and relationship management are almost as high as the stellar levels achieved last year, and only the trickier aspects of asset servicing can dent respondent enthusiasm for the quality of the core products.

Standard Chartered Bank

A solid rather than spectacular performance by SCB Manila sees consistent scoring across almost every service area marred by a couple of sub-par averages. Clients do think SCB inflicts too much paperwork on them, and they have noticed the bank shares the industry-wide shortcomings in corporate actions, proxy voting and tax reclaims.

Nor does SCB escape the survey-wide censure of custodians in cash and FX. But the details show that clients are less bothered about spreads than the lack of efficiency at those points where the bank meets their own back office. The same is true of fees. Clients would like to pay less – as they indicated in 2017 – but

they also think more meaningful savings can come from cutting costs rather than prices.

HSBC

This is not a vintage year for HSBC Manila. Average scores rarely clear the local benchmarks, let alone the global ones, and the overall outcome is down on 2017. The less satisfactory areas then – notably value and technology – have not improved this year, and perceptions of the quality of the relationship are not as reassuring as they ought to be. That said, no respondent is worrying that trades will not settle or that assets will go missing or planning to move their business elsewhere. The mythical average client would just like to fill in less forms, be told more about what is happening to their assets and pay a bit less in fees and spreads.

Citi

It is a pity the largest foreign bank in the Philippines did not attract more responses this year, because those clients that did assess the direct custody and clearing services provided by Citi Manila are much more impressed than their counterparts of a year ago. Then, only the traditional Citi strengths in settlement, technology and reporting were visible. This year the bank is attracting good reviews for client service and relationship management, which was an issue in 2017. Citi is even – and this is a rare accolade for any bank in any market in any part of this survey – judged to be offering good value.

WEIGHTED AVERAGE SCORES

	Standard Chartered	Deutsche Bank	HSBC	Citi	Market Average	Global Average
Share of validated responses (%)	35%	26%	32%	6%		
Relationship management	5.36	5.27	4.80	n/a	5.19	5.30
Client service	5.58	5.69	4.90	n/a	5.47	5.56
Account management	5.14	4.86	4.71	n/a	4.92	5.14
Asset safety	4.88	4.29	4.28	n/a	4.54	4.60
Risk management	5.36	5.74	5.32	n/a	5.46	5.50
Liquidity management	5.11	4.65	4.50	n/a	4.81	5.14
Regulation and compliance	4.82	5.18	5.27	n/a	5.02	4.84
Innovation	4.80	4.10	4.48	n/a	4.55	4.75
Asset servicing	5.59	5.39	5.91	n/a	5.61	5.52
Pricing	5.03	5.53	4.77	n/a	5.08	5.28
Technology	5.18	5.24	5.28	n/a	5.22	5.41
Cash management and FX	5.14	5.67	5.35	n/a	5.29	5.42
Total	5.17	5.11	4.93	n/a	5.09	5.23

Poland

BNP Paribas Securities Services

The leading European custody network had to be in the biggest and most dynamic capital market in CEE and, since opening in Warsaw in 2008 with in-house clients only, BNP Paribas has built a strong following.

No provider attracted more respondents in Poland this year, and their collective verdict is as close to perfection as makes no difference. In fact, it is actually an advance on the already flattering scores of a year ago.

Raiffeisen Bank International

RBI builds on its strong showing of a year ago, with a fine set of scores from a relatively small group of clients. With scores this good, searching for points of vulnerability becomes an exercise in gratuitousness, but even RBI is not totally immune to the client interest in cost saving and a wider range of choices in cash and FX.

Citi

Though a client has experienced “very good service,” and the scores recorded by Citi Warsaw are superior to those in most of the markets the bank serves, the averages do not keep up with the pace set by the other network providers here. However, Citi is not going anywhere: It is deeply entrenched in Poland not only through its 17-year-old merger with Bank Handlowy but through its operations and technology centres in Warsaw, Olsztyn and Lodz.

Bank Pekao

This is the second year in which Pekao has taken part in the survey as an independent entity since UniCredit sold its stake in the bank. The averages conceal as much as they tell. Pekao is a bank that would like to be judged by the quality of its people and the relationships they forge – across all products, not just custody – and by that criterion at least it retains a claim on the loyalty of clients.

ING Bank Śląski S.A

Śląski was the operation that was excluded from the sale to Citi of the ING sub-custody network in CEE in 2013, and the clients that it services here continue to like what they get. The outcome is not as good as it was in 2017, but the only scintilla of doubt in a reassuringly high and consistent set of scores is whether the bank will stay in the business.

Others

As befits the largest market in the region, investors are not short of choice in Poland. PKO Bank Polski attracted responses, which between them suggest that, fees and spreads apart, it delivers a good service. Santander Securities Services also looks after clients in the Polish market, and the data received suggests they are extremely happy. Deutsche Bank Warsaw has not appeared in this survey for a while, but it continues to provide a service, though the responses received point to a limited range of services. Société Générale Securities Services offers a full service in Warsaw, but did not get enough responses to be rated.

WEIGHTED AVERAGE SCORES

	BNP Paribas	Raiffeisen Bank	ING Bank Śląski	Citi	Bank Pekao	Société Générale	Market Average	Global Average
Share of validated responses (%)	27%	16%	11%	13%	16%	7%		
Relationship management	6.69	6.40	5.81	4.76	4.82	n/a	5.71	5.30
Client service	6.82	6.67	5.67	5.20	4.30	n/a	5.74	5.56
Account management	5.85	6.72	5.81	4.66	4.29	n/a	5.42	5.14
Asset safety	6.00	6.00	5.25	5.00	3.25	n/a	5.08	4.60
Risk management	6.41	6.59	6.00	4.91	5.11	n/a	5.82	5.50
Liquidity management	6.57	6.50	5.83	5.12	4.92	n/a	5.85	5.14
Regulation and compliance	6.60	6.50	5.09	5.00	4.60	n/a	5.43	4.84
Innovation	6.49	5.64	5.73	4.47	4.00	n/a	5.43	4.75
Asset servicing	6.85	6.61	5.94	5.05	4.83	n/a	5.74	5.52
Pricing	6.36	6.27	5.72	5.09	4.45	n/a	5.72	5.28
Technology	6.77	6.59	5.59	5.32	5.12	n/a	5.85	5.41
Cash management and FX	6.52	6.29	5.62	5.12	4.39	n/a	5.47	5.42
Total	6.47	6.39	5.69	4.95	4.50	n/a	5.62	5.23

Qatar

HSBC

HSBC continues to attract the most responses here. The overall average score is less favourable than a year ago, though it is hard to pinpoint a particular factor at work. The details say HSBC has not distinguished itself from other banks in corporate actions notifications or proxy voting deadlines, or in dealing with the tax authorities. They do say it has earned respect in its dealings with regulators, though even in that field a client urges HSBC to “work even more intensively with [the] authorities re[garding] disclosure requirements for funds.”

Clients would also like more flexibility and creativity, especially if it could save them cash or capital. Price, the only issue for respondents last year, remains one in 2018. In fact, it is joined this year by a degree of disappointment over spreads in FX and cash. But nobody thinks their transactions are at risk of failing to settle, because they trust the bank to find the cash or securities. Clients are grateful to HSBC, not only for keeping their assets safe, but as a counterparty. The client service is admired too.

Standard Chartered Bank

SCB eclipses its network rival here in all but three service areas. One of the most important is relationship management. A client duly records that he has encountered nothing but “good relationship management and approachability by our primary contact. [He] works with us to provide solutions.” The scores for client service are also flattering. More unusually, SCB wins plaudits for asset servicing and for openness and competitive pricing in the money and foreign exchange markets.

SCB clients are less convinced that the bank has as much influence with the Qatari regulators as its rival. More importantly, they do not believe they are getting good value in sourcing cash or securities to meet their daily liquidity requirements. “Charges for maintaining cash clearing accounts are prohibitively high,” writes a client.

QNB Alahli

The Qatar Investment Authority (QIA)-controlled commercial bank aims to compete for custody business on price and service. Though an insufficient number of responses was received to make firm judgments on either count, the data that was received certainly indicates a high degree of satisfaction. “We are happy with the service received,” says one client. The future of the custodial ambitions of the bank hinges on the success of the efforts by the Qatari authorities to turn the gas-producing Gulf state into a diversified financial services entrepot. Since the QIA formed a strategic partnership with NYSE Euronext and set about turning the former Doha Securities Market (DSM) into a proper stock exchange, they have had some success in attracting foreign capital.

The transition of the rebranded Qatar Stock Market from the MSCI frontier markets index to the emerging markets equivalent in 2013 added indexed money. Since then, investors have enjoyed a “Duke-of-York experience”. The market ran up to a peak in late 2015 but has slid unsteadily downwards ever since, with the additional impetus of the economic and diplomatic embargo orchestrated by Saudi Arabia behind it.

WEIGHTED AVERAGE SCORES

	Standard Chartered Bank	HSBC	QNB Alahli	Market Average	Global Average
Share of validated responses (%)	33%	61%	8%		
Relationship management	6.00	5.30	n/a	5.54	5.30
Client service	6.17	5.60	n/a	5.92	5.56
Account management	6.17	5.14	n/a	5.60	5.14
Asset safety	5.84	4.26	n/a	5.09	4.60
Risk management	5.96	5.84	n/a	5.91	5.50
Liquidity management	6.10	4.71	n/a	5.31	5.14
Regulation and compliance	4.95	5.50	n/a	5.18	4.84
Innovation	5.90	4.22	n/a	5.10	4.75
Asset servicing	6.05	6.09	n/a	6.01	5.52
Pricing	5.79	5.30	n/a	5.55	5.28
Technology	6.19	4.67	n/a	5.36	5.41
Cash management and FX	6.50	5.29	n/a	5.74	5.42
Total	6.00	5.20	n/a	5.55	5.23

Russia

Sberbank of Russia

“I can only compare to our previous operator, and for sure Sber is well above in all categories,” writes a client. The bank has exceeded his expectations in terms of client service (“We were positively surprised by the high level of commitment and dedication from the ops staff”), bespoke services (“a full tailor-made service, including SWIFT development at their end to support the full scope of services”), guaranteeing compliance (“always supportive in our initiatives aiming to enhance our regulatory framework”), innovating (“a tailor-made solution of our capital market product that worked from day one”) and pricing competitively (“a special pricing scheme that is satisfying both entities”). Sberbank has convinced the market it is committed for the long-term and willing to do whatever it takes to build a securities services franchise in Moscow.

Raiffeisen Bank International

Raiffeisen, which has a retail branch network in Russia as well as dealing desks and a custody arm, achieves an outstanding set of scores, which falter in client service and pricing only.

Société Générale Securities Services

The French bank has had a busy period onboarding clients since Deutsche Bank exited the Russian market. It is clearly doing a good job. Excellent scores are accompanied by praise for innovative technology (“Stable and convenient for [the] customer, they are better than any other provider’s we have worked with on this market”) and a reassuring presence (“The main target of

opening [an] account at this provider was to increase asset safety ,and we still believe it was a good choice of provider”).

UniCredit Group

UniCredit earns scores that are both respectable and consistent, though somewhat lower than those of 2017. Respondents have predictable grumbles (excessive paperwork, shortcomings in asset servicing, variability in the quality of staff), but the overall performance is quietly impressive.

Citi

A handful of respondents mark Citi down by comparison with last year. Fees and spreads remain issues but, as always for Citi, there are solid scores for settlement, technology and client service.

VTB Bank

VTB does not own the major foreign relationships in its home market, but the small number of lower profile clients that use its services consider them perfect for their needs. One even says that he is not looking for anything more from the bank.

Other

J.P. Morgan self-clears in Russia, which was one of the first markets to be chosen when the bank decided to in-source its needs in 2011, as part of a plan to grow a direct custody and clearing business.

WEIGHTED AVERAGE SCORES

	VTB Bank	Raiffeisen Bank International	Société Générale Securities Services	Sberbank	UniCredit	Citi	Market Average	Global Average
Share of validated responses (%)	11%	18%	14%	30%	14%	11%		
Relationship management	6.61	6.74	6.27	5.78	4.94	4.65	5.87	5.30
Client service	6.90	6.63	6.23	5.49	4.92	5.17	5.89	5.56
Account management	7.00	6.47	6.32	5.79	4.92	5.28	5.95	5.14
Asset safety	n/a	6.11	6.30	3.29	5.10	3.82	5.00	4.60
Risk management	6.94	6.04	6.83	5.90	5.09	5.14	5.98	5.50
Liquidity management	7.00	6.43	6.19	5.17	5.23	5.00	5.80	5.14
Regulation and compliance	7.00	6.75	5.56	4.77	5.10	4.56	5.34	4.84
Innovation	7.00	5.34	5.55	4.55	4.87	4.50	5.28	4.75
Asset servicing	6.87	6.19	6.72	5.74	5.33	5.65	6.04	5.52
Pricing	6.91	6.68	6.27	5.12	5.03	4.87	5.81	5.28
Technology	6.96	6.31	6.41	5.71	5.51	5.33	6.10	5.41
Cash management and FX	6.82	6.13	6.76	5.57	5.14	5.31	5.97	5.42
Total	6.91	6.33	6.30	5.39	5.08	5.04	5.81	5.23

Saudi Arabia

HSBC

HSBC has owned this market since the days when it was not only the largest and fastest-growing stock market in the middle East, but also the most frustrating. None of its foreign clients could access it: Investment in equities was restricted to Saudi nationals and Gulf Co-operation Council (GCC) states.

Those restrictions made it hard to shine here, but it did mean the bank was ideally positioned when the government decided to open up the markets. HSBC is collecting much higher scores now than it did then, precisely because it is able to guide network managers acting on behalf of fund managers allocating to a \$500 billion-plus equity market.

Saudi Arabia is one market where the bank did better this year than last. In fact, were it not for under-performance in the predictable area of pricing (an issue in 2017 as well) and on spreads, HSBC would be pushing towards excellence in most service areas and perfection in some.

Others

The opening of the Saudi market has created a natural opportunity for custodian banks and obtaining a licenced to operate in the Kingdom became more urgent in June 2018, when MSCI admitted Saudi Arabia to its emerging markets index, prompting an immediate spike in the Saudi stock exchange all-share index.

Admission to the emerging market index was the reward for a series of reforms by the Saudi stock exchange (Tadawul) and the Saudi Capital Markets Authority that have made it easier for international institutional investors to access the market

(as part of a broader strategy to diversify the Saudi economy away from oil). Qualified foreign investors (QFIs), based on the Chinese precedent, were allowed to start trading Saudi stocks in 2015.

But that was only a first step towards opening the market to foreign investors, designed to encourage the domestic shareholders that dominate the market to be more active and to create buyers for more and better research into the companies listed on Tadawul.

Following the success of that first step, the Saudi authorities have lowered the minimum assets under management to attain QFI status from SAR 18.75 billion to SAR 3.75 billion; allowed QFIs to buy funds and bonds as well as equities; lifted the cap on shareholdings by a single investor from 5% to 10%, and foreign ownership of a single stock from 20% to 49%; shifted the market on to a T+2 settlement timetable to align it with international norms; and – importantly – authorised custodians to enter the market.

A number of banks with a custodial presence or ambitions in the region are reported to have obtained or be seeking capital markets and banking licences. This is a measure of the value of the opportunity and can over time be expected to lead to a shake-up of custody provision in Saudi Arabia, and potentially the wider MENA region too. Standard Chartered received responses; however, they were too few in number from which to draw firm conclusions. This may well change in the year's ahead as more foreign institutional investors enter the market.

WEIGHTED AVERAGE SCORES

	HSBC	Standard Chartered Bank	Market Average	Global Average
Share of validated responses (%)	67%	33%		
Relationship management	5.50	n/a	5.74	5.30
Client service	6.43	n/a	6.65	5.56
Account management	5.21	n/a	5.48	5.14
Asset safety	4.62	n/a	5.53	4.60
Risk management	5.40	n/a	5.79	5.50
Liquidity management	5.47	n/a	5.75	5.14
Regulation and compliance	5.67	n/a	5.94	4.84
Innovation	4.67	n/a	5.48	4.75
Asset servicing	6.39	n/a	6.45	5.52
Pricing	5.51	n/a	5.86	5.28
Technology	5.68	n/a	5.86	5.41
Cash management and FX	5.90	n/a	6.19	5.42
Total	5.53	n/a	5.85	5.23

South Africa

RMB Custody

The average scores combine to yield a total outcome almost unchanged on a year ago. Scoring of the core services is solid, and often excellent. Value, which was an issue last year, remains one in 2018. “Too complex fee schedule,” writes one respondent. Clients also indicate they would like to see tighter spreads on cash and FX, and a more innovative approach to treasury services in general. The responses to a number of questions hint at a something more inchoate: a longing to understand and be understood. “Quality of newflashes could be improved,” is the example offered by a client.

Standard Bank

Standard Bank remains the incumbent here, offering a majority of the major network managers a route into sub-Saharan Africa, as well as the Johannesburg Stock Exchange. They trust the balance sheet, and expect trades to settle more often than not, but are not yet convinced of the quality of asset servicing. “Corporate action notification fields are not correctly populated,” writes a client. Asset-servicing was an issue last year too. The 2017 concerns about value and cash management have not disappeared either. The details of the average scores point to too much paper and not enough information, less-than-effective management of costs, and an appetite for increased disclosure.

Standard Chartered Bank

SCB enlarged its presence here with the acquisition of the mostly domestic custody business of Absa in 2013, which the

bank added to its 2010 purchase of the African custody network of Barclays, giving it reach across the Continent from a Johannesburg hub. The bank has secured a small number of responses, which suggest the core custody and settlement services are sound, but safekeeping and treasury services would benefit from greater openness and keener pricing.

Société Générale Securities Services

There were not enough responses to make definitive judgments about the quality of the work of the Johannesburg operation of the French bank. Although the data received places Société Générale within one basis point of what happened in 2017, the issues that were evident then – namely, settlement and reporting – are no longer apparent.

Nedbank Investor Services

Nedbank did not attract enough international responses to be assessed properly, but it cannot be faulted for commitment to this market (and the adjacent Namibia and Swaziland as well). Judging by the improved scores this year, the quality of the core services – settlement, custody and asset servicing – is also excellent. However, the averages also suggest there is still work to do, as there was in 2017, on client services and treasury functions.

Citi

Citi began to provide a direct clearing and custody service here in 2011. It has not attracted enough responses to be assessed.

WEIGHTED AVERAGE SCORES

	RMB	Standard Bank	Société Générale	Standard Chartered	Market Average	Global Average
Share of validated responses (%)	32%	36%	11%	11%		
Relationship management	5.73	5.19	n/a	n/a	5.26	5.30
Client service	6.00	5.50	n/a	n/a	5.31	5.56
Account management	5.86	4.82	n/a	n/a	5.28	5.14
Asset safety	5.56	4.28	n/a	n/a	4.67	4.60
Risk management	5.61	5.00	n/a	n/a	4.99	5.50
Liquidity management	5.11	5.12	n/a	n/a	5.12	5.14
Regulation and compliance	4.53	4.29	n/a	n/a	4.17	4.84
Innovation	5.07	4.50	n/a	n/a	4.59	4.75
Asset servicing	5.83	4.60	n/a	n/a	5.42	5.52
Pricing	5.40	5.57	n/a	n/a	5.01	5.28
Technology	5.33	5.24	n/a	n/a	5.22	5.41
Cash management and FX	5.59	5.17	n/a	n/a	5.49	5.42
Total	5.54	4.71	n/a	n/a	5.10	5.23

Taiwan

Standard Chartered Bank

Although the result is not as handsome as 2017, these are still impressive scores, and from a larger group of clients than rivals. Satisfaction with core custody and settlement is high, and everybody thinks their assets are safe with SCB. Though clients would like to see the bank make more efforts to control costs and cut prices, their enthusiasm really dims only in matters of cash and FX, and in the adjacent field of making sure the right quantities of cash and securities are in place to settle the trades – which matters more in this market than in some others.

Deutsche Bank

Scores were down for Deutsche in 2017, but they are down more sharply this year. Collectively, respondents reckon the onboarding is not onerous, their cash and securities are safe, transactions will settle on time and the client service is attentive and open to new ways of doing things. However, they would also like to see Deutsche take more risk in asset servicing, offer a better and more-transparent deal on cash and FX, help them control the costs of credit and stock borrowing, and trim its custody fees and transaction charges. Without improvement, they warn, the relationship is unlikely to grow.

HSBC

The average HSBC client in Taipei thinks the settlement record is virtually flawless, the client service excellent and the compliance procedures reassuring. But they also find it tiresome to open and close accounts, see asset safety and cash and FX

spreads as black boxes, regard the sourcing of cash and securities as inefficient, sense fees are too high and argue that, while income is collected efficiently, more complicated corporate actions and votes and tax reclamations are not handled as well. Scores are down on 2017, but nobody is thinking seriously of switching their business elsewhere.

Citi

Reduced to an average, a handful of respondents clearly have no doubts about the creditworthiness of the bank, its ability to fund their trades, and its competence in keeping them on the right side of local laws and regulations. But, in a market that was once a byword for excruciatingly painful buy-ins, they are merely satisfied rather than utterly delighted by the settlement services. They are also noticeably disgruntled by the asset servicing, the spreads charged, the fees levied, and the costs passed on. Scores are down for a second year in succession.

Others

Taiwan was one of the markets J.P. Morgan selected to insource when it embarked on a strategy to expand its direct custody and clearing services back in 2011. Too few responses were received from third parties to assess the quality of the services, but the data received is not redolent of excellence. Responses were also received from a number of clients of the Bank of Taiwan, which expressed a high degree of satisfaction with the client service and relationship management.

WEIGHTED AVERAGE SCORES

	Standard Chartered	Citi	Deutsche Bank	HSBC	Market Average	Global Average
Share of validated responses (%)	41%	14%	19%	19%		
Relationship management	5.54	4.85	5.19	5.00	5.31	5.30
Client service	5.91	5.73	5.50	4.74	5.54	5.56
Account management	5.41	4.97	4.82	4.62	5.03	5.14
Asset safety	4.55	4.73	4.28	4.00	4.35	4.60
Risk management	5.44	5.29	5.00	5.87	5.44	5.50
Liquidity management	5.67	5.12	5.12	4.71	5.18	5.14
Regulation and compliance	4.30	5.62	4.29	2.33	4.28	4.84
Innovation	4.62	4.90	4.50	4.05	4.50	4.75
Asset servicing	5.30	5.77	4.60	6.15	5.35	5.52
Pricing	5.25	5.43	5.57	4.52	5.25	5.28
Technology	5.62	5.29	5.24	5.20	5.40	5.41
Cash management and FX	5.32	5.73	5.17	4.78	5.32	5.42
Total	5.28	5.27	4.98	4.76	5.13	5.23

Thailand

Standard Chartered Bank

SCB again gets the most responses, and the highest scores. The bank ends up in much the same elevated position as it did in 2017, despite clients being asked a very different set of questions. If SCB shares the shortcomings of the industry in corporate actions, treasury services and liquidity management, it is in a class of its own in Thailand in every operational area that matters to clients.

HSBC

A falling off as grand as a tenth overall since 2017 cannot prevent HSBC continuing to shine brightly in Bangkok at the services that lie at the heart of direct clearing and custody: easy account opening procedures, settlement with minimal trade fails, timely crediting of income due, fully disclosed FX execution, adoption of standard processes whenever possible, respect for law and regulation, and prudent operational risk management. It is not surprising that the bank cannot resolve the corporate actions conundrum here – or anywhere else for that matter, since nobody can – but the lack of confidence in the safety of assets held by HSBC is counterintuitive.

Deutsche Bank

The German bank did well in Bangkok last year, but this is a less-pleasing performance. Beyond asset safety and aspects of client service and relationship management, it is hard to find a service area where Deutsche truly excels. The average client would like less bureaucracy in terms of agreements and KYC; is not totally convinced that cash and securities are safe in Bang-

kok; thinks asset servicing falls short of what would be helpful; contends that rates of settlement not unimpeachable; believes treasury services are opaque and expensive; and argues that Deutsche could do more to help its customers be more efficient.

Citi

Average scores are lower than they were a year ago. But the points of vulnerability highlighted then are partially resolved, with assessments of client service and relationship management improved and pricing both better and worse – because the average exaggerates the point, with clients seeing Citi as flexible on terms. Confidence in the bank as a counterparty, and in its technology, are both unquestioned. Clients expect trades to settle on time here and income to be collected promptly, but they have less confidence in corporate actions notifications and proxy votes. What can be seen and what is paid on cash and FX are judged to be unreasonable, and the level of assistance with optimising holdings of cash and securities could certainly be raised.

Bangkok Bank

It is a pity the indigenous bank did not collect enough responses to be assessed properly this year, because it collected a generous set of scores in 2017 and the upward momentum is now dissipated. The average derived from the data that was received this year falls short of those heights, but it would be unreasonable to draw firm conclusions from such an exiguous data set.

WEIGHTED AVERAGE SCORES

	Standard Chartered Bank	Citi	Deutsche Bank	HSBC	Bangkok Bank	Market Average	Global Average
Share of validated responses (%)	38%	12%	21%	21%			
Relationship management	5.55	5.50	5.04	4.50	n/a	5.21	5.30
Client service	5.85	5.56	4.93	4.74	n/a	5.25	5.56
Account management	4.97	4.60	4.48	4.81	n/a	4.69	5.14
Asset safety	4.97	1.67	4.33	4.56	n/a	4.47	4.60
Risk management	5.46	5.50	5.42	5.42	n/a	5.42	5.50
Liquidity management	5.54	5.09	4.65	4.06	n/a	4.92	5.14
Regulation and compliance	4.60	3.50	3.56	5.00	n/a	4.27	4.84
Innovation	4.98	4.91	4.50	4.14	n/a	4.70	4.75
Asset servicing	5.87	6.00	4.87	5.27	n/a	5.50	5.52
Pricing	5.24	5.31	5.42	4.60	n/a	5.16	5.28
Technology	5.76	5.50	4.83	5.06	n/a	5.30	5.41
Cash management and FX	5.08	5.90	4.94	4.80	n/a	5.05	5.42
Total	5.30	5.14	4.75	4.72	n/a	4.99	5.23

Turkey

TEB Securities Services

It was always going to be difficult for BNP Paribas – which services this market via its strategic partnership with TEB – to match its outstanding performance here a year ago, but it comes close, and on the back of a higher rate of response than any other provider too. The average scores are rich in appreciation of the financial strength of the bank, the quality of its people, and the balance it strikes between risk and innovation. One client likes the service so much he is concerned that a shrinkage in the business he gives to TEB will dent the service he receives.

The average client is still surprised that it is so cumbersome to open and close accounts at the bank, believes that settling transactions in Turkey ought not to be so hard, and indicates that cash, credit and securities ought to be less expensive. They hold that custody and transactions fees in Turkey are too high as well. TEB is not immune to the industrywide inefficiencies in complex asset servicing tasks such as corporate actions notifications and proxy voting either.

Deutsche Bank A.Ş. Turkey

The German bank expects to do well in Turkey, where its custody team is experienced as well as eager. The RMs and CSOs in Istanbul would expect to collect plaudits from clients and – at the detailed level in particular – they certainly do. Clients also find no fault with the bank's rates of settlement, and have only highly specific complaints about asset servicing. They are less happy about the spreads and transparency in treasury services and think the bank could do a better job in containing fees and

charges and the costs of credit, collateral and stock borrowing. They also indicate that the technology would benefit from some investment. Though the overall outcome is less pleasing than it was in 2017, Deutsche Bank Istanbul is getting the core services right.

Citi

After a testing 2017, Citi has maintained its ranking here. The client service is market-leading, and respondents agree the relationship is in rude health both now and for the foreseeable future.

Settlement proceeds efficiently, and the bank helps its clients economise on sourcing and maintaining the cash and securities to avoid trade fails. Income is collected and credited efficiently, but corporate actions, proxy voting and tax services all need management attention. Clients would also like less documentation and more explanation. Though they do not think Citi is an expensive provider, in what was always seen as an expensive market, they do think more could be done to cut the costs of trading this market.

Turkiye Is Bankasi

The indigenous alternative did not receive enough responses to maintain its rated status. However, the responses submitted indicate clients are happy with the biggest bank in Turkey as a counterparty, regard their relationship with the bank as strong, and consider its pricing more than fair.

WEIGHTED AVERAGE SCORES

	Citi	TEB Securities Services / BNP Paribas	Deutsche Bank	Turkiye is Bankasi	Market Average	Global Average
Share of validated responses (%)	0.18	0.42	0.33	0.06		
Relationship management	4.81	5.50	5.44	n/a	5.36	5.30
Client service	5.53	5.40	5.40	n/a	5.50	5.56
Account management	4.73	4.42	5.15	n/a	4.75	5.14
Asset safety	4.29	5.14	4.23	n/a	4.52	4.60
Risk management	5.58	5.92	5.42	n/a	5.62	5.50
Liquidity management	5.55	5.47	4.87	n/a	5.22	5.14
Regulation and compliance	5.14	5.10	4.90	n/a	5.06	4.84
Innovation	4.27	4.84	4.11	n/a	4.55	4.75
Asset servicing	5.62	5.17	5.43	n/a	5.43	5.52
Pricing	5.61	5.78	5.03	n/a	5.41	5.28
Technology	5.29	5.17	5.06	n/a	5.19	5.41
Cash management and FX	5.64	5.14	5.44	n/a	5.38	5.42
Total	5.19	5.17	5.07	n/a	5.16	5.23

UAE

Standard Chartered Bank

This is a fine performance by SCB, with average scores touching excellence on nearly two out of three questions, and only one service area displaying any sustained vulnerability. Respondents reckon their assets and entitlements are safe, the fees and spreads are fair, and the RMs and CSOs are responsive.

First Abu Dhabi Bank

Since National Bank of Abu Dhabi (NBAD) merged with First Gulf Bank (FGB) in April 2017, creating the largest bank in the UAE and the First Abu Dhabi Bank (FAB) brand, expectations have risen. Scores have not, but then the benchmark NBAD set in 2017 was demanding. A sizeable group of clients value the AA-rated FAB as a safe place to keep assets and think its services keenly priced. They have confidence in its ability to settle trades (contractually, as it happens) across the GCC (they like its cash forecasts and the ready provision of liquidity).

But if the bank is to fulfil its ambitions, it will take note of the brickbats as well as the compliments. Clients are looking to FAB to provide information not documents, communicate more, train staff, re-think asset servicing, tighten spreads, increase openness, enhance regulatory compliance and invest in technology. A client furnishes a neat summary of how FAB can get from here to there. “FAB is nimble and understands our requirements,” he writes. “They lack an integrated client system support.”

HSBC

The bank scores well on the human side, as it did in 2017, and is

respected for its fortress balance sheet and access to liquidity, but the overall outcome is lower than it was a year ago. In the core services, settlement and liquidity are admired, while the scores for asset servicing exhibit a familiar combination of satisfaction with the simple and unhappiness with the complex.

Deutsche Bank

A handful of clients record a bifurcated verdict here. They are confident their assets are safe and safekept perfectly by Deutsche, and that their trades will always settle on time. They also value the client service and see Deutsche as an innovative custodian bank. But, like most respondents to the survey, they are also seeking a price reduction. They want better value from treasury services – cash and FX – and in cash and stock borrowing too. The detailed scores underline how respondents now expect RMs to work with them to achieve economies in their own operations.

Citi

MSCI upgraded UAE to membership of its emerging market index in 2014, following efforts by the Dubai Financial Market (DFM, which is also the majority shareholder in NASDAQ Dubai) and the Abu Dhabi Securities Exchange (ADX) as well as the Emirates regulator (the Securities and Commodities Authority) to qualify. Citi supports clients active on ADX, DFM and NASDAQ Dubai, but not enough of them responded to make confident judgments about the quality of the services.

WEIGHTED AVERAGE SCORES

	Standard Chartered	Deutsche Bank	First Abu Dhabi Bank	HSBC	Citi	Market Average	Global Average
Share of validated responses (%)	0.20	0.13	0.33	0.30	0.05		
Relationship management	6.06	6.92	5.55	5.24	n/a	5.61	5.30
Client service	6.25	7.00	6.15	5.48	n/a	6.00	5.56
Account management	5.87	7.00	5.73	4.91	n/a	5.53	5.14
Asset safety	5.78	4.81	4.85	4.14	n/a	4.89	4.60
Risk management	6.04	6.50	5.86	5.71	n/a	5.88	5.50
Liquidity management	6.03	6.73	5.67	4.72	n/a	5.46	5.14
Regulation and compliance	4.95	5.27	5.43	5.50	n/a	5.28	4.84
Innovation	5.87	5.04	6.29	4.13	n/a	5.24	4.75
Asset servicing	5.98	5.35	5.72	6.02	n/a	5.84	5.52
Pricing	5.82	4.86	5.78	5.29	n/a	5.49	5.28
Technology	5.93	6.56	5.60	4.76	n/a	5.49	5.41
Cash management and FX	6.38	6.67	5.03	5.26	n/a	5.60	5.42
Total	5.93	5.84	5.71	5.11	n/a	5.55	5.23