

*The*  
**2020** 

AGENT BANKS  
IN FRONTIER  
MARKETS  
**SURVEY**

# FRONTIER MARKETS

## THE BIG PICTURE

The 2020 ABFM survey suggests that multi-market service providers are having growing success in establishing regional service models, though client appreciation of service quality lags that in busier markets.

As we go to press, the outlook for the global economy is somewhat grim. So let's start with a small dose of optimism. In a recent client letter addressing the impact of COVID-19, Mobius Capital Partners, the emerging and frontier market investment boutique founded by industry veteran Mark Mobius, observed that, "From a macroeconomic perspective, we know that a recovery follows every crisis. We have witnessed the economic impact of previous pandemics, and it is always temporary...It is unavoidable that we will see a fallout and likely a recession ahead. Nevertheless, we

can see the first signs of normalisation taking place in China. A survey by Made-in-China.com, one of the main platforms connecting Chinese suppliers and global buyers, found that by late February, 80% of manufacturing firms had resumed operations. Of course, this may change again, depending on the ongoing containment of the virus." Granted, China is hardly a frontier economy, but as an importer of raw materials, its manufacturing sector is the engine for a lot of commodity-producing frontier markets.

Mark Mobius is probably not typical of the average institutional investor, since he

has long had a reputation for homing in on individual companies that he regards as having potential and which he or his team can engage with directly, however hard they may be to get to. For most investors though, frontier markets are rarely considered individually when it comes to allocations; rather they are grouped by region or sector for investment purposes.

As a result, the template for servicing such assets may differ from markets where activity is more intense, both in terms of volume and frequency. There is some evidence, for example, that in some markets, the links that ICSDs have established, either direct with a local depository or through the use of an account operator, are sufficient for most needs. In others, the choice between local banks offering custody services or some kind of regional offering from a multimarket provider remains the go-to solution.

The response pools for GC surveys are to a large extent driven by the efforts of these service providers to encourage their clients to engage with the questionnaire. Presumably, for the purposes of comparison, they would aim to map their participating clients to their overall client landscape in terms of size, location and type of client. That is at least GC's working assumption, though we are not really in a position to verify it. Nevertheless, with that caveat in mind, it appears that in 2020 – with one or two notable exceptions – users of regional service offerings account for the majority of responses, whether or not they have a hub or direct relationship with the individual markets in the region concerned. More so than in previous years, it seems the attractions of a regional approach are coming to the fore.

What follows is an analysis by region that reflects these trends. At the back of the survey, readers will still find provider ratings for individual markets, where sufficient responses justify.

### Methodology

The universe of markets in the GC Agent Banks in Frontier Markets (ABFM) survey draws primarily on the MSCI and S&P Frontier Markets lists. Not all of these markets are, however, represented in the accompanying tables. Such representation depends on the number of responses received for each.

For this year's survey, respondents were asked to complete a pared-down version of the 2019 questionnaire, with the ability both to skip sections not deemed relevant and to give an overall assessment for each category rather than responding to the more granular questions in each category. The responses were elicited through the use of a sliding scale from 'strongly disagree' to 'strongly agree'. Each response registered a number between 0 and 20. Aggregated scores were converted to GC's traditional seven-point scale for publication (where 1=unacceptable and 7=excellent). One point to note, however, is that the weighting criteria have been adjusted to give greater voice to the views of the largest respondents. As such firms tend to be more exacting in their demands than their smaller peers, the average ratings may appear lower than in previous years.

The response pool was drawn from two sources. Those respondents who completed the survey last year were invited to do so again, while service providers in the markets concerned were invited either to submit client lists for invitation or to approach those clients themselves. Any responses submitted by institutions that were not clients of the rated provider in the previous year were removed.

# Central and Southern Africa

This region accounted for 11% of total responses received for this year's ABFM survey. These covered Botswana, Mauritius, Swaziland, Zambia, Namibia, Zimbabwe and Malawi. Not surprisingly, Mauritius received the most active ratings – 40% of the regional total – as it serves not only as a market in its own right, but also as an offshore access point for investment funds into India. As a regional hub, it is also the only market to rival the elephant not in this particular room: South Africa (which was covered in the ABEM survey in our last edition).

This year's ABFM survey results suggest that the region is regarded as slightly underperforming in most categories though with the notable exception of cash management and FX, where its score is 20% higher than the global average. This may well be the result of a Mauritian average in this category of 6.33, comfortably in the Very Good range (6.00-6.99). By contrast, relationship management across the region is seen as a weak point.

Two regional providers, Standard Chartered Bank and Standard Bank/Stanbic dominate responses across the region. Both achieve average regional category scores mostly in Satisfactory range (4.00-4.99). Standard Bank's best results are in the areas of account management, pricing and risk management, while Standard Chartered most outstrips the regional average in cash management and FX and client service.

## Mauritius

In the ABSA Financial Markets Index 2019, compiled in partnership with the Official Monetary and Financial Institutions Forum (OMFIF), an independent think tank for central banking, economic policy and public investment, Mauritius ranks second after South Africa, up two places from 2018 and is described as having a "sizeable pool of investible pension assets with a strong legal framework." In one sector, "Legality and enforceability of standard financial markets master agreements," it actually ranks top.

COUNTRY SCORES	Central and Southern Africa	Botswana	Mauritius	Swaziland	Zambia
Account Management	4.27	5.08	4.21	4.86	3.82
Asset Safety	4.84	4.92	5.43	4.63	4.85
Asset Servicing	4.55	5.00	4.75	4.71	5.00
Cash Management and FX	6.44	7.00	6.33	4.00	7.00
Client Service	4.91	5.71	4.96	4.67	5.24
Innovation	4.20	5.88	3.92	4.17	3.29
Liquidity Management	4.83	n/a	4.83	n/a	n/a
Pricing	4.74	6.18	4.22	5.20	5.00
Regulation and Compliance	4.86	5.00	5.48	4.67	5.21
Relationship Management	3.91	4.77	4.08	3.08	3.40
Risk Management	4.13	4.63	4.87	4.64	4.88
Technology	4.61	7.00	4.64	3.80	4.55

## Standard Chartered (Mauritius and Zambia)

In this year's ABFM survey, Standard Chartered Bank accounts for just over half of the ratings received for the Mauritian market. It exceeds the market averages in most categories and actually scores a perfect 7.00 for cash management and FX – highly unusual in any emerging and frontier markets, given that access to FX is often subject to bureaucratic control. Although the

bank also performs well in Zambia, comparison with a market average yields little as Standard Chartered accounts for 80% of responses received for that market. In terms of its category scores in Zambia, the bank can be pleased with assessments of its services in the areas of regulation and compliance, client service and asset safety. By contrast, it has work to do to strengthen its profile in relationship management and account management.

PROVIDER SCORES (REGIONAL)	Central and Southern Africa	Standard Chartered Bank	Versus regional average
Account Management	4.27	4.24	-0.03
Asset Safety	4.84	5.32	0.49
Asset Servicing	4.55	5.04	0.49
Cash Management and FX	6.44	7.00	0.56
Client Service	4.91	5.91	1.01
Innovation	4.20	4.31	0.11
Liquidity Management	4.83	5.00	0.17
Pricing	4.74	4.78	0.05
Regulation and Compliance	4.86	5.58	0.71
Relationship Management	3.91	4.27	0.35
Risk Management	4.13	4.70	0.57
Technology	4.61	5.32	0.71

# East Africa

The three markets of Kenya, Uganda and Tanzania together accounted for 6% of total ABFM responses with Kenya, the largest and most developed market in the region, responsible for half of that.

Foreign investors account for the majority of turnover at the Nairobi Securities Exchange (NSE) with a preference, like most cross-border investors, for large-cap stocks. The current climate has, however, prompted a move to government bonds.

Kenya has been making efforts to develop its bond markets more broadly. In October 2019, it closed its first ever green bond to raise funds for environmentally friendly, affordable student housing in Nairobi.

Like markets the world over, East African stock exchanges have started feeling the impact of Coronavirus. By the end of February, the 20 Share Index had closed at a 16-year low. In mid-March, the chief executive of CDSC, the Kenyan CSD, affirmed that “sound business continuity plans are in place to ensure seamless settlement of all securities traded at the exchange.” He noted that “in the endeavour to support the Government to contain the spread of COVID-19, CDSC issued a circular to all its stakeholders providing alternative channels to be used for delivery of physical documents to minimize physical contact”, adding that CDSC continues to offer all services to stakeholders and closely monitor the events of the Coronavirus as they unfold, adjusting its business decisions as may be necessary.

Compared to expectations across the ABFM universe as a whole, East African markets shine in client service, cash management and FX and regulation and compliance. Account management, innovation and liquidity management can be found at the other end of the scale, though still within Satisfactory range (4.00-4.99).

## Standard Chartered Bank

Across the region, Standard Chartered recorded some 80% of individual re-

COUNTRY SCORES	East Africa	Kenya	Tanzania	Uganda
Account Management	4.33	4.23	5.09	4.00
Asset Safety	5.82	5.58	5.44	6.71
Asset Servicing	5.66	5.75	5.18	6.11
Cash Management and FX	6.65	6.14	7.00	7.00
Client Service	5.77	5.35	6.63	5.91
Innovation	4.00	3.47	6.25	3.47
Liquidity Management	4.00	n/a	n/a	4.00
Pricing	4.53	4.67	5.50	3.79
Regulation and Compliance	6.03	5.92	5.70	6.63
Relationship Management	4.17	3.69	6.56	3.81
Risk Management	5.65	5.33	6.00	6.00
Technology	4.89	4.33	7.00	4.55

sponses.

As the sole provider rated in Uganda and Tanzania and the dominant one in Kenya, it has set the benchmark for both regional and national ratings. Its results for the region as a whole are impressive, though with a wider than usual spread in category scores, ranging from 4.00 for innovation and liquidity management to well over 6.00 for cash management and FX and regulation and compliance. (These two are most likely a combination of good service and moderate expecta-

tions of what is achievable in relatively low volume frontier markets.)

In Kenya on its own, where the bank faces a degree of competition, its category scores equal or exceed the market average in all areas with the exception of relationship management, where both the market average and the bank’s own score leave plenty of room for improvement. The bank scores somewhat better in this category in the other markets in the region.

PROVIDER SCORES (REGIONAL)	East Africa	Standard Chartered Bank	Versus regional average
Account Management	4.33	4.35	0.02
Asset Safety	5.82	5.89	0.07
Asset Servicing	5.66	5.71	0.05
Cash Management and FX	6.65	6.65	0.00
Client Service	5.77	5.86	0.09
Innovation	4.00	4.00	0.00
Liquidity Management	4.00	4.00	0.00
Pricing	4.53	4.55	0.01
Regulation and Compliance	6.03	6.10	0.07
Relationship Management	4.17	4.13	-0.04
Risk Management	5.65	5.75	0.10
Technology	4.89	5.00	0.11

# West Africa

Three West African markets received ratings this year. Nigeria accounted for 40% of the regional total, while Ghana and Ivory Coast shared the remainder. Some competition for custody services was evident in Nigeria and Ivory Coast with ratings in each case spread across a few service providers. In Ghana, meanwhile, Standard Chartered sweeps the board. For the region as a whole, the bank accounts for 65% of responses received, perhaps confirming the attraction of regional service offerings to inward institutional investors.

In the same vein, efforts have been underway to bring the various financial markets across the region into closer harmony, The West Africa Capital Markets Integration Council (WACMIC) was inaugurated on 18 January 2013 as the governing body for the integration of West African capital markets. Its objective is to establish a harmonised regulatory environment for the issuance and trading of financial securities across the region, as well as to develop a common platform for cross-border listing and trading of such securities in the sub-region.

In the 2019 ABSA/OMFIF Financial Markets Index, Nigeria is cited as one of nine markets to have performed above average in terms of creating an investor-friendly environment. The market now ranks sixth, up one place from 2018. It is ranked second behind South Africa in market depth and third behind South Africa and Mauritius for market transparency, tax and regulatory environment. The report suggests that the issuance of new debt with longer tenor has lengthened the yield curve in Ghana and Nigeria, while the launch of new products such as green and blue bonds in the latter is a harbinger of increased future investment activity. As it is, the first 30-year government bond issued in Nigeria last year was oversubscribed by 400%. Meanwhile, both Nigeria and Ghana are in the process of developing derivatives markets, though coronavirus may well knock the timetable off-course.

COUNTRY SCORES	West Africa	Ghana	Ivory Coast	Nigeria
Account Management	3.68	3.75	3.89	3.50
Asset Safety	5.32	5.77	6.56	4.25
Asset Servicing	5.46	5.92	6.11	4.67
Cash Management and FX	6.37	6.14	7.00	6.14
Client Service	4.98	5.24	5.17	4.65
Innovation	3.39	3.47	3.47	3.24
Liquidity Management	n/a	n/a	n/a	n/a
Pricing	4.11	4.32	3.67	4.25
Regulation and Compliance	5.52	5.64	6.36	4.88
Relationship Management	3.41	3.68	3.69	2.93
Risk Management	4.71	4.88	5.25	4.33
Technology	4.47	4.55	4.55	4.33

Compared to the global average for ABFM, the region appears to outperform in the area of cash management and FX though the statistics should be treated with caution in that regard as a minority of respondents opted to rate that category. By contrast, relationship management and account management were areas of relative vulnerability.

At an individual market level, overall scores follow relatively similar patterns with category scores grouped in roughly equally in the Weak (3.00-3.99), Satisfactory (4.00-4.99) and Good (5.00-5.99)

ranges. Ivory Coast records a few category outliers, notably asset servicing, asset safety and regulation and compliance, with at least one global custodian and one regional insurance giant showing particular appreciation for service in these areas.

With the majority of recorded responses for the region, Standard Chartered receives above average results in most service categories, slipping only measurably in pricing, with one UK financial institution marking particularly harshly for this aspect of the offering.

PROVIDER SCORES (REGIONAL)	West Africa	Standard Chartered Bank	Versus regional average
Account Management	3.68	3.53	-0.15
Asset Safety	5.32	5.89	0.57
Asset Servicing	5.46	5.83	0.37
Cash Management and FX	6.37	6.65	0.28
Client Service	4.98	5.08	0.10
Innovation	3.39	3.38	-0.02
Liquidity management	n/a	n/a	n/a
Pricing	4.11	3.70	-0.41
Regulation and Compliance	5.52	5.93	0.41
Relationship Management	3.41	3.32	-0.10
Risk Management	4.71	5.00	0.29
Technology	4.47	4.55	0.07

# Americas

In the ABFM 2020 survey, responses were received for the Americas region from investors or their intermediaries with activity in Argentina, Bermuda, Costa Rica, Ecuador, Panama and Uruguay. While all these results were taken into account in creating the regional average score, it is fair to say that only Argentina, accounting for over 60% of total responses for the region, has amassed sufficient responses for any robust conclusions to be drawn.

Taken as a whole, service in frontier markets in the Americas is seen as broadly satisfactory, with only relationship management presenting any cause for concern. The situation is mitigated somewhat when scores are considered on an unweighted basis, in which case the average pushes into Satisfactory territory (4.00-4.99). In the area of regulation and compliance, the region does better, beating the global average by 16%.

## Argentina

Looking at Argentina specifically, despite accounting for the bulk of responses in the region, it has registered weak scores in the areas of asset servicing and relationship management, below the regional average by 16% and 7% respectively. Other scores, however, are either Satisfactory (4.00-4.99) or Good (5.00-5.99) with the impressive exception of regulation and compliance, which is rated Very Good (6.00-6.99)

Citi, which has recorded 40% of the responses for Argentina and is a dominant service provider across the region, has mixed scores at a regional level, with well above average results for client service and pricing, but, surprisingly, underscoring for asset servicing and relationship management. Although scores for asset safety and – again surprisingly – technology are below the regional average, they are nevertheless in Good range (5.00-5.99). At a market level for Argentina, the story is – not surprisingly – similar, though Citi's score for technology is above the market average.

COUNTRY SCORES	Americas	Argentina
Account Management	5.16	5.05
Asset Safety	5.68	5.27
Asset Servicing	4.37	3.68
Cash Management and FX	n/a	n/a
Client Service	4.44	4.35
Innovation	4.04	3.36
Liquidity Management	n/a	n/a
Pricing	4.98	5.00
Regulation and Compliance	6.23	6.36
Relationship Management	3.90	3.63
Risk Management	5.11	5.12
Technology	5.63	4.80

At a macro level, the global market turmoil evident in the second half of Q1 is likely to complicate Argentina's foreign debt restructuring plans. The country's economy is already projected by Barclays Capital to contract by 2.1% this year.

The New York Times recently pointed out that Argentina was in peril before the coronavirus pandemic. Its currency, the peso, lost more than two-thirds of its value in 2018 and 2019, as inflation exceeded 50%. Its economy contracted by 2% in 2019.

Confirming the challenge, IMF managing director Kristalina Georgieva declared in late March that, "A substantial debt relief from Argentina's private creditors will be needed to restore debt sustainability with high probability." Addressing the coronavirus specifically, she stated that, "Our objective is to pave the way for a stable and prosperous economy that can create jobs and raise living standards for the benefit of all Argentines." In other words, the country is not out of the woods.

PROVIDER SCORES (REGIONAL)	Americas	Citi	Versus regional average
Account Management	5.16	4.88	-0.28
Asset Safety	5.68	5.08	-0.60
Asset Servicing	4.37	3.80	-0.57
Cash Management and FX	n/a	n/a	n/a
Client Service	4.44	5.00	0.56
Innovation	4.04	4.11	0.07
Liquidity Management	n/a	n/a	n/a
Pricing	4.98	5.29	0.30
Regulation and Compliance	6.23	6.42	0.19
Relationship Management	3.90	3.64	-0.26
Risk Management	5.11	4.83	-0.28
Technology	5.63	5.00	-0.63

# Asia

Asian frontier markets for which ratings have been received this year include Bangladesh, Kazakhstan, Sri Lanka and Vietnam. Of these, Vietnam attracted the most responses, accounting for some 35% of the regional total. As a whole, the markets mentioned comprise 5% of the total responses received for the 2020 ABFM survey.

These are admittedly disparate markets, with little in common in terms of infrastructure and development. Nevertheless, something constructive can be gleaned from aggregating their individual results. As at the end of February 2020, the MSCI Frontier Markets Asia Index had registered a year-on-year decline of almost 16% compared to the MSCI Frontier Markets as a whole. The fact that Vietnam is perceived as one of the countries to have taken firm steps to limit the domestic impact of coronavirus may lead to further divergence in the perception of this group of markets as an investment destination in the short-to-medium-term.

Nevertheless, from a post-trade perspective, the markets concerned present a relatively comforting front to investors, at least from an asset servicing perspective. Six category scores – account management, asset safety, cash management and FX, client service, regulation and compliance, and risk management – are all within Good range (5.00-5.99).

Of the remainder, innovation, relationship management and pricing are satisfactory, leaving asset servicing, technology and liquidity management in need of care and attention. It is, however, worth bearing in mind that these scores are not absolute measures of performance, but rather reflect the gap between levels of service and expectations, which, in the case of technology, for example, may be relatively high.

Of the four markets covered here, Sri Lanka records the best results. Although it has a particularly low score for technology, this rises to Good when considered on an unweighted base, the implication being that the largest clients

COUNTRY SCORES	Asia	Bangladesh	Kazakhstan	Sri Lanka	Vietnam
Account Management	5.09	3.74	5.00	5.71	5.38
Asset Safety	5.35	5.71	5.50	6.30	4.94
Asset Servicing	3.83	n/a	4.78	5.04	4.38
Cash Management and FX	5.27	5.20	5.75	4.75	5.28
Client Service	5.43	4.09	4.67	5.83	5.68
Innovation	4.21	3.00	4.17	3.87	5.22
Liquidity Management	3.42	7.00	4.00	6.50	n/a
Pricing	4.62	3.14	5.14	4.00	5.26
Regulation and Compliance	5.80	5.29	4.60	6.27	5.87
Relationship Management	4.19	3.16	4.63	4.47	4.47
Risk Management	5.30	4.89	5.00	5.86	5.20
Technology	2.72	n/a	5.67	n/a	3.63

are the least satisfied with this aspect of service.

Two regional providers – HSBC and Standard Chartered – qualify for regional assessments. HSBC exceeds the regional average in seven of the 12 categories, most noticeably asset servicing, liquidity management and pricing. Counter-intuitively perhaps, it falls shortest in relationship management, cash management and FX and technology. This last category is, however, praised by one UK financial institution,

at least for Sri Lanka where it describes HSBC as “forthcoming with new tech initiatives.”

Standard Chartered surpasses the market average in eight of the 12 categories, most notably asset servicing and cash management and FX. Although its score for relationship management is only in satisfactory range, it is sufficient to exceed the regional average by 0.53 points. In Bangladesh specifically, its score for technology is brought low by one large UK financial institution.

PROVIDER SCORES (REGIONAL)	Asia	HSBC	Versus regional average	Standard Chartered Bank	Versus regional average
Account Management	5.09	5.36	0.26	4.98	-0.11
Asset Safety	5.35	4.83	-0.51	5.77	0.42
Asset Servicing	3.83	4.52	0.69	4.14	0.31
Cash Management and FX	5.27	4.11	-1.16	5.71	0.45
Client Service	5.43	5.47	0.04	5.38	-0.05
Innovation	4.21	4.22	0.01	4.18	-0.03
Liquidity Management	3.42	4.33	0.91	6.40	2.98
Pricing	4.62	5.09	0.47	4.27	-0.35
Regulation and Compliance	5.80	6.00	0.20	5.95	0.15
Relationship Management	4.19	2.94	-1.24	4.72	0.53
Risk Management	5.30	5.17	-0.13	5.48	0.18
Technology	2.72	n/a	-1.06	3.52	0.79

# Central and Eastern Europe

COUNTRY SCORES	Central and Eastern Europe	Bulgaria	Croatia	Romania	Serbia	Slovak Republic	Slovenia	Ukraine
Account Management	5.35	6.06	5.57	6.16	4.40	4.50	4.50	4.20
Asset Safety	5.51	6.06	5.56	6.19	4.86	4.27	4.20	4.50
Asset Servicing	5.38	6.01	5.50	5.89	4.60	5.06	4.45	2.05
Cash Management and FX	3.92	5.23	5.40	5.57	4.25	6.33	4.67	n/a
Client Service	4.24	4.89	4.67	4.84	3.83	4.15	3.55	3.98
Innovation	5.23	5.48	5.19	5.20	4.67	5.38	4.25	5.10
Liquidity Management	4.26	5.70	5.20	5.33	n/a	5.20	4.67	n/a
Pricing	5.25	5.46	5.07	5.58	4.94	5.27	4.93	5.53
Regulation and Compliance	5.46	5.89	5.62	6.45	4.90	4.67	4.00	4.43
Relationship Management	5.08	5.38	4.97	5.79	4.50	4.25	4.56	4.10
Risk Management	5.51	5.87	5.42	6.42	5.09	5.20	4.63	4.59
Technology	5.55	5.86	5.60	6.00	4.75	4.50	5.00	4.79

The largest region in the survey by number of responses, accounting for around a third of the total, Central and Eastern Europe excludes the Baltic countries, which are treated as a separate region.

Albania, Bosnia Herzegovina, Georgia and Macedonia each received one or two responses. These were insufficient to say anything meaningful about these individual markets, but their results nevertheless contribute to creating a regional average alongside Bulgaria, Croatia, Romania, Serbia, Slovak Republic, Slovenia and Ukraine.

Of this second group, Bulgaria and Romania accounted for 31% and 16% respectively of responses received for the region.

Scores for these markets reflect a degree of competition not evident in African and Americas frontier markets and are similar to those achieved by their larger European peers represented in the Agent Banks in Major Markets (ABMM) and Agent Banks in Emerging Markets (ABEM) surveys. Nearly all category scores in these markets are to be found in Satisfactory (4.00-4.99) and Good (5.00-5.99) range. Romania records five categories with scores above

6.00, while Bulgaria records three. Strangely, however, assessments of client service across the region appear relatively downbeat.

While regional providers are prominent, including Citi, UniCredit, SGSS and RBI, it is worth noting that Eurobank in Bulgaria and PBZ in Croatia stand out for their service provision in those individual markets as does BRD, part of the Societe Generale Group, in Romania. All three register category scores well above both regional and individual market averages for the most part.

PROVIDER SCORES (REGIONAL)	Central and Eastern Europe	Citi	Versus regional average	Eurobank	Versus regional average
Account Management	5.35	4.33	-1.02	6.31	0.96
Asset Safety	5.51	4.53	-0.98	6.30	0.79
Asset Servicing	5.38	n/a	n/a	6.24	0.86
Cash Management and FX	3.92	n/a	n/a	4.86	0.94
Client Service	4.24	4.76	0.52	5.94	1.70
Innovation	5.23	4.83	-0.40	5.77	0.54
Liquidity Management	4.26	n/a	n/a	6.08	1.82
Pricing	5.25	5.56	0.32	5.89	0.65
Regulation and Compliance	5.46	4.51	-0.95	6.28	0.81
Relationship Management	5.08	4.18	-0.91	5.80	0.72
Risk Management	5.51	4.95	-0.56	6.26	0.75
Technology	5.55	4.57	-0.98	5.94	0.39



# Europe-Islands

COUNTRY SCORES	Europe-Islands	Cyprus	Iceland
Account Management	5.68	5.84	4.75
Asset Safety	5.74	5.86	5.13
Asset Servicing	5.82	6.18	2.89
Cash Management and FX	5.20	5.55	4.25
Client Service	4.88	5.20	3.81
Innovation	5.47	5.93	3.73
Liquidity Management	5.97	6.06	5.40
Pricing	5.64	5.86	4.65
Regulation and Compliance	5.52	5.66	4.63
Relationship Management	5.26	5.38	4.67
Risk Management	5.58	5.71	5.00
Technology	5.82	5.98	4.25

PROVIDER SCORES (REGIONAL)	Europe-Islands	Eurobank	Versus regional average
Account Management	5.68	6.31	0.63
Asset Safety	5.74	6.36	0.62
Asset Servicing	5.82	6.38	0.56
Cash Management and FX	5.20	4.86	-0.34
Client Service	4.88	6.03	1.15
Innovation	5.47	6.10	0.63
Liquidity Management	5.97	6.22	0.25
Pricing	5.64	5.95	0.31
Regulation and Compliance	5.52	6.27	0.74
Relationship Management	5.26	6.28	1.01
Risk Management	5.58	6.39	0.81
Technology	5.82	5.94	0.12

Topping and tailing the European continent, Iceland and Cyprus ostensibly have little in common other than being surrounded by water. Both have, however, emerged successfully from financial crises with strengthened financial sectors. One Icelandic service provider, Arion Bank noted at its AGM in March, as the global COVID-19 challenge was gaining prominence, that, “As a society, we benefit from the fact that the financial system has been developed in recent years to cope with shocks. Arion Bank is no exception. The Bank is strong-

ly capitalised and is ready to provide support to its customers.”

Unlike Iceland, which is seen as an investment destination in its own right, Cyprus is carving out a niche as a funds centre – a strategy reinforced by cooperation between government and commercial entities, including competitors. Both Eurobank and Piraeus Bank from Greece are active in supporting and promoting this development.

As it does in Bulgaria, Eurobank shines through as a provider in Cyprus amassing an impressive set of category scores

above both market and regional averages. “Excellent team with high quality” notes one fund manager, while another complements the bank for the fact that “The information provided is always accurate and they are effective in resolving problems.”

Although results for Iceland as a whole are on the sober side, one large global custodian observes that, “The relationship management provided by Landsbankinn has improved significantly over the last year.”

	PBZ (Intesa Sanpaolo)	Versus regional average	Raiffeisen Bank International	Versus regional average	BRD/ Société Générale Securities Services	Versus regional average	UniCredit Group	Versus regional average
	6.00	0.65	5.55	0.20	6.23	0.88	4.75	-0.60
	5.90	0.39	5.43	-0.08	6.47	0.96	4.64	-0.87
	5.76	0.38	5.21	-0.17	6.26	0.88	5.00	-0.38
	4.75	0.83	5.67	1.75	5.00	1.08	5.13	1.21
	6.19	1.95	5.50	1.26	5.67	1.43	4.44	0.20
	4.78	-0.45	5.11	-0.12	4.71	-0.52	4.77	-0.46
	6.00	1.74	5.50	1.24	7.00	2.74	4.93	0.67
	4.67	-0.58	5.20	-0.05	5.85	0.60	5.08	-0.17
	6.23	0.77	5.80	0.34	6.64	1.17	4.76	-0.70
	5.21	0.13	5.31	0.23	5.96	0.88	4.71	-0.37
	6.00	0.49	5.42	-0.10	6.67	1.15	4.93	-0.59
	5.27	-0.28	5.14	-0.40	6.35	0.80	5.18	-0.37

# Europe-Baltics

In 2017, the three countries agreed to create a pan-Baltic capital market with the support of the European Commission (EC) and the European Bank for Reconstruction and Development (EBRD). A memorandum of understanding set out an agreement to harmonise capital market regulations and dismantle investment barriers with the aim of creating a common capital market.

Nasdaq OMX is the primary exchange operator in all three markets. As part of this larger initiative, Nasdaq merged its central securities depositories (CSDs) in the Baltics to create a new single CSD for the region, also joining the European Union's T2S platform. In December 2019, a direct link between Clearstream Banking, the German CSD, and Nasdaq CSD was implemented to facilitate cross-border settlement in T2S markets, giving foreign investors easier and efficient access to the Baltic securities market.

Estonia, Latvia and Lithuania collectively account for 6% of responses received for ABFM with roughly equal shares. Scores for each market are relatively similar with the bulk of categories comfortably in Good range (5.00-5.99). As capital market integration progresses, we would expect scores for individual markets to continue to converge.

One apparent anomaly appears to be asset servicing which is rated poorly across the three markets. However, calculated on a non-weighted basis, the region as a whole achieves a more than acceptable 5.6. For most clients therefore, it would seem that service levels in this area provide no cause for concern, while one or two large respondents may have strong negative views based on particular experiences.

SEB is the star in this region, amassing the majority of responses. One large global client of the bank singles out SEB in Estonia as “a consistent performer; the relationship team has strengthened in recent years.” Another describes the bank's operations in both Latvia and Lithuania as providing “Good response times and overall service.”

Where it is not, in fact, setting the

COUNTRY SCORES	Europe-Baltics	Estonia	Latvia	Lithuania
Account Management	5.81	6.13	5.80	5.56
Asset Safety	5.81	5.83	5.88	5.71
Asset Servicing	2.89	3.00	2.94	2.73
Cash Management and FX	5.50	5.60	5.60	5.25
Client Service	4.13	4.11	4.21	4.06
Innovation	4.29	4.29	4.29	4.29
Liquidity Management	5.60	5.60	5.60	5.60
Pricing	4.67	4.40	4.83	4.73
Regulation and Compliance	5.48	5.40	5.50	5.50
Relationship Management	5.34	5.38	5.38	5.25
Risk Management	5.29	5.29	5.29	5.29
Technology	5.29	5.40	5.40	5.00

regional average, SEB tracks close. Of particular note are account management and client service, both of which record scores in Very Good range (6.00-6.99). This is not really surprising with SEB having chosen to locate a global processing centre for its securities services business in Latvia.

As the magazine was going to press with the COVID-19 coronavirus pandemic upending market expectations, Nasdaq issued a statement regarding its Nordic and Baltic market operations,

declaring that, “All Nasdaq Nordic and Baltic equity, fixed income and derivative markets remain fully operational and open during regular trading hours. In terms of business continuity, it confirmed that, “Critical operations, including trading technology and market surveillance, have been tested over time to function successfully. Nasdaq is continuously reviewing its business continuity plans, and augmenting them as needed, to account for this rapidly evolving situation.”

PROVIDER SCORES (REGIONAL)	Europe-Baltics	SEB	Versus regional average
Account Management	5.81	6.04	0.23
Asset Safety	5.81	5.76	-0.04
Asset Servicing	2.89	2.38	-0.52
Cash Management and FX	5.50	5.50	n/a
Client Service	4.13	6.09	1.96
Innovation	4.29	4.29	n/a
Liquidity Management	5.60	5.60	n/a
Pricing	4.67	4.71	0.05
Regulation and Compliance	5.48	5.40	-0.08
Relationship Management	5.34	5.34	n/a
Risk Management	5.29	5.29	n/a
Technology	5.29	5.29	n/a

# Middle East and North Africa

The MENA region accounts for 13% of total ABFM responses received. Ratings were received for providers offering services in Kuwait, Oman, Bahrain, Morocco, Jordan and Tunisia. These last two markets received too few responses for individual consideration, though their responses are counted in the calculation of the regional category averages.

Across the Middle East, two regional providers, HSBC and Standard Chartered, receive the most reviews, while in Morocco, Citi and Societe Generale also attract a small number of ratings in addition to Standard Chartered.

It would be fair to say that these markets are all at different stages of development. This is reflected in the widely differing category scores, which range from Very Weak (2.00-2.99) to Good (5.00-5.99). Kuwait, for example, is due to graduate to the MSCI Emerging Markets Index in May even though its sovereign rating recently received a downgrade from S&P. The Kuwaiti Capital Markets Authority is actively promoting inward investment, though its annual conference “Capital Markets Role in Economic Development and Financial Reform Programs” due to be held in March, was, of course, cancelled as a result of global coronavirus restrictions. In addition to vulnerability from the pandemic itself, Gulf markets are also acutely affected by the drop in China’s demand for oil.

Taken as a whole, the region scores below global averages in most categories, the exception being client service. Technology, however, attracts surprisingly weak levels of appreciation from both European clients and those within the MENA region.

Of the four markets, Bahrain registers results in the narrowest band with all but one category rated Satisfactory (4.00-4.99). Pricing manages to creep into the lower slopes of Good, which reflects well on HSBC and Standard Chartered, who more or less share the responses for this market.

The other three markets each have

COUNTRY SCORES	Middle East and North Africa	Bahrain	Kuwait	Morocco	Oman
Account Management	4.49	4.74	4.81	3.47	4.32
Asset Safety	4.61	4.39	4.62	3.86	4.64
Asset Servicing	3.90	4.04	3.97	n/a	3.76
Cash Management and FX	5.05	4.56	4.73	n/a	5.07
Client Service	4.98	4.23	5.39	5.10	5.06
Innovation	4.25	4.38	4.63	n/a	4.44
Liquidity Management	5.10	4.50	5.50	n/a	5.80
Pricing	4.54	5.02	4.36	n/a	5.07
Regulation and Compliance	4.62	4.38	4.76	n/a	4.35
Relationship Management	4.14	4.55	3.31	3.52	4.27
Risk Management	4.70	4.59	4.43	n/a	4.96
Technology	2.46	n/a	4.17	n/a	n/a

their own strengths and weaknesses as reflected in the scores. In the case of Kuwait, client service and liquidity management are comfortably in Good territory (5.00-5.99), while asset servicing and relationship management leave room for improvement. Oman appears to have strengths on liquidity management, though it comes up short in asset servicing. Finally for Morocco, the only North African market in the survey, most respondents have chosen not to rate all categories, leaving only relationship management, account management

and client service with sufficient data for a tentative assessment. On that basis, client service appears well handled in general, while the other two categories disappoint.

The two multi-market providers that record the most responses, HSBC and Standard Chartered, are perceived as having different strengths in the region. HSBC scores best for liquidity management, while Standard Chartered’s score for asset servicing is well above the regional average.

PROVIDER SCORES (REGIONAL)	Middle East and North Africa	HSBC	Versus regional average	Standard Chartered Bank	Versus regional average
Account Management	4.49	4.45	-0.04	4.78	0.29
Asset Safety	4.61	4.39	-0.22	4.95	0.33
Asset Servicing	3.90	2.02	-1.88	4.84	0.94
Cash Management and FX	5.05	n/a	n/a	5.32	0.27
Client Service	4.98	4.84	-0.14	4.91	-0.06
Innovation	4.25	4.39	0.14	4.25	-0.01
Liquidity Management	5.10	6.38	1.27	4.25	-0.85
Pricing	4.54	5.24	0.70	4.54	n/a
Regulation and Compliance	4.62	4.62	n/a	4.78	0.16
Relationship Management	4.14	3.71	-0.42	4.38	0.24
Risk Management	4.70	4.65	-0.05	4.92	0.22
Technology	2.46	n/a	n/a	4.23	1.77

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COUNTRY	Account Management	Asset Safety	Asset Servicing	Cash Management and FX	Client Service	Innovation	Liquidity Management	Pricing	Regulation and Compliance	Relationship Management	Risk Management	Technology
<b>ARGENTINA</b>												
Citi	4.86	4.70	3.62	n/a	4.93	4.17	n/a	5.36	6.35	3.33	4.85	5.00
Versus market	-0.19	-0.57	-0.06	n/a	0.57	0.80	n/a	0.36	-0.01	-0.30	-0.27	0.20
<b>BAHRAIN</b>												
HSBC	4.18	4.63	3.47	n/a	4.52	4.50	7.00	5.81	4.40	4.13	5.25	n/a
Versus market	-0.57	0.24	-0.58	n/a	0.28	0.13	2.50	0.79	0.02	-0.43	0.66	n/a
<b>BANGLADESH</b>												
Standard Chartered Bank	3.13	5.80	n/a	5.20	3.90	2.88	7.00	2.85	5.00	2.57	4.89	0.40
Versus market	-0.61	0.09	n/a	n/a	-0.19	-0.12	n/a	-0.30	-0.29	-0.59	n/a	-0.42
<b>BULGARIA</b>												
Eurobank	6.31	6.30	6.24	4.86	5.94	5.77	6.08	5.89	6.28	5.80	6.26	5.94
Versus market	0.25	0.24	0.22	-0.37	1.05	0.29	0.38	0.43	0.38	0.42	0.39	0.07
UniCredit Group	5.25	5.00	4.86	5.50	3.43	4.00	4.67	4.33	4.33	4.33	4.75	5.00
Versus market	-0.81	-1.06	-1.16	0.27	-1.46	-1.48	-1.03	-1.13	-1.56	-1.05	-1.12	-0.86
<b>CROATIA</b>												
PBZ	6.00	5.90	5.76	4.75	6.19	4.78	6.00	4.67	6.23	5.21	6.00	5.27
Versus market	0.43	0.34	0.26	-0.65	1.52	-0.41	0.80	-0.40	0.61	0.25	0.58	-0.33
UniCredit Group	4.57	4.60	4.71	4.67	4.25	4.75	4.67	5.18	4.57	4.56	4.63	5.00
Versus market	-0.99	-0.96	-0.79	-0.73	-0.42	-0.44	-0.53	0.11	-1.05	-0.41	-0.80	-0.60

COUNTRY	Account Management	Asset Safety	Asset Servicing	Cash Management and FX	Client Service	Innovation	Liquidity Management	Pricing	Regulation and Compliance	Relationship Management	Risk Management	Technology
<b>CYPRUS</b>												
Eurobank	6.31	6.36	6.38	4.86	6.03	6.10	6.22	5.95	6.27	6.28	6.39	5.94
Versus market	0.47	0.50	0.20	-0.69	0.83	0.17	0.16	0.09	0.61	0.89	0.69	-0.04
<b>ESTONIA</b>												
SEB	6.13	5.83	2.55	5.60	6.13	4.29	5.60	4.80	5.40	5.38	5.29	5.40
Versus market	n/a	n/a	-0.45	n/a	2.01	n/a	n/a	0.40	n/a	n/a	n/a	n/a
<b>GHANA</b>												
Standard Chartered Bank	3.75	5.77	5.92	6.14	5.24	3.47	n/a	4.32	5.64	3.68	4.88	4.55
Versus market	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

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COUNTRY	Account Management	Asset Safety	Asset Servicing	Cash Management and FX	Client Service	Innovation	Liquidity Management	Pricing	Regulation and Compliance	Relationship Management	Risk Management	Technology
<b>KENYA</b>												
Standard Chartered Bank	4.26	5.73	5.91	6.14	5.47	3.47	n/a	4.70	6.08	3.52	5.50	4.55
Versus market	0.03	0.14	0.16	n/a	0.12	n/a	n/a	0.03	0.16	-0.17	0.17	0.21
<b>KUWAIT</b>												
HSBC	5.06	4.38	2.24	n/a	5.20	4.33	6.00	4.24	5.06	2.90	3.75	4.33
Versus market	0.25	-0.25	-1.73	n/a	-0.19	-0.29	0.50	-0.12	0.29	-0.41	-0.68	0.17
Standard Chartered Bank	5.38	5.67	5.15	5.22	5.59	5.14	5.00	5.00	5.00	3.75	5.57	n/a
Versus market	0.56	1.05	1.18	0.49	0.20	0.52	-0.50	0.64	0.24	0.44	1.14	n/a
<b>LATVIA</b>												
SEB	6.13	5.83	2.45	5.60	6.13	4.29	5.60	4.80	5.40	5.38	5.29	5.40
Versus market	0.33	-0.04	-0.48	n/a	1.91	n/a	n/a	-0.03	-0.10	0.01	n/a	n/a
<b>MAURITIUS</b>												
Standard Chartered Bank	4.00	5.44	4.81	7.00	5.55	3.84	5.00	4.08	5.69	3.76	5.50	4.82
Versus market	-0.21	0.02	0.06	0.67	0.58	-0.08	0.17	-0.15	0.22	-0.32	0.63	0.18

COUNTRY	Account Management	Asset Safety	Asset Servicing	Cash Management and FX	Client Service	Innovation	Liquidity Management	Pricing	Regulation and Compliance	Relationship Management	Risk Management	Technology
<b>OMAN</b>												
HSBC	4.12	4.29	n/a	n/a	4.80	4.33	6.33	5.86	4.33	4.31	5.19	n/a
Versus market	-0.21	-0.36	n/a	n/a	-0.26	-0.11	0.53	0.79	-0.02	0.05	0.23	n/a
Standard Chartered Bank	5.13	5.75	5.08	5.78	5.17	4.67	5.00	4.75	4.70	4.27	5.15	4.00
Versus market	0.80	1.11	1.32	0.71	0.11	0.22	-0.80	-0.32	0.35	0.01	0.19	3.00
<b>ROMANIA</b>												
BRD/Société Générale Securities	6.23	6.47	6.26	5.00	5.67	4.71	7.00	5.85	6.64	5.96	6.67	6.35
Versus market	0.07	0.27	0.36	-0.57	0.83	-0.49	1.67	0.27	0.18	0.18	0.24	0.35
<b>UKRAINE</b>												
Citi	4.00	4.22	n/a	n/a	4.50	4.17	n/a	5.71	4.41	4.10	4.63	4.22
Versus market	4.20	4.50	2.05	n/a	3.98	5.10	n/a	5.53	4.43	4.10	4.59	4.79
<b>ZAMBIA</b>												
Standard Chartered Bank	3.70	5.22	5.18	7.00	5.55	3.29	n/a	4.57	5.50	3.48	4.75	4.55
Versus market	-0.12	0.38	0.18	n/a	0.31	n/a	n/a	-0.43	0.29	0.08	-0.13	n/a