

[SURVEY | AGENT BANKS IN MAJOR MARKETS]

The

2020 

AGENT BANKS
IN MAJOR
MARKETS
SURVEY



The new abnormal

While the number of responses has increased year-on-year, the number of providers assessed across the globe has gone down despite the fact that, in most markets, the same players are still active.

Some of Global Custodian's more 'venerable' readers may recall that in the golden age of vinyl, there was an album by The Doors called *Strange Days* with a motley collection of circus acts on the cover. If such a record were to be released today, no one would bat an eyelid at the title, given what 2020 has served up so far.

Of the surveys we conduct throughout the year, the Agent Bank surveys perhaps require the most collaboration from engaged respondents, given the range of market and service provider permutations. This would be hard to coordinate in a distributed work environment, not to mention the reticence on the part of custodians to press their own clients into action on this front in the face of multiple unusual challenges.

It is therefore pleasing that we have man-

aged to grow the number of participants in this year's survey. At the same time, there are two observations that distinguish this year's survey results. First, the distribution of responses within markets has more often than not resulted in fewer banks qualifying for an individual assessment, given the threshold of responses we have set for this. Interestingly, before we returned to thresholds, we experimented with a percentage threshold for responses to be assessed. The results in this case would have been more or less the same.

Secondly, the relative number of responses per market is shifting as the accompanying table show. The dominance of responses for ICSDs suggests that their role in global post-trade processing has evolved well beyond their "Eurobond" origins.

Country	Percentage of responses
ICSD	12.71
Hong Kong	8.25
Switzerland	5.78
United States	5.78
Singapore	5.61
Japan	5.28
Italy	5.12
Spain	4.46
France	4.29
Germany	3.47
Canada	3.30
Sweden	3.30
United Kingdom	3.30
Austria	2.97
Finland	2.97
Denmark	2.81
The Netherlands	2.81
Belgium	2.64
Norway	2.64
Portugal	2.48
Australia	2.31
Ireland	2.31
Korea	2.31
Israel	1.49

Methodology

The Global Custodian Agent Bank Surveys are designed to elicit the views and perceptions of cross-border investors about the post-trade services they receive in markets around the world. They have been conducted annually since 1989.

The Agent Banks in Major Markets (ABMM) Survey focuses primarily on those markets categorised as developed by MSCI and S&P. We invite network managers and operations executives from leading global custodians, correspondent banks, brokers, infrastructure providers and asset managers to evaluate the performance of their agent banks by completing a questionnaire divided into 11 service categories.

Unlike prior years, there is only one rating question per category. Participants are asked to rate the excellence of service on a sliding scale from Strongly Disagree to Strongly Agree. All other questions are optional and designed to allow the respondent to add supportive comment to their ratings.

Responses to the rating questions are converted by the survey system into numbers, using a seven-point scoring scale (1.0 being Unacceptable and 7.0 being Excellent). Responses are weighted depending on both the size of the respondent and their overall level of engagement with the survey. Any provider with 10 client responses or more

receives an individual write-up for the relevant market when the survey is published. Those with fewer than 10 responses may, at the discretion of the editors, receive an individual write-up if the weightings warrant it.

To keep track of the responses they have received, rated providers are given controlled access to the backend of the survey platform allowing them to see which clients have rated them (but not what scores they have given). This free service allows providers to validate that their raters are, indeed, clients (or have been during the past 12 months) and allows them to target any further participation requests they may want to make to clients; for example, to ensure that their survey response sample mirrors the make-up of their custody client base.

Service providers are also invited to complete a short questionnaire, aimed at allowing us to better understand market and provider changes that might impact results. This questionnaire also lets providers indicate which, if any, service categories are not applicable to their service offering.

Global Custodian offers official digital accreditation for outperformance at a global, market or category level. In addition, for those providers wishing to understand their performance in more granular detail than is available through our published survey results, tailored research and data reports are available. For more information, contact beenish.hussain@globalcustodian.com.

Australia

Unlike many markets, it is possible in Australia to get a clear picture of the distribution of sub-custody assets across service providers as the Australian Custodial Services Association (ACSA) publishes the data. For the first half this year, in Australian dollars the statistics are as follows: HSBC \$1.2 trillion (-5.7%), J.P. Morgan \$226.5 billion (-6.9%), Citigroup \$152 billion (-6.9%), BNY Mellon \$59.3 billion (-15.8%), BNP Paribas Securities Services \$28.1 billion (+32.1%), and NAB Asset Servicing \$8.5 billion (+6.3%).

As the figures indicate, overall valuations are down, though transaction volumes actually increased, reflecting portfolio adjustments in response to the COVID-19 pandemic.

With responses distributed across the provider spectrum, no providers this year received sufficient individual ratings for an independent assessment. While the market is relatively well automated, as a whole category scores are a few basis points below the global averages. Nevertheless, there are no evident issues with scores ranging from a low of 5.20 (equal to 74%) for Cash Manage-

ment and FX to a high of 6.40 (91%) for Client Service.

BNP Paribas Securities Services

In recent years, the French bank has been garnering good reviews for its Australian services. “Onboarding took quite long, but the relationship and account manager were always responsive during the contract negotiation and implementation process,” says one of this year’s respondents. The question of getting up and running was raised by another European bank client who noted that, “The contractual negotiations were quite lengthy and required a lot of interaction,” suggesting however, that local regulations in their home country may have been responsible for some of the complexity.

J.P. Morgan

One client of J.P. Morgan noted that the bank had told them it planned to stop offering direct custody in Australia. The bank has opted to focus on its global custody product to Australia’s superannuation funds and asset managers. “Following a strategic review of our custody business in Australia and New Zealand, a decision was made to reposition JP Morgan’s Australia and New Zealand custody solutions to focus solely on global custody,” said Mike Drumgoole, global head of direct custody and clearing, J.P. Morgan.

While the bank will continue to provide sub-custody to foreign clients of its global custody business, this is likely to leave a sizeable chunk of assets for other providers to bid for. The bank meanwhile is working with existing third party clients to facilitate the transition to new providers.

J.P. Morgan is the largest global custodian in Australia, servicing around AUD820.2 billion in assets as of the first half of 2020.

Other

HSBC, Citi and National Australia Bank are under normal circumstances recipients of a number of client ratings in the ABMM survey. This year, they did not receive sufficient ratings for a write up nor any client comments.

Figure 1:
Perceptions in a nutshell (%)

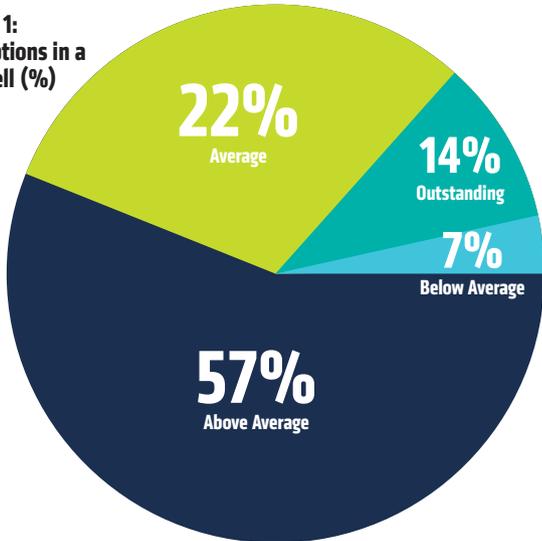


Fig 2: Percentage of responses

Agent Bank	Percentage of responses
Other	35
BNP Paribas Securities Services	21
Citi	14
J.P. Morgan	14
HSBC	7
National Australia Bank	7

Fig 3: Average scores

	Market Average	Global Average	Market vs Global
Account Management	6.33	6.12	0.21
Asset Safety	5.95	6.45	-0.49
Asset Servicing	6.00	6.31	-0.31
Cash Management and FX	5.20	5.67	-0.47
Client Service	6.40	6.09	0.31
Liquidity Management	5.77	5.93	-0.16
Pricing	5.41	5.62	-0.21
Regulation and Compliance	5.95	6.12	-0.17
Relationship Management	6.04	6.13	-0.10
Risk Management	5.94	6.21	-0.26
Technology	5.59	5.82	-0.23
Total	5.87	6.04	-0.17

Austria

As the second chart on this page indicates, respondents are broadly happy with the service they receive from their Austrian custody providers, even if the category scores are below the global average in most cases, particularly Cash Management and FX (-0.82). Over 70% of respondents regard the service from their Austrian providers as “Above average”.

While all the major service providers are represented in the response pool, for Austria, distribution varies from prior years and only Erste Bank receives sufficient responses for its scores to be published.

Several reforms have been made in the market, requiring changes at an operational level by service providers.

In June 2020, the new CCPA Clearing System launch of which was postponed from September last year, was implemented. There is now only one settlement run per day with no interim runs, no daily cancellation of unsettled or partially unsettled instructions after T2S-DVP- cut-off. Parts of the CSDR - Settlement Discipline

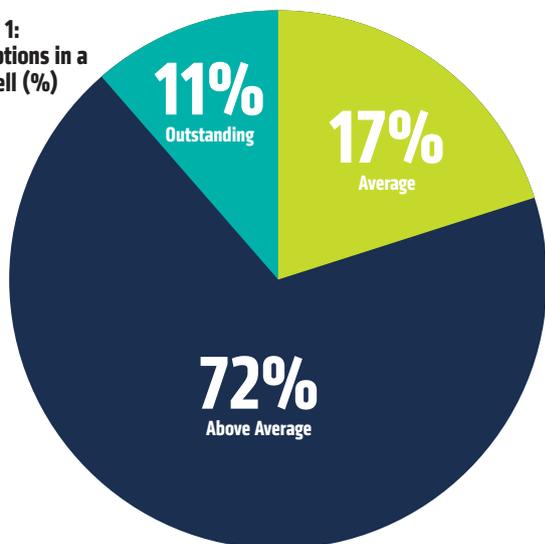
Regime have also been incorporated in the new Clearing System.

Erste Group Bank

Although not the largest sub-custodian in Austria, Erste has consistently been represented in the ABMM survey. This year, however, it accounts for a third of responses for Austria – more than any of its peers. The bank beats the market average by nine basis points. At a category level, it exceeds the market average in several areas, most notably Cash Management and FX (+1.65), Technology (0.64) and Liquidity Management (+0.44) and Regulation and Compliance (+0.33).

Clients commenting on the service received from Erste are positive, with a couple of ‘buts’. One European bank client acknowledges “good relationship management”, but would like to see “more proactivity”. With regard to Asset Servicing, another notes that, “Generally the service is good,” but points to lack of automation for some reconciliation processes and small teams.

Figure 1: Perceptions in a nutshell (%)



BNP Paribas Securities Services

Although it has received too few responses for a full write-up, those recorded suggest that the bank has made strides in several areas. Asset Safety and Risk Management, in particular, are well above last year’s scores. Client comments are positive, but not unequivocally so. “Relationship managers are excellent; however, they need better coordination amongst locations, to make sure service is consistent across markets,” says one UK-based client.

Raiffeisen Bank international (RBI)

RBI has not received enough responses for a full assessment, but those recorded suggest measurable improvements in Asset Servicing, Asset Safety and Risk Management.

Other

UniCredit, Citi and Deutsche Bank – all present and active service providers in Austria – did not record enough responses this year for a robust assessment.

Agent Bank	Percentage of responses
Erste Group Bank	33
Raiffeisen Bank International	22
Other	17
BNP Paribas Securities Services	17
UniCredit Group	11

Category	Erste Group Bank	Market Average	Global Average	Market vs Global
Account Management	5.31	5.58	6.12	-0.54
Asset Safety	6.22	6.55	6.45	0.10
Asset Servicing	5.71	6.05	6.31	-0.26
Cash Management and FX	6.50	4.85	5.67	-0.82
Client Service	5.55	5.70	6.09	-0.40
Liquidity Management	6.00	5.56	5.93	-0.36
Pricing	4.50	5.10	5.62	-0.52
Regulation and Compliance	6.22	5.89	6.12	-0.23
Relationship Management	5.73	5.66	6.13	-0.48
Risk Management	6.00	6.44	6.21	0.24
Technology	6.00	5.36	5.82	-0.46
Total	5.79	5.70	6.04	-0.34

Belgium

The Belgian market comes close to the global average overall, exceeding it are the areas of Asset Safety, Regulation and Compliance and Risk Management, but measuring under for Cash Management and FX and Technology. Overall, respondents for Belgium feel they are well served with only 13% regarding the service they receive as either average or below average.

One bank, BNP Paribas Securities Services, dominates the Belgian response pool this year. Ratings were also received for Deutsche Bank and KBC, but too few for a full analysis.

BNP Paribas Securities Services highlights a number of changes to EU markets that providers have had to prepare for.

The Shareholder Rights Directive II (SRD II), for example, encourages long-term shareholder engagement, which requires increased transparency and dialogue between shareholders and the companies they invest in. New provisions have been introduced to facilitate the requests to disclose information regarding shareholder identity and the response from intermediaries, as well as

to enable the transmission of information and shareholders right facilitation for general meetings. “BNP Paribas has therefore been adapting its systems and internal processes to comply with the above-mentioned provisions for the identification of shareholders and for the management of general meetings across European locations, thus allowing its clients to comply with the new regulations,” says the bank.

Aside from European regulatory developments, the bank identifies a few initiatives specific to the Belgian market. For fixed income, the National Bank of Belgium’s Securities Settlement System (NBS SSS) has launched a new functionality to centralise all payments in foreign currencies (in commercial bank money) in the CSD and has also shared its migration plan to move its messaging to SWIFT ISO 20022. The Belgian authorities are also developing a new system to exchange tax reclaims electronically with major custodians.

BNP Paribas Securities Services

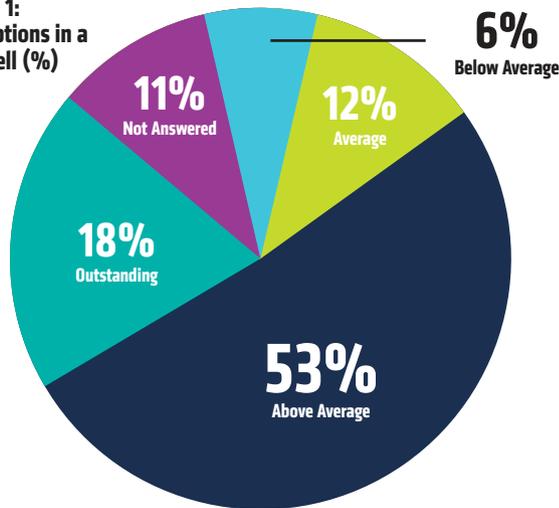
In terms of its individual performance, BNP Paribas in Belgium has recorded an uptick in its overall score, driven by substantial rises for Asset Safety, Asset Servicing and Risk Management. The first of these now registers an almost unbeatable 6.84. At the other end of the scale, the bank receives a relatively modest 4.84 for Cash Management and FX, equating in percentage terms to 69%.

Client comments are broadly positive. What criticism there is focuses mainly on regional differences. “Relationship managers are excellent; however, they need better coordination amongst locations, to make sure service is consistent across markets,” says one client.

Other

Although Deutsche Bank has not received enough responses for a detailed set of ratings, those clients that have rated it appear broadly happy with category scores mostly in Very Good range (6.00-6.99). KBC, another regular, has too few responses for even a ‘broad brush’ assessment.

Figure 1: Perceptions in a nutshell (%)



Agent Bank	Percentage of responses
BNP Paribas Securities Services	69
Deutsche Bank	19
KBC Securities Services	6
Other	6

Category	BNP Paribas Securities Services	Market Average	Global Average	Market vs Global
Account Management	5.92	5.91	6.12	-0.21
Asset Safety	6.84	6.81	6.45	0.36
Asset Servicing	6.25	6.21	6.31	-0.10
Cash Management and FX	4.83	4.83	5.67	-0.84
Client Service	5.78	5.75	6.09	-0.34
Liquidity Management	5.82	5.90	5.93	-0.03
Pricing	5.46	5.50	5.62	-0.12
Regulation and Compliance	6.17	6.14	6.12	0.02
Relationship Management	6.03	5.95	6.13	-0.18
Risk Management	6.47	6.47	6.21	0.27
Technology	5.57	5.37	5.82	-0.45
Total	5.92	5.90	6.04	-0.15

Canada

The Canadian sub-custody market has long been dominated by RBC and CIBC Mellon, with Citi also attracting a number of survey responses in recent years.

As a whole, the market comes close to the global average, which itself has recorded some upward movement this year. Either service has improved substantially around the globe or custody clients are in a generous mood. For Canada, regardless of differences among the various providers, clients appear quite happy with the service they are receiving. Some 95% of respondents for Canada regard the service levels they receive as either above average or outstanding.

This is further confirmed by examining the range of absolute scores awarded. At the low end, 50% of respondents have rated Technology as either Very Good or Excellent. At the other end of the scale, 94% of respondents rate Asset Servicing in the Canadian market as either Very Good or Excellent.

Figure 1: Perceptions in a nutshell (%)

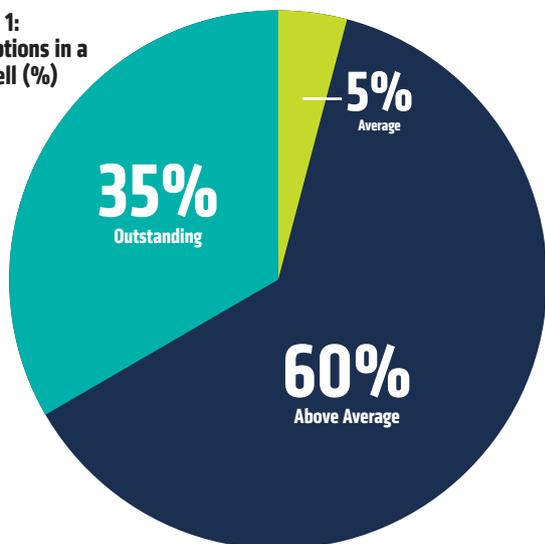


Fig 2: Percentage of responses

Agent Bank	Percentage of responses
Citi	5
RBC Investor Services	5
Other	35
CIBC Mellon	55

CIBC Mellon

As our second table shows, CIBC Mellon accounted for over half of the responses received this year, thereby significantly influencing the market average. Even so, the custodian managed to exceed the market average in all categories except for Technology. The same is true at a global category level in two-thirds of cases. Client comments are for the most part positive. “We have weekly check-in calls with our relationship manager at CIBC Mellon, which are always very pleasant,” says one client. Of Client Service, another comments, “Knowledgeable staff. Always available.”

Only Cash Management and FX comes in for some mild criticism, despite a score above both market and global averages. One client based in Asia asks for “more consistency with earlier day FX.”

The asset servicer itself, reviewing changes over the past year, highlights the recent appointment of Lloyd Sebastian, a well know industry veteran, as vice president, Global Financial Institutions and Liliana Stoenescu as executive director, Global Financial Institutions in 2019.

RBC I&TS

Despite light representation in this year’s survey, RBC I&TS processed over a million trades per month over the past year and is one of Canada’s largest specialist providers of asset services, custody, payments and treasury services. It estimates its market share at roughly 24% at the CDS, the Canadian CSD, based on assets under administration. RBC is also one of the top 10 banks globally based on market capitalisation.

In terms of innovation, RBC notes that it is harnessing the power of Robotic Process Automation (RPA) tools to re-engineer operational processes and improve the accuracy and timeliness of delivery to clients. “RPA is a dynamic approach that uses advanced software ‘bots’ to execute repetitive rules-based processes,” the bank notes. RBC I&TS has over 120 bots in production targeting end-to-end business processes.

Fig 3: Average scores

Category	CIBC Mellon	Market Average	Global Average	Market vs Global
Account Management	6.18	6.09	6.12	-0.03
Asset Safety	6.65	6.24	6.45	-0.21
Asset Servicing	6.43	6.20	6.31	-0.11
Cash Management and FX	5.92	5.54	5.67	-0.13
Client Service	5.95	5.86	6.09	-0.24
Liquidity Management	6.40	5.95	5.93	0.03
Pricing	6.33	5.67	5.62	0.05
Regulation and Compliance	5.94	5.89	6.12	-0.23
Relationship Management	6.19	6.07	6.13	-0.06
Risk Management	6.79	6.21	6.21	0.01
Technology	5.59	5.61	5.82	-0.21
Total	6.22	5.94	6.04	-0.10



Canada's Market Outperformer

GLOBAL CUSTODIAN AGENT BANKS IN MAJOR MARKETS SURVEY

CIBC Mellon has been named Canada's Market Outperformer in Global Custodian magazine's 2020 Agent Banks in Major Markets Survey – leading across a majority of survey categories. CIBC Mellon has also been named a Global Outperformer and Category Outperformer for 2020.

With more than 1,600 professionals exclusively focused on servicing Canadian investors and global investors into Canada, CIBC Mellon can deliver on-the-ground execution, expertise and insights to help clients navigate the Canadian market. Leveraging the technology and scale of BNY Mellon, a global leader in investment servicing, and the local presence of CIBC, one of Canada's leading financial institutions, CIBC Mellon has the experience and the capabilities to help you succeed in Canada.

Canadian custody and sub-custody
Canadian correspondent banking¹
Broker-dealer clearing
Securities lending²

Brokerage¹
Investment fund services
MIS (NEXENSM, STP scorecard, trade match report card)
Data analytics²

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¹ Provided by CIBC

² Provided by BNY Mellon

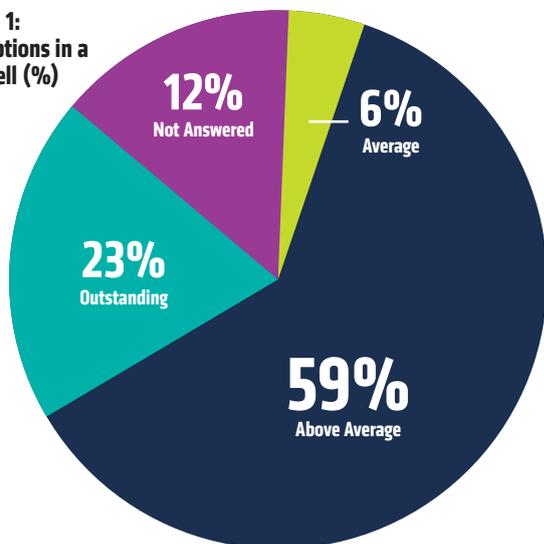
Denmark

Increasingly and perhaps inevitably, given the long-term strategy of most of the service providers, the sub-custody landscape is starting to look similar across the Nordic markets, with SEB and Nordea accounting for the majority of foreign mandates.

As a whole the market scores higher than the global average, which itself is up on previous years and is now in Very Good range (6.00-6.99). At a category level, only Risk Management falls measurably short of the global benchmark. It is a well-regarded market by respondents, 59% of whom rate the service they receive as above average and roughly 23% regard it as outstanding. With T2S allowing for a range of servicing options, it is, however, difficult to make an apples-to-apples comparison and conclusions should be regarded as tentative.

At a market infrastructure level, there has been a recent development. In early August, Euronext, completed the settlement of shares under an offer in April to acquire 100% of VP Securities, the Danish CSD.

Figure 1: Perceptions in a nutshell (%)



Euronext now operates three European CSDs: Euronext VPS in Norway, Interbolsa in Portugal and VP Securities in Denmark, representing €2.2 trillion in assets under custody. It is now developing a shared strategy across these organisations which could well change the servicing options and provider landscape in the years ahead.

As Maria Hjorth, the new CEO of VP Securities put it, “We’re transitioning from being a standalone company to becoming a part of a larger, international group focused on building a leading pan-European market infrastructure...Together we can create a stronger, technology-driven organisation, and take advantage of synergies in technology, products and know-how across borders.”

She stressed, however, that VP Securities would continue to support and develop the Danish market infrastructure, “including its unique characteristics, such as the Danish mortgage model. And now that we’re in the same organisation as VPS, it only makes sense to work together to see how we can better support the pan-Nordic market.”

SEB

SEB is the only provider in Denmark this year to warrant an assessment in its own right. With an overall average of 5.82, equivalent to 83%, the bank is well regarded by its clients. Sixty-two percent of its respondents rate the service they receive from SEB in this market as Above Average and 25% rate it as Outstanding. At a category level the bank surpasses both the market and global averages in three areas – Asset Safety, Asset Servicing and Regulation and Compliance – and also exceeds the global average for Client Service.

Nordea

Nordea does not receive enough responses for a formal rating this year, though one large client makes an overall assessment of “Very good service. No issues at all.”

Fig 2: Percentage of responses

Agent Bank	Percentage of responses
SEB	47
Other	41
Nordea Bank	12

Fig 3: Average scores

Category	SEB	Market Average	Global Average	Market vs Global
Account Management	5.78	6.15	6.12	0.03
Asset Safety	6.50	6.48	6.45	0.03
Asset Servicing	6.69	6.37	6.31	0.06
Cash Management and FX	5.50	6.25	5.67	0.58
Client Service	6.53	6.53	6.09	0.43
Liquidity Management	5.00	5.93	5.93	0.00
Pricing	5.46	5.81	5.62	0.19
Regulation and Compliance	6.25	6.17	6.12	0.05
Relationship Management	5.56	6.10	6.13	-0.03
Risk Management	5.00	5.75	6.21	-0.46
Technology	5.67	5.86	5.82	0.04
Total	5.81	6.13	6.04	0.08

Finland

The Finnish securities market is experiencing closer integration with both its Nordic and other EU peers. The CSD, Euroclear Finland, is already part of the multinational Euroclear group and sub-custody provision is dominated by SEB and Nordea with the recent addition of Citi, which itself has pan-Nordic aspirations (see below).

It is well regarded by survey respondents with over three-quarters describing the service they receive from providers as either Above Average or Outstanding. There were no respondents who rated services as Below Average. This suggests that opportunities for agent banks to win third-party business off local rivals is limited and may depend either on new inward investors or mandate changes earlier in the value chain.

The market’s overall and category scores are generally within a few basis points of the global averages. Exceptions are Cash Management and FX (0.56 above the global average) and Risk Management (surprisingly, 0.46 point below the global average).

The COVID pandemic has forced a number of innovations in

market operations. In late April, for example, relatively early in the crisis, the Finnish Parliament approved a law allowing listed companies to postpone the general meeting date and organise them without a physical event. According to Euroclear Finland, “The law is a temporary solution to the current acute situation where general meetings need to be conducted in exceptional circumstances.”

SEB

SEB notes that “COVID-19 made the AGM/EGM scene especially difficult to start with,” but flexibility in national legislation allowed for something approaching a sense of normality. The bank looks forward to a longer-term shift in how meetings can be handled in a post-COVID-19 situation.

SEB exceeds the market and global averages in four categories this year: Asset Safety, Asset Servicing, Client Service and Regulation and Compliance. Year-on-year, it has also improved its scores in these categories in addition to Relationship Management and Technology. At 6.54, Asset Safety is the bank’s highest category score. Liquidity Management and Risk Management tie for the lowest score, which at 5.00, remains in Good range (5.00-5.99). Client comments are sparse, but with regard to Relationship Management, one client describes the bank as “Very supportive and helpful in special situation cases”.

Nordea

Unfortunately, Nordea did not reach the assessment threshold in Finland this year. While good service was acknowledged for Asset Safety and Account Management, there appeared to be some frustration – not entirely the bank’s fault – with regard to “Very delayed information regarding the new tax regulation.”

Citi

Citi has begun offering direct custody and clearing (DCC) services to Finland as it completes a pan-Nordic offering. It has become a member of Euroclear Finland, which it will access directly through its Dublin head office.

Figure 1: Perceptions in a nutshell (%)

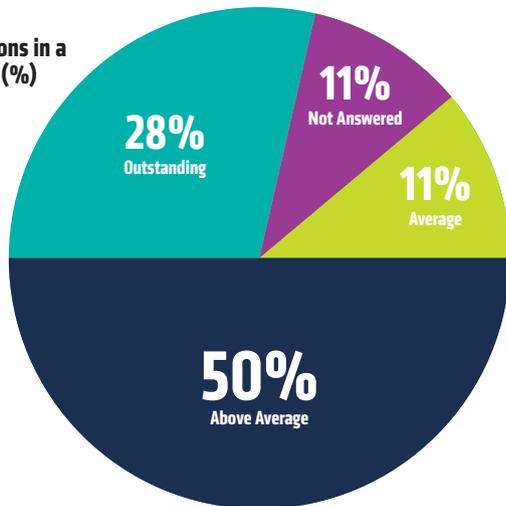


Fig 2: Percentage of responses	
Agent Bank	Percentage of responses
Other	45
SEB	44
Nordea Bank	11

Fig 3: Average scores				
Category	SEB	Market Average	Global Average	Market vs Global
Account Management	5.89	6.11	6.12	-0.01
Asset Safety	6.54	6.50	6.45	0.05
Asset Servicing	6.53	6.36	6.31	0.04
Cash Management and FX	5.50	6.23	5.67	0.56
Client Service	6.38	6.37	6.09	0.27
Liquidity Management	5.00	6.06	5.93	0.13
Pricing	5.50	5.64	5.62	0.02
Regulation and Compliance	6.25	6.06	6.12	-0.06
Relationship Management	5.63	6.07	6.13	-0.06
Risk Management	5.00	5.75	6.21	-0.46
Technology	5.67	5.82	5.82	0.01
Total	5.81	6.09	6.04	0.05

France

France has often been at the forefront of securities market infrastructure innovation and the past year has been no exception. While the main market CSD is Euroclear France, last year saw the launch of ID2S, the first European CSD to offer real-time settlement for commercial paper in conjunction with its strategic partner NowCP, an issuance and trading platform. ID2S uses distributed ledger technology (DLT). This has provided the basis for additional services from local agent banks.

The landscape in this regard remains as it was last year with BNP Paribas Securities Services, Deutsche Bank, Societe Generale, CACEIS and Citi all serving the market. A response was also received for HSBC. Overall, however, only BNP Paribas Securities Services garnered enough responses for an individual write up. The spread of opinion about services received ranged from

Below Average to Outstanding, with Above Average constituting the mode. It is surprising for such as advanced and active market, however, that average category scores come in measurably below the global benchmarks, with the exception of Asset Safety.

BNP Paribas Securities Services

Clients are broadly happy with BNP Paribas and rate it above the market average in nearly all categories. It seems that many in this year's response pool for the bank use its services across several markets. As a result, a number of comments relate to cross-market coordination. "Relationship managers are excellent," says one client. "However, they need better coordination amongst locations, to make sure service is consistent across markets." There are also one or two grumbles about the online portal and specific experiences with tax services. When it comes to general Asset Servicing, though, "high volume market with good support by our provider," would seem to be a representative comment.

Overall, the bank can be pleased with its results. In five service categories, its results are in the Very Good range (6.00-6.99), scoring particularly highly for Asset Safety (6.84, equivalent to almost 98%) and all the others are considered Good (5.00-5.99).

Figure 1: Perceptions in a nutshell (%)

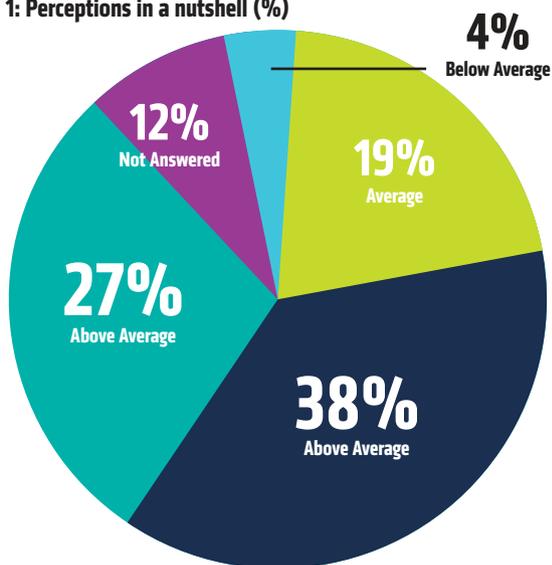


Fig 2: Percentage of responses

Agent Bank	Percentage of responses
BNP Paribas Securities Services	50
Other	35
Deutsche Bank	15

Fig 3: Average scores

Category	BNP Paribas Securities Services	Market Average	Global Average	Market vs Global
Account Management	6.00	6.04	6.12	-0.08
Asset Safety	6.84	6.49	6.45	0.04
Asset Servicing	5.94	5.92	6.31	-0.39
Cash Management and FX	5.00	4.53	5.67	-1.14
Client Service	5.82	5.70	6.09	-0.40
Liquidity Management	5.82	5.66	5.93	-0.27
Pricing	5.33	5.26	5.62	-0.35
Regulation and Compliance	6.21	5.93	6.12	-0.19
Relationship Management	6.09	5.98	6.13	-0.15
Risk Management	6.47	6.11	6.21	-0.10
Technology	5.63	5.54	5.82	-0.28
Total	5.92	5.74	6.04	-0.30

Germany

Responses to the ABMM survey for Germany this year are dominated by Deutsche Bank and BNP Paribas Securities Services, though as the accompanying table suggests, service provision is far from a duopoly, particularly with the impact of T2S on service provision at an individual market level.

In addition, German AML legislation has incorporated crypto custody into the German Banking Act (Kreditwesengesetz – KWG) as a new financial service. As from the start of this year, when the legislation entered into force, companies looking to provide such services now require explicit authorisation from BaFin, the Federal supervisory authority.

Since then, the German government has published a draft Electronic Securities Act, which provides for the issuance of bearer bonds using distributed ledger technology (DLT). According to

legal firm, Linklaters, the draft Act “removes the requirement for a physical document to certify any bond issuance, which has been seen as a particular impediment to the digitalisation of the German capital markets.”

BNP Paribas Securities Services

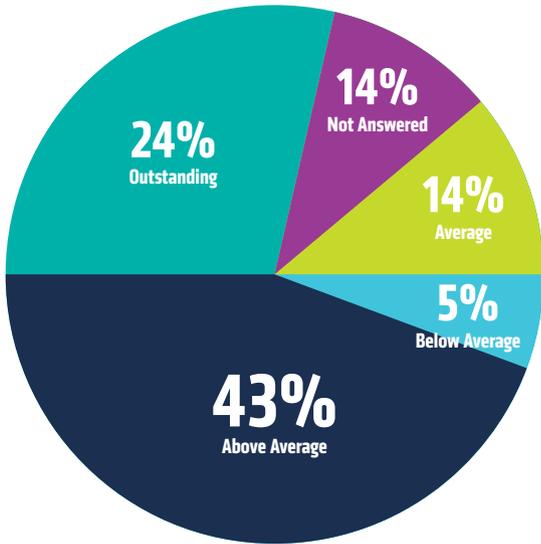
BNP Paribas Securities Services describes itself as “among the top three in the German sub-custody industry for professional clients,” though it notes that “The exact market share is not visible in the market, since all activities for all players are comingled and no comparable figures are available in the market.”

Although it fell just shy of the number of responses required for an individual write up, the bank has clearly impressed those clients who responded for its German service. Some 60% described the service they received from BNP Paribas as Outstanding. There was, however, little in the way of client comment to provide additional colour.

Deutsche Bank

Despite an issue identified by one client with the 2019 tax voucher process, Deutsche Bank has turned in a very decent set of scores, showing year-on-year improvement in all areas bar Technology. It exceeds the market average in all categories apart from Relationship Management and beats the global benchmark in five categories, despite the fact that the market as a whole underperforms these benchmarks in all but two areas (Asset Safety and Risk Management).

Figure 1: Perceptions in a nutshell (%)



Agent Bank	Percentage of responses
Other	38
Deutsche Bank	33
BNP Paribas Securities Services	24
DWP Bank	5

Category	Deutsche Bank	Market Average	Global Average	Market vs Global
Account Management	5.73	5.64	6.12	-0.48
Asset Safety	6.55	6.51	6.45	0.06
Asset Servicing	5.89	5.80	6.31	-0.51
Cash Management and FX	6.40	4.47	5.67	-1.20
Client Service	5.64	5.58	6.09	-0.51
Liquidity Management	6.38	5.31	5.93	-0.62
Pricing	5.73	5.24	5.62	-0.37
Regulation and Compliance	5.85	5.78	6.12	-0.34
Relationship Management	5.24	5.83	6.13	-0.30
Risk Management	6.33	6.33	6.21	0.13
Technology	5.62	5.56	5.82	-0.26
Total	5.94	5.64	6.04	-0.40

Hong Kong

Hong Kong remains one of the few markets in the ABMM survey where several large securities services providers grapple for market dominance. Reflecting this, responses were received for BNP Paribas Securities Services, Citi, DBS Bank, HSBC and Standard Chartered Bank among others. Perhaps as a result of the competition, levels of service are perceived as relatively high in the market. Almost 80% of respondents describe their service providers as either Outstanding or Above Average and none say they receive Below Average service.

DBS Bank

DBS accounts for a quarter of responses received for Hong Kong this year. The bank is clearly doing something right, comfortably surpassing all market and global averages at a category level. The only slight grumble – and one that is unfortunately common across the globe in these unusual times – is a plea from one offshore client for the bank to “Please consider accepting scanned copies of documents particularly under COVID-19.”

Standard Chartered Bank

The bank describes itself as a first mover on new market initiatives, particularly in respect of the Connect schemes between Hong Kong and Mainland markets. It notes that in 2019, its Stock Connect AUC increased by 201% and its monthly volume by 141%.

The few qualifying comments received from clients are mostly positive. “Relationship managers and customer services support team provide extensive knowledge to us,” says one. “Excellent client service; they always respond to our inquiries efficiently in a timely manner;” says another. One slightly more critical respondent notes that the strength of relationship management can vary depending on who in the team is encountered, though adding that, “Client service and support level has improved.” The bank would seem to have little to worry about, however, as it exceeds the market average in all categories apart from Regulation and Compliance, where it comes close.

BNP Paribas Securities Services

With an overall average of 6.06, BNP Paribas surpassed the market average in most categories, the exceptions being Liquidity Management, Pricing and Technology. While pricing rarely features at the top of the table in client satisfaction rankings, additional comment suggests that BNP Paribas is considered relatively expensive by clients who use its custody services across multiple markets. By contrast, risk management and account management were well above the market average. The bank also exceeded global benchmarks in most service areas.

Figure 1: Perceptions in a nutshell (%)

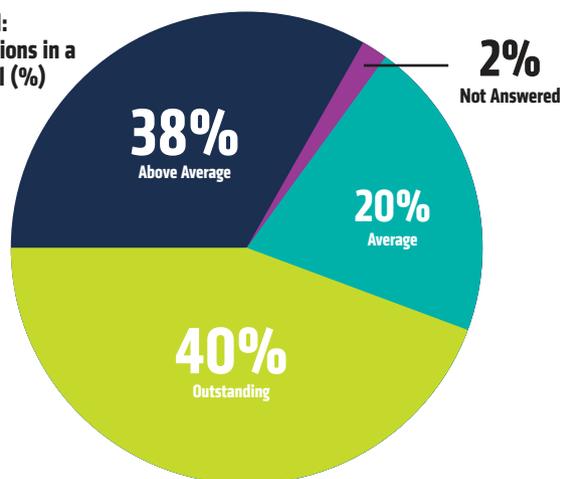


Fig 2: Percentage of responses

Agent Bank	Percentage of responses
Standard Chartered Bank	32
DBS Bank	24
BNP Paribas Securities Services	22
Other	10
Citi	6
HSBC	6

Fig 3: Average scores

Category	BNP Paribas Securities Services	DBS	Standard Chartered Bank	Market Average	Global Average	Market vs Global
Account Management	6.75	6.36	6.35	6.17	6.12	0.05
Asset Safety	6.31	6.77	6.39	6.24	6.45	-0.21
Asset Servicing	6.60	6.46	6.42	6.35	6.31	0.04
Cash Management and FX	6.00	6.57	5.97	5.81	5.67	0.14
Client Service	6.61	6.60	6.53	6.23	6.09	0.14
Liquidity Management	4.33	6.60	5.81	5.59	5.93	-0.33
Pricing	5.33	6.30	5.57	5.39	5.62	-0.23
Regulation and Compliance	6.33	6.64	6.24	6.29	6.12	0.17
Relationship Management	6.50	6.67	6.78	6.43	6.13	0.29
Risk Management	6.67	6.42	6.38	6.08	6.21	-0.12
Technology	5.18	6.23	6.35	5.69	5.82	-0.13
Total	6.06	6.51	6.25	6.03	6.04	-0.02

ICSD

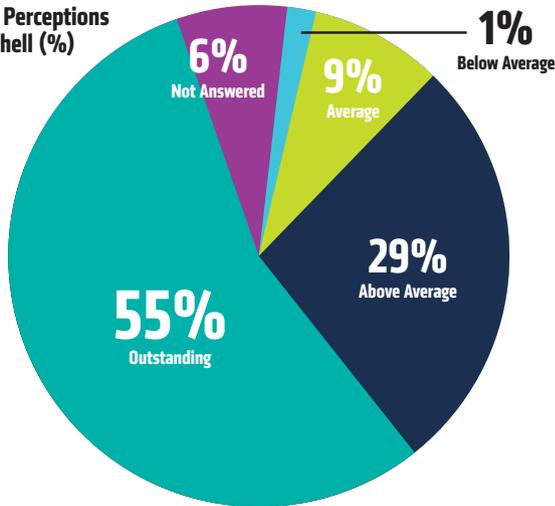
If the three ICSDs were a market, they would be among the top performers in the survey. Well over 80% of respondents regard the service they receive as either Above Average or Outstanding. On its own, Outstanding accounts for over half of ratings received. Taken together, the ICSDs beat all the global category benchmarks by an average of 0.29 points. All three providers record average scores across all categories in Very Good range (6.00-6.99).

Euroclear

This year, Euroclear has received a larger than average number of qualifying client comments, most of them effusive. “Relationship management is excellent, keeping us informed of market and regulatory changes and making sure service is delivered to the highest standards”, “The team is just perfect, always there to support us in every need that we have!!!”, “Great partner with very open and can do attitude” are just three of the assessments of the firm’s Relationship Management and Client Service capabilities.

One client singles out help with getting to grips with new

Figure 1: Perceptions in a nutshell (%)



regulation: “A very helpful team, well in-tune with our needs and our awkward time zone. Impending CSDR changes are making us nervous...and our Account Manager is doing her best to allay our fears.”

Clearstream

Although Clearstream has received fewer responses than it usually does, those it has received suggest strong appreciation of its capabilities. It also records one of the few ‘sevens’ in the survey – the highest possible score – for Asset Safety. “Although an ICSD and a large institution in terms of clients and assets, the relationship management from Clearstream is a joy to work with,” says one client. “They take the time to listen to your problems, they come up with solutions and when there is an incident, they give you full support to get it solved. Well done, Clearstream RM!”

The Swiss Stock Exchange, SIX

As a provider of international custody services, and acting as a cross-border CSD, SIX has produced another set of excellent results, with an average of 6.64, one of the highest in the survey and with all categories comfortably in Very Good range (6.00-6.99). When it comes to Relationship Management, several individual staff are name checked by happy clients. “Impeccable. Always available and going the last mile for us,” is just one example of the level of appreciation.

Fig 2: Percentage of responses

Agent Bank	Percentage of responses
The Swiss Stock Exchange, SIX	56
Euroclear Bank	31
Clearstream Bank	9
Other	3

Fig 3: Average scores

Category	Clearstream	Euroclear	SIX	ICSD Average Score	Global Average	ICSDs vs Global
Account Management	5.96	6.17	6.68	6.43	6.12	0.31
Asset Safety	7.00	6.51	6.83	6.74	6.45	0.29
Asset Servicing	6.29	6.35	6.79	6.57	6.31	0.26
Cash Management and FX	5.00	5.69	6.70	5.89	5.67	0.22
Client Service	5.79	6.34	6.64	6.42	6.09	0.32
Liquidity Management	5.85	6.00	6.60	6.14	5.93	0.22
Pricing	5.34	5.68	6.17	5.89	5.62	0.27
Regulation and Compliance	6.38	6.43	6.54	6.47	6.12	0.35
Relationship Management	6.10	5.89	6.81	6.41	6.13	0.27
Risk Management	6.50	6.33	6.68	6.42	6.21	0.21
Technology	6.38	5.70	6.64	6.31	5.82	0.50
Total	6.05	6.10	6.64	6.33	6.04	0.29

Ireland

With Ireland’s growing importance as a global funds centre, the advent of Brexit has understandably occupied the minds of investors in both UK and Irish markets as well as service providers who have had to revisit service structures in these previously intertwined financial markets.

With Brexit, Irish securities will be changing issuer CSD from Euroclear UK & Ireland to Euroclear Bank on 12 March 2021. Irish securities, will, however, remain eligible to be held in Euroclear UK & Ireland as CREST Depository Interests.

Responses were received for several providers and although not the highest scoring market in the survey, Irish custodians seem to be keeping their customers satisfied with only 17% describing the service received as average and the majority admitting to greater levels of satisfaction.

BNP Paribas Securities Services

BNP Paribas receives praise from one client for helping it through the regulatory maze: “Good support for the SRD II AGM changes for the UK and IE market provided,” it notes. Its Client Service receives the accolade of “excellent performers”, though another bemoans a lack of proactivity in responding to queries. Though category scores are up on last year in most areas, with a higher overall average in 2020, there is considerable fluctuation, possible due to a relatively light response sample. Account Management, Asset Servicing and Client Service have recorded sizeable increases of between 62 and 106 basis points, while Relationship Management and Technology are down by 58 and 158 basis points respectively, the latter, at 3.92, now considered Weak.

Citi

As in 2019, Citi does not receive sufficient responses in Ireland for its scores to be assessed. However, in the current fraught environment, it is worth noting the comment of one client with regard to Citi’s Relationship Management: “Excellent communication regarding Brexit impact.” It will be interesting to see what next year’s survey yields in that regard.

Figure 1: Perceptions in a nutshell (%)

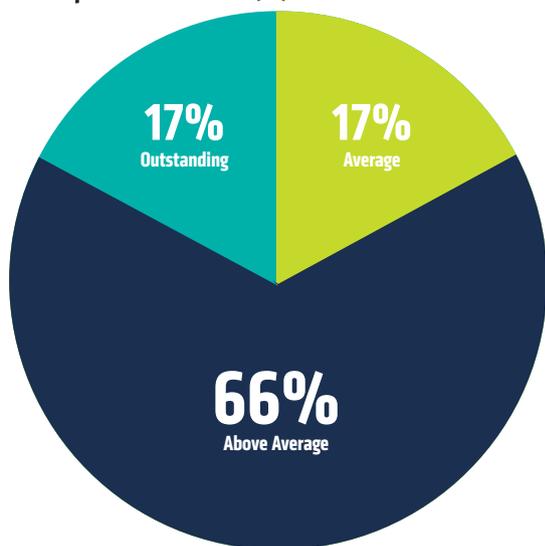


Fig 2: Percentage of responses	
Agent Bank	Percentage of responses
BNP Paribas Securities Services	42
Other	25
Citi	17
HSBC	8
Northern Trust	8

Fig 3: Average scores				
Category	BNP Paribas Securities Services	Market Average	Global Average	Market vs Global
Account Management	6.46	5.40	6.12	-0.72
Asset Safety	5.77	6.20	6.45	-0.25
Asset Servicing	6.46	6.17	6.31	-0.14
Cash Management and FX	4.44	4.80	5.67	-0.87
Client Service	6.38	5.82	6.09	-0.27
Liquidity Management	5.31	5.40	5.93	-0.53
Pricing	5.08	5.00	5.62	-0.62
Regulation and Compliance	5.38	5.33	6.12	-0.79
Relationship Management	4.85	4.94	6.13	-1.19
Risk Management	5.78	5.70	6.21	-0.51
Technology	3.92	4.79	5.82	-1.02
Total	5.44	5.41	6.04	-0.63

Israel

Though several options exist for inbound investors, the Israeli sub-custody market has long been dominated by three institutions – Bank Leumi, Bank Hapoalim and Citi. Though category scores aggregated at a market level do not necessarily stand out in comparison to global benchmarks, they are nevertheless more than Satisfactory with an overall average in the upper reaches of Good range (5.00-5.99). In Account Management, the Israeli market exceeds the global benchmark. Year-on-year, the market as a whole has also recorded some improvement in roughly two-thirds of service categories, most notably Account Management, Relationship Management and Pricing. There has, however, been a rather steep drop in Cash Management and FX.

Bank Leumi

Bank Leumi accounted for some 44% of responses received for Israel this year, but was still just shy of the threshold for an individual write up. Client comments were, however, positive and half of its category scores were in Very Good range (6.00-6.99). “They are always prompt to react and proactive when it comes to problem solving,” said one European counterpart, while another suggested that Leumi “provides excellent relationship management.”

In this regard, the bank itself points out that in addition to heading the custody and cash relations department, Carine Wiener Perlmutter has taken over global responsibility for foreign institutions at Leumi as of June 2019. The bank says the new structure further strengthens Leumi’s commitment to its custody clients, “providing a greater holistic approach, both in cultivating relationships and facilitating client needs.”

Leumi also supports the opening of dedicated client accounts at the CSD, enabling further asset segregation at CSD level.

Others

Citi and Bank Hapoalim are both sub-custodians of long standing in the Israeli market and continue to offer a comprehensive suite of product and services to international third-party clients. Nevertheless, there is little basis from this year’s responses to provide any assessment of whether or not client perceptions have evolved.

Figure 1: Perceptions in a nutshell (%)

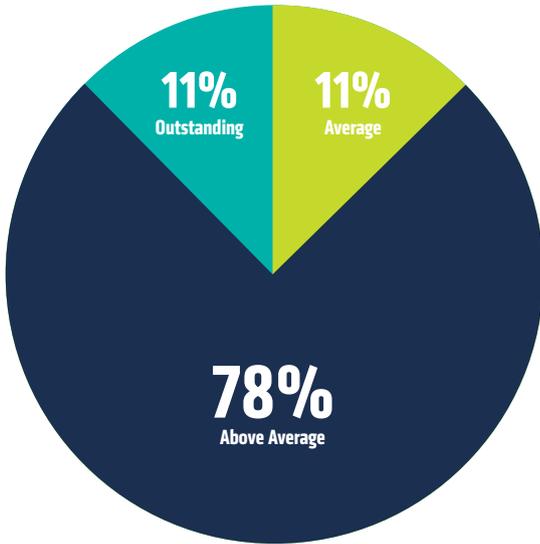


Fig 2: Percentage of responses

Agent Bank	Percentage of responses
Bank Leumi le-Israel	44
Other	33
Bank Hapoalim	22
Citi	11

Fig 3: Average scores

Category	Market Average	Global Average	Market vs Global
Account Management	6.23	6.12	0.11
Asset Safety	6.08	6.45	-0.37
Asset Servicing	5.82	6.31	-0.49
Cash Management and FX	4.38	5.67	-1.29
Client Service	5.92	6.09	-0.17
Liquidity Management	5.50	5.93	-0.43
Pricing	5.58	5.62	-0.03
Regulation and Compliance	6.09	6.12	-0.03
Relationship Management	6.00	6.13	-0.13
Risk Management	5.86	6.21	-0.35
Technology	5.44	5.82	-0.37
Total	5.72	6.04	-0.32

Italy

The Italian market responses this year are distributed across a relatively large number of providers, though BNP Paribas Securities Services accounts for just over 30% and Intesa Sanpaolo for roughly a quarter. There is also a wide spread in appreciation of services overall. Some 6% of respondents for this market describe the service they have received over the past year as Below Average, while just under 30% regard it as Outstanding. At a service category level, market averages do not stray too far in either direction from the global benchmarks.

BNP Paribas Securities Services

“Knowledgeable staff; always available” says one client of BNP Paribas’ Italian custody operation, while another describes Italy as “a moderate volume market with very good support by our provider.” Its results this year are impressive with two-thirds of categories registering scores in the Very Good range (6.00-6.99). The bank has also beaten its 2019 category scores in seven areas, most notably Asset Servicing, which is up 0.80 points from an already very good

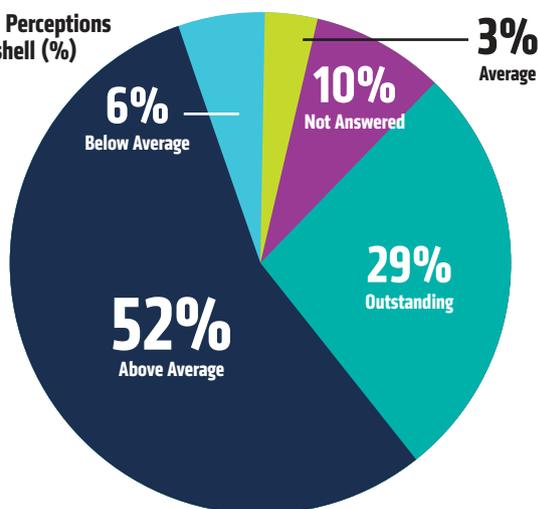
6.01 to tough-to-beat 6.81.

To cope with circumstances arising from the COVID-19, crisis, the bank says it has adapted tax services to allow clients to take advantage of the flexibility provided by the authorities with regard to renewal of documentation.

Intesa Sanpaolo S.p.a

The stars are also aligned for Intesa Sanpaolo this year. It has recorded substantial increases in its category scores taking it overall from a Good (5.27) to a Very Good (6.12). Of particular note is the rise recorded for Cash Management and FX (+1.80) and for Risk Management (+1.54). The bank also exceeds market average category scores in all areas apart from Account Management, Relationship Management and Asset Servicing, where it comes within a hair’s breadth of the average. The bank runs an operational centre of excellence, based in Parma, to cater to both domestic and international custody clients. “ISP client services team is supportive and proactive,” says one client.

Figure 1: Perceptions in a nutshell (%)



Others

SGSS, Citi and Deutsche Bank have all undershot the threshold for a write up this year. As long-established service providers, we would expect to see them back in 2021.

Fig 2: Percentage of responses

Agent Bank	Percentage of responses
BNP Paribas Securities Services	32
Intesa SanPaolo	26
Other	16
Deutsche Bank	13
Citi	10
Société Générale Securities Services	3

Fig 3: Average scores

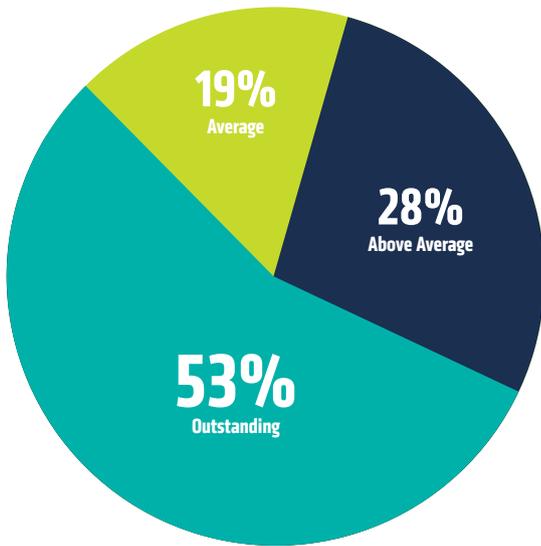
Category	BNP Paribas Securities Services	Intesa Sanpaolo S.p.a	Market Average	Global Average	Market vs Global
Account Management	6.31	6.00	6.01	6.12	-0.11
Asset Safety	6.86	6.73	6.54	6.45	0.09
Asset Servicing	6.81	6.29	6.35	6.31	0.04
Cash Management and FX	5.77	6.00	5.48	5.67	-0.19
Client Service	6.10	5.93	5.86	6.09	-0.24
Liquidity Management	5.88	6.50	5.89	5.93	-0.04
Pricing	6.12	5.00	5.73	5.62	0.12
Regulation and Compliance	6.41	6.14	5.95	6.12	-0.18
Relationship Management	6.23	6.00	6.01	6.13	-0.12
Risk Management	6.72	6.60	6.39	6.21	0.18
Technology	5.82	6.18	5.71	5.82	-0.10
Total	6.27	6.12	5.99	6.04	-0.05

Japan

The amendment of the Foreign Exchange and Foreign Trade Act (FX Act) came into effect in May this year. Under the amended Act, the threshold for prior notification requirements by foreign investors in Japanese companies in strategic industries was lowered from 10% to 1% of outstanding shares or voting rights. The amended FX Act also introduced a prior notification exemption framework to mitigate the burden on investors whose investments are deemed to pose no risks to national security.

The Japanese market has traditionally been a tough one in which to stand out. Scores tend to be high across the board and well over half of respondents regard the service they receive from their providers as Outstanding. Nevertheless, in this year’s survey, one bank, Mizuho, has managed it.

Figure 1: Perceptions in a nutshell (%)



Mizuho Bank

Accounting for two-thirds of responses received for Japan this year, Mizuho Bank has recorded an overall average above the already unusually high market average. This reflects an outperformance in every category at both market and global levels. The bank receives a perfect 7.0 for Client Service – one of the few providers in the survey to do so.

Clients are also vocal in support of Mizuho’s service. “Mizuho Bank always have very good communication with us to provide us the best services. We always appreciate their effort,” says one client. “Mizuho Bank understand our business model and they are supportive,” says another.

Account Management is an area that does not normally attract much comment, but one respondent points out that, “Mizuho opens securities accounts quickly, which meet our clients’ needs.” Similarly, with Liquidity Management: “Mizuho Bank support our needs and protect us from unnecessary costs with bespoke arrangements, and protect us as an EMEA-based entity operating in a market with an Asian time zone.”

In terms of its own risk management under COVID-19 conditions, Mizuho operates what it calls a “Tokyo-Osaka Dual Office Structure,” splitting staff and operations between and within the two cities.

Others

In a year that has proved tough for both respondents and providers to engage in a distributed way on survey completion, other providers have failed to meet the response threshold for robust analysis. We hope to see them back in 2021.

Fig 2: Percentage of responses	
Agent Bank	Percentage of responses
Mizuho Bank	66
Other	15
MUFG Bank (formerly Bank of Tokyo-Mitsubishi UFJ)	13
Citi	3
SMBC	3

Fig 3: Average scores				
Category	Mizuho Bank	Market Average	Global Average	Market vs Global
Account Management	6.92	6.73	6.12	0.61
Asset Safety	6.97	6.81	6.45	0.36
Asset Servicing	6.97	6.90	6.31	0.59
Cash Management and FX	6.84	6.65	5.67	0.98
Client Service	7.00	6.75	6.09	0.66
Liquidity Management	6.88	6.73	5.93	0.80
Pricing	6.73	6.51	5.62	0.89
Regulation and Compliance	6.91	6.82	6.12	0.70
Relationship Management	7.00	6.82	6.13	0.69
Risk Management	6.86	6.70	6.21	0.49
Technology	6.81	6.52	5.82	0.70
Total	6.90	6.72	6.04	0.68

Korea

Late in 2019, a series of market infrastructure reforms led to renewed interest in Korea from foreign institutional investors. These include the introduction of an electronic securities system in September last year which is expected to save costs when issuing securities, reduce risks during securities administration and enhance transparency in corporate governance. The Korea Securities Depository (KSD) has also taken steps to achieve dematerialisation.

While foreign investment into equities has remained relatively stable, allocators have been steadily building up positions in fixed income. South Korea has also become an increasingly important market for global custody providers, such as BNY Mellon and State Street.

Clients of agent banks in Korea appear broadly happy with

their providers. In this year’s survey there are no assessments that are Below Average and over 60% see their service providers as Above Average or Outstanding. Nevertheless, taken as a whole, the market, with a very respectable overall score of 5.73, does not reach the global average in most categories, one exception being Regulation and Compliance.

Standard Chartered Bank

This year, although assessments are spread across a number of sub-custodians, Standard Chartered Bank has the dominant position, accounting for over 70% of responses. The bank itself estimates that it is the largest custodian in the market, processing over 35% of all foreign investor trades daily. It also points to its role on the KSD Advisory Committee, which gives it a strong voice in determining the ongoing development of the Korean market.

Despite accounting for a large percentage of responses, the bank does exceed the market averages in a majority of service areas, in particular Pricing and Technology. With no score below 5.50 (Asset Servicing), it would seem to have little reason to fret about client retention. “We’ve had a good experience with SCB Korea so far and we look forward to maintain a long-term relationship going forward,” says one. Other comments from clients are positive. “Excellent client service, they always respond to our inquiries efficiently in a timely manner,” says one. A client from the region does suggest, however, that “the account opening process can be further improved...Too many forms to fill in.”

Figure 1: Perceptions in a nutshell (%)

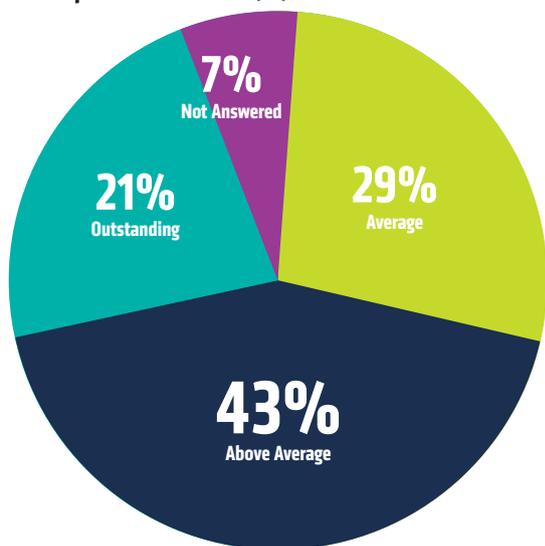


Fig 2: Percentage of responses	
Agent Bank	Percentage of responses
Standard Chartered Bank	71
HSBC	14
Citi	7
Other	7

Fig 3: Average scores				
Category	Standard Chartered Bank	Market Average	Global Average	Market vs Global
Account Management	5.83	5.90	6.12	-0.22
Asset Safety	5.91	6.11	6.45	-0.34
Asset Servicing	5.50	6.03	6.31	-0.28
Cash Management and FX	5.92	5.50	5.67	-0.17
Client Service	5.73	5.59	6.09	-0.50
Liquidity Management	5.80	5.67	5.93	-0.26
Pricing	6.00	5.20	5.62	-0.42
Regulation and Compliance	6.00	6.30	6.12	0.18
Relationship Management	6.00	5.68	6.13	-0.45
Risk Management	6.00	5.67	6.21	-0.54
Technology	6.00	5.41	5.82	-0.40
Total	5.88	5.73	6.04	-0.31

Norway

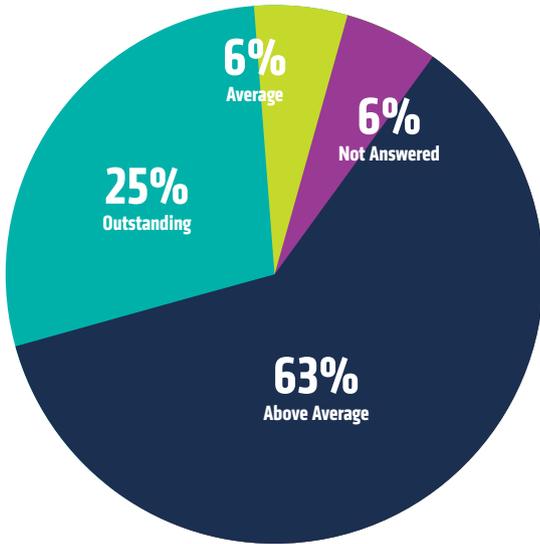
Following Euronext’s acquisition of Oslo Børs VPS Holding, the Norwegian CSD, in 2019 the integration process has been launched to bring the market infrastructure into the Euronext family. It is unfortunate, however, that the effort has had to coincide with ‘pandemic’ conditions.

Euronext VPS invoked its pandemic business continuity plan at the end of February as the pandemic began to have an impact in Europe. “We started our preparations to work remotely by testing our remote working capability to ensure that all employees were able to fully cover their responsibilities working from home,” says the CSD. “By 12 March, the lockdown day in Norway, Euronext VPS could fully operate with all its employees working remotely. Hence, we didn’t experience any operational issues when we asked all our employees to work from home

form 13 March onwards.” The majority of its employees are still working remotely and the CSD says it has recorded no severe operational incidents.

Unsurprisingly, with the growing harmonisation of Nordic markets, the profile of securities services is similar to that in other market markets in the region. Responses were received for a number of providers with SEB, Nordea and Handelsbanken as the most prominent. The vast majority of respondents, well over 85%, regard the service they receive from there Norwegian custodians as either Above Average or Outstanding. In half of service categories, the market collectively exceeds global category benchmarks, though it tacks fairly close to these, whether above or below.

Figure 1: Perceptions in a nutshell (%)



Handelsbanken

Handelsbanken receives too few responses for an assessment, but it is worth mentioning that one large client has clearly expressed their satisfaction with the bank. “Very good Relationship Management and extremely proactive,” it comments.

SEB

SEB has dropped a few basis points overall since 2019, but it remains in a strong position, with all category scores in either Good (5.00-5.99) or Very Good (6.00-6.99) range. It exceeds the market average in four service areas – Asset Safety, Asset Servicing, Client Service and Regulation and Compliance. Its score falls measurably short of that benchmark in the areas of Liquidity Management and Cash Management and FX, but clients do not offer any explanation for their rating, which, in any case, remains Good.

Agent Bank	Percentage of responses
SEB	44
Other	44
Handelsbanken	6
Nordea Bank	6

Category	SEB	Market Average	Global Average	Market vs Global
Account Management	5.75	5.96	6.12	-0.16
Asset Safety	6.50	6.38	6.45	-0.06
Asset Servicing	6.53	6.35	6.31	0.04
Cash Management and FX	5.00	5.67	5.67	0.00
Client Service	6.33	6.32	6.09	0.23
Liquidity Management	5.00	5.77	5.93	-0.16
Pricing	5.50	5.83	5.62	0.22
Regulation and Compliance	6.25	6.15	6.12	0.03
Relationship Management	5.53	5.94	6.13	-0.19
Risk Management	5.00	5.75	6.21	-0.46
Technology	5.67	5.83	5.82	0.02
Total	5.73	6.00	6.04	-0.05

Portugal

Portuguese securities services providers are doing a seemingly good job of keeping their clients happy. Almost three-quarters of respondents rate their providers as Above Average or Outstanding and there is no evidence in the responses to this year’s survey of any degree of disgruntlement.

Responses were received for BNP Paribas Securities Services, BBVA, and Deutsche Bank, inter alai, but there was little in the way of client comment to add colour to their choice of scores. Of those providers only BNP Paribas warrants a separate listing of its results, the others being too few to analyse in each case.

BNP Paribas Securities Services

The bank stresses that its local custody, local clearing and local settlement solutions in the Portuguese market are “fully inte-

grated within our Euronext solution, providing linkage to the Target 2 Securities pan-European settlement platform, to the clearing house (LCH Clearnet SA) and the local CSD (Interbol-sa).”

The bank offers a diversified product range, supported by a global operating model, and a team of local experts. “Clients can rely on our deep understanding of local practices and rules and access to market authorities, whilst integrating the operational and strategic challenges created by new regulations or market initiatives such as T2S, SRDII, CSDR, among others.”

This approach is evidently approved of by clients. “We are supported on one Euronext platform. This RM is helpful whenever anything arises,” says one. Such an approach comes with challenges, however. “Liquidity services still have to achieve bridging of internal silos to gain in efficiency,” says one client. And while one respondent praises “Quick feedback across all markets,” another points to “Good services that are pricey and invoices are complicated,” suggesting that opportunities for synergies across markets in billing are yet to be achieved.

Others

Deutsche Bank, CACEIS (formerly Santander Securities Services) and Millennium bcp have traditionally had a presence in the survey sufficient for individual write ups. We welcome the return of their customers in next year’s (hopefully) post-COVID survey.

Figure 1: Perceptions in a nutshell (%)

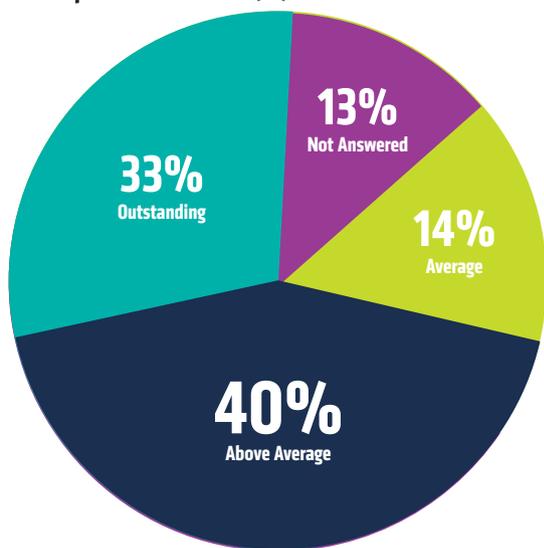


Fig 2: Percentage of responses	
Agent Bank	Percentage of responses
BNP Paribas Securities Services	60
Other	20
Deutsche Bank	13
BBVA	7

Fig 3: Average scores				
Category	BNP Paribas Securities Services	Market Average	Global Average	Market vs Global
Account Management	5.75	6.03	6.12	-0.09
Asset Safety	6.85	6.80	6.45	0.35
Asset Servicing	6.68	6.66	6.31	0.34
Cash Management and FX	4.50	4.57	5.67	-1.10
Client Service	6.00	6.17	6.09	0.08
Liquidity Management	5.87	5.89	5.93	-0.03
Pricing	5.55	5.50	5.62	-0.12
Regulation and Compliance	6.19	6.30	6.12	0.18
Relationship Management	6.08	6.22	6.13	0.08
Risk Management	6.75	6.62	6.21	0.41
Technology	5.56	5.65	5.82	-0.17
Total	5.98	6.04	6.04	0.00

Singapore

From a serving perspective, Singapore has long been a competitive market with numerous providers to choose from. In the past year, despite pandemic conditions, service providers have been eyeing new opportunities resulting from the country’s promotion as a regional fund hub.

Singapore is aiming to become the next main fund distribution hub in Asia following the launch of its Variable Capital Company (VCC) fund structure, enabling asset managers to re-domicile their funds to the city-state.

The structure is designed to provide fund managers with operational flexibility and help reap economies of scale when launching a locally listed fund. It also supports an umbrella and sub-funds structure, enabling sub-funds to use a local board of directors and use the same service provider as the umbrella fund.

In this year’s survey, responses – broadly favourable – were spread across several providers with DBS Bank and Standard Chartered Bank accounting for roughly a third each. Collectively, local service providers have set a relatively high bar for outperformance with five categories – in Very Good Range (6.00) and the remainder at the upper end of Good (5.00-5.99).

DBS has excelled this year, with all but one service category rated above 6.00 and Cash Management and FX just falling short of that threshold. Most impressive are the bank’s scores for Account Management (6.81) and Asset Servicing (6.80). With 700 the highest possible score in the survey, these numbers will be hard to better. Described as “very responsive and professional” by one client from the region, it also attracts praise for “quick and precise responses.”

Standard Chartered Bank

“Excellent client service; they always respond to our inquiries efficiently in a timely manner,” notes one APAC-based broker of Standard Chartered’s performance. “It has been a great pleasure working with Standard Chartered as our main fund administrator and custodian,” says another regional client. “It is not considered a service provider to us but a business partner that we would like to continue building relationships in the future.” Unusually in the survey – since clients are reluctant to suggest that they are getting a good deal – the bank scores particularly well on Pricing, beating the market average by 38 basis points.

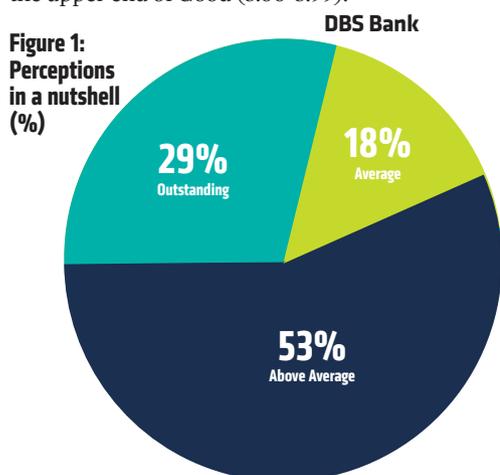


Fig 2: Percentage of responses

Agent Bank	Percentage of responses
DBS Bank	35
Standard Chartered Bank	32
Other	15
HSBC	9
BNP Paribas Securities Services	3
Citi	3
Deutsche Bank	3

Fig 3: Average scores

Category	DBS Bank	Standard Chartered Bank	Market Average	Global Average	Market vs Global
Account Management	6.81	6.09	6.18	6.12	0.06
Asset Safety	6.40	5.86	6.14	6.45	-0.31
Asset Servicing	6.80	6.06	6.36	6.31	0.05
Cash Management and FX	5.94	5.85	5.68	5.67	0.01
Client Service	6.73	5.63	5.90	6.09	-0.19
Liquidity Management	6.70	5.86	5.96	5.93	0.04
Pricing	6.64	6.00	5.62	5.62	0.00
Regulation and Compliance	6.67	6.00	6.25	6.12	0.13
Relationship Management	6.36	5.77	5.90	6.13	-0.24
Risk Management	6.53	5.86	6.03	6.21	-0.18
Technology	6.26	5.50	5.79	5.82	-0.03
Total	6.53	5.86	5.98	6.04	-0.06

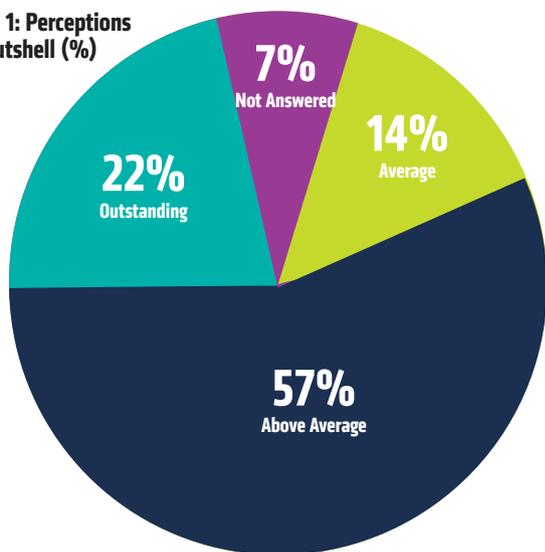
Spain

Service in the Spanish market is regarded by a majority of respondents (57%) as Above Average and by over 20% as Outstanding. Though several providers attract ratings (See Table 2), only CACEIS (formerly Santander Securities Services) and BNP Paribas Securities Services attract sufficient for more detailed assessment.

The recent implementation of SRD II has proved challenging in Spain, according to BNP Paribas Securities Services, given the registration element in the market. “Positions registered in the name of an intermediary will require final beneficiary feedback from the intermediary client,” the bank explains “Brokers who hold third-party accounts at the CSD are obliged to hold positions in the name of their counterparties on a temporary basis (until delivery is completed).”

Also of interest to investors is a widely expected Financial Transaction Tax to be implemented on January 1, 2021. The draft law is going through the parliamentary approval process.

Figure 1: Perceptions in a nutshell (%)



BNP Paribas Securities Services

“We settle over 30% of activity in the market, making us by far the leading settlement agent in Spain,” says BNP Paribas. Its survey results in Spain this year are impressive, with an overall average well above the local market benchmark. At a category level, it exceeds the market average in all but Cash Management and FX. In several areas, its results are almost as good as they can get – Asset Safety (6.74), Asset Servicing (6.72) and Risk Management (6.71) stand out.

CACEIS Bank Spain (former Santander Securities Services)

CACEIS estimates its share of third-party international custody business in Spain at around 19%. As suggested by its scores, its primary strengths compared to the market as a whole are in Cash Management and FX (54 basis points above the average), Pricing and Regulation and Compliance. Although Technology is not one of its survey highlights, the bank’s MEGARA platform allows for significant flexibility and continued investment in technology could well pay off in next year’s numbers.

Fig 2: Percentage of responses

Agent Bank	Percentage of responses
BNP Paribas Securities Services	33
Other	23
CACEIS Spain (Former Santander Securities Services)	19
Deutsche Bank	11
BBVA	7
Citi	4
Société Générale Securities Services	4

Fig 3: Average scores

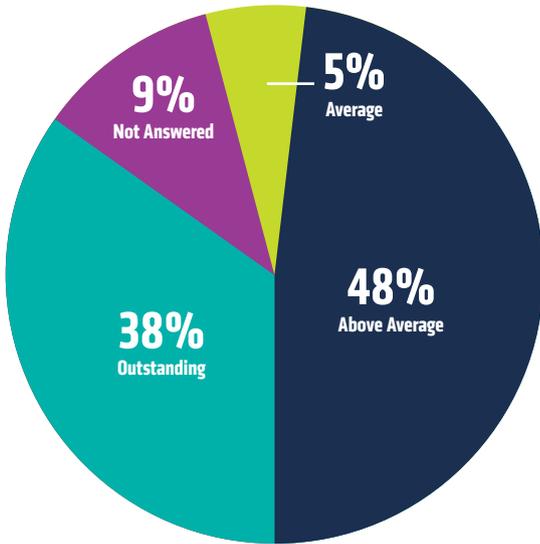
Category	BNP Paribas Securities Services	CACEIS	Market Average	Global Average	Market vs Global
Account Management	6.22	5.83	6.02	6.12	-0.10
Asset Safety	6.74	6.20	6.37	6.45	-0.08
Asset Servicing	6.72	6.14	6.27	6.31	-0.05
Cash Management and FX	4.71	5.75	5.21	5.67	-0.46
Client Service	6.63	5.80	6.09	6.09	0.00
Liquidity Management	5.82	5.00	5.80	5.93	-0.13
Pricing	6.12	6.00	5.47	5.62	-0.15
Regulation and Compliance	6.22	6.40	5.94	6.12	-0.18
Relationship Management	6.63	6.00	6.07	6.13	-0.07
Risk Management	6.71	6.00	6.22	6.21	0.02
Technology	5.67	4.25	5.46	5.82	-0.35
Total	6.20	5.76	5.90	6.04	-0.14

Sweden

Sweden is thankfully running behind its Nordic peers in implementing a number of tax regime changes that are expected to add to the service provider workload, though this is likely more of a “stay of execution” than an escape. It has also not escaped continued pressure on pricing, with CSDs in Finland, Denmark and Sweden announcing what one custodian describes as “sharp increases of fees for users, forcing providers to re-model and to some extent pass on such increases...A worrying development that the industry must take seriously.”

As in other Nordic markets, the provider landscape is dominated by SEB and Nordea with the former accounting for over half the responses recorded for Sweden. As a whole, respondents seem well satisfied with the service they receive from their custodians, with 38% regarding it as Outstanding.

Figure 1: Perceptions in a nutshell (%)



SEB

“SEB has experienced significant growth in the period and will continue to do so going forward,” the bank says. “This will happen hand in hand with a close look at technology innovation, regulatory compliance but most of all by listening to and act on clients and the clients’ needs.”

SEB will be pleased with its scores in the Swedish market, which in most service areas are in Very Good range (6.00-6.99). Particularly impressive are the 6.61 for Asset Servicing and 6.60 for Asset Safety. Client comments are few, but one large European institution sums it up as “Very good service. No issues at all.”

The bank itself points out that its Relationship Management team has been very stable through the survey period, comprising nine people all-in-all across the region. Account Management meanwhile resides in the bank’s Centre of Excellence in Riga.

COVID-19 has admittedly introduced certain challenges to the holding of company meetings across the region, but, says the bank, flexibility in respective national legislation has enabled business to proceed with something approaching normality.

Fig 2: Percentage of responses	
Agent Bank	Percentage of responses
SEB	55
Other	40
Nordea Bank	5

Fig 3: Average scores				
Category	SEB	Market Average	Global Average	Market vs Global
Account Management	6.29	6.19	6.12	0.07
Asset Safety	6.60	6.47	6.45	0.02
Asset Servicing	6.61	6.41	6.31	0.10
Cash Management and FX	6.27	6.20	5.67	0.53
Client Service	6.48	6.43	6.09	0.34
Liquidity Management	5.00	5.77	5.93	-0.16
Pricing	6.00	6.03	5.62	0.41
Regulation and Compliance	6.60	6.30	6.12	0.18
Relationship Management	6.00	6.12	6.13	-0.02
Risk Management	6.11	6.06	6.21	-0.14
Technology	5.82	5.82	5.82	0.01
Total	6.16	6.16	6.04	0.12

Switzerland

UBS

UBS improved last year in the ratings it attracted from clients and this year is confirmation of a trend. Last year, the bank launched a new initiative to upgrade the role of the custody relationship manager, putting emphasis on strategy and innovation through a series of educational sessions with relevant in-house experts. This appears to be yielding results. “Transparent - Flexible - Open for continuous improvement - Very efficient and professional help in case of escalations,” says one client. The bank records its top score for Relationship Management at 6.74.

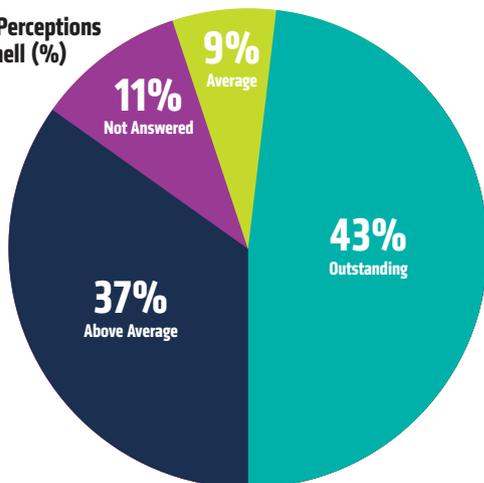
Credit Suisse

A long-established participant in the agent bank survey, Credit Suisse did not receive sufficient responses for a write up, though one client commended “quick feedback and a friendly and knowledgeable team.”

The Swiss Stock Exchange, SIX

SIX has once again recorded an excellent set of results, though

Figure 1: Perceptions in a nutshell (%)



matching last year’s average of 6.86 was never going to be easy. All scores are in Very Good range (6.00-6.99) with Cash Management and FX, a tough category in which to please this year, at 6.60. The updating of the corporate brand to link the exchange with the depository has had practical implications for one client. “SIX decided over the last year to combine their RM coverage to one central point of contact. Before that, we had two different contacts [one at the exchange and one at the CSD]. Now we have one overseeing the total relationship and he is able to represent our interest dependent on where it is applicable within the value chain that SIX offers. That is a smart move!”

Elsewhere, Relationship Management comes in for specific praise. SIX staff are described by one client as “incredibly professional”. SIX Group has done a great job over the last couple of years to listen to us as a customer and we are confident we will maintain a fruitful relationship going forward!”

BNP Paribas Securities Services

The bank which prides itself on bringing together a global operating model with local expertise comes close to the threshold for a write up. It has stellar scores for Relationship Management, Asset Safety and Asset Servicing, but contrasted with lacklustre numbers for Technology and Cash management and FX.

Fig 2: Percentage of responses

Agent Bank	Percentage of responses
The Swiss Stock Exchange, SIX	40
UBS	34
BNP Paribas Securities Services	14
Credit Suisse	9
Other	3

Fig 3: Average scores

Category	SIX	UBS	Market Average	Global Average	Market vs Global
Account Management	6.44	6.32	6.29	6.12	0.17
Asset Safety	6.50	6.58	6.53	6.45	0.09
Asset Servicing	6.53	6.30	6.38	6.31	0.07
Cash Management and FX	6.60	6.67	5.97	5.67	0.30
Client Service	6.32	6.21	6.14	6.09	0.04
Liquidity Management	6.55	6.58	6.20	5.93	0.27
Pricing	6.38	6.18	6.06	5.62	0.44
Regulation and Compliance	6.43	6.41	6.25	6.12	0.13
Relationship Management	6.08	6.74	6.43	6.13	0.29
Risk Management	6.00	6.67	6.33	6.21	0.13
Technology	6.46	6.43	5.95	5.82	0.13
Total	6.39	6.46	6.23	6.04	0.19

The Netherlands

The Dutch market shares much in common with its EU and T2S counterparts in terms of service performance and provider landscape. This year, responses are dominated by BNP Paribas Securities Services with Deutsche Bank and a number of other service providers also represented. Overall respondents seem well satisfied, regardless of the custodian they rated. Close to 85% see their service provider’s performance over the past year as either Above Average or Outstanding. Although collectively the market comes close to global category benchmarks, exceeding them in four instances, it is measurably below for Cash Management and FX and Pricing, the latter showing it is considered relatively expensive.

BNP Paribas Securities Services

BNP Paribas’ results in the Netherlands stretch across a wide range at a category level from a low of 4.83 for Cash Management and FX to a high of 6.81 for Asset Safety. In the main they revolve around the market average benchmarks, which, of course, with the highest participation rate in the market, they helped determine. One might nevertheless expect higher of Relationship Management, Client Service and Liquidity Management. Many of the respondents for the bank have rated it in several markets and similar comments appear in several ratings. “Relationship managers are excellent; however, they need better coordination amongst locations, to make sure service is consistent across markets,” is one such. Another bemoans the online portal experience. “The user experience with their online portal is poor. We can’t see what is done on innovation.” Overall, however, the bank has improved results year-on-year, helped by measurable increases for Asset Safety (+1.19) and Asset Servicing (+0.67). Both of these categories have moved up from Good to Very Good. By contrast, Technology and Cash Management and FX have moved in the opposite direction.

Deutsche Bank

With too few responses for robust analysis, some clients have weighed in with qualitative comment. Regarding Client Service, one stresses that, “We always receive a perfect service from the team,” though the same client expresses minor frustration that the “KYC process has been complicated”.

Figure 1: Perceptions in a nutshell (%)

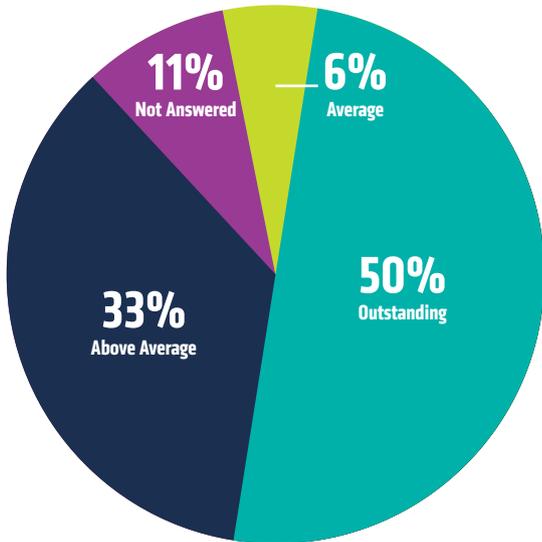


Fig 2: Percentage of responses

Agent Bank	Percentage of responses
BNP Paribas Securities Services	59
Other	23
Deutsche Bank	18

Fig 3: Average scores

Category	BNP Paribas Securities Services	Market Average	Global Score	Difference vs Global
Account Management	5.71	6.03	6.12	-0.09
Asset Safety	6.81	6.73	6.45	0.28
Asset Servicing	6.46	6.46	6.31	0.14
Cash Management and FX	4.83	4.83	5.67	-0.84
Client Service	5.59	6.00	6.09	-0.09
Liquidity Management	5.18	5.78	5.93	-0.15
Pricing	5.1	5.15	5.62	-0.47
Regulation and Compliance	5.88	6.08	6.12	-0.04
Relationship Management	5.85	6.27	6.13	0.14
Risk Management	6.31	6.24	6.21	0.03
Technology	5.29	5.52	5.82	-0.29
Total	5.73	5.92	6.04	-0.13

United Kingdom

In late June, the UK government announced that it would not implement the settlement discipline regime as set out in CSDR. As a result, Euroclear UK & Ireland, the UK CSD, and HM Treasury have initiated discussions with market participants to assess if participants would like to see changes to settlement discipline in the UK market.

The UK has traditionally received one of the larger volumes of responses in the survey, but not so this year, although a range of banks do record responses. Topping the list is BNP Paribas Securities Services which accounts for 30% of those received, followed by Citi with 25%.

Interestingly, some 7% of respondents overall believe they have been receiving a Below Average service over the past year with 17% assessing their service as Average. This is not entirely

surprising given the addition of COVID-19 and ensuing market volatility to the far-from-settled issue of Brexit and the subsequent transition.

Taken as a whole, the market records scores slightly below many of its European peers and below all global category benchmarks, most notably in the areas of Relationship Management and Client Service.

BNP Paribas Securities Services

The bank claims a 23% settlement market share and 4% custody market share of inbound UK custody. Its scores are up measurably for the second year in a row and exceed market category averages in all areas apart from Technology. Asset Safety and Asset Servicing are where it really shines with respective scores of 6.53 and 6.56. It is, however, in Client Service (71 basis points above the market average) that it really pulls away from the pack.

Citi

Citi has recorded a mixed set of results this year, ranging from a surprising low of 4.17 for Cash Management and FX to an impressive 6.14 for Asset Servicing. It exceeds the market average for Client Service by 0.19 points.

Figure 1: Perceptions in a nutshell (%)

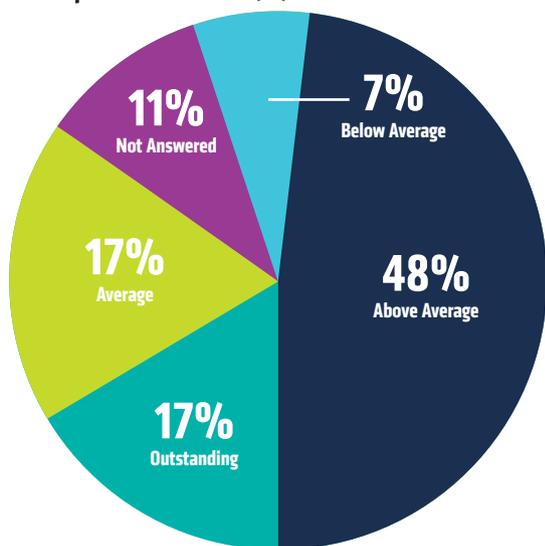


Fig 2: Percentage of responses

Agent Bank	Percentage of responses
BNP Paribas Securities Services	30
Citi	25
Other	25
HSBC	15
Deutsche Bank	5

Fig 3: Average scores

Category	BNP Paribas Securities Services	Citi	Market Average	Global Average	Market vs Global
Account Management	6.19	5.11	5.74	6.12	-0.38
Asset Safety	6.53	6.07	6.20	6.45	-0.25
Asset Servicing	6.56	6.14	6.24	6.31	-0.07
Cash Management and FX	5.55	4.17	5.30	5.67	-0.36
Client Service	6.19	5.67	5.48	6.09	-0.61
Liquidity Management	6.00	5.67	5.88	5.93	-0.05
Pricing	5.47	4.93	5.30	5.62	-0.31
Regulation and Compliance	5.87	5.13	5.53	6.12	-0.59
Relationship Management	5.25	4.67	5.08	6.13	-1.05
Risk Management	6.00	5.56	5.83	6.21	-0.37
Technology	5.63	5.67	5.65	5.82	-0.17
Total	5.93	5.34	5.66	6.04	-0.38

United States

Although – or perhaps because – responses have been recorded for a wide range of US custody providers, no one bank dominates. As with its special partner across the pond, category scores taken collectively are somewhat below global benchmarks, though it has admittedly been a tough year in which to operate in a high-volume environment. Pricing is nevertheless the only category whose score is not in Good range, falling below 5.00, and banks do well in Relationship Management, which, at 6.15 for the market as a whole, has crept above the global benchmark.

Despite high levels of automation, essential to cope with market volumes, Foreign clients are bemused by one or two US specificities. “The RFI process can be difficult due to differences in US - EU regulations,” notes one European bank, while a client

of J.P. Morgan notes that in general “The US Market is difficult to communicate with and they do not issue clear trade confirmations or email communications prior to settlement.”

BNP Paribas Securities Services

Though the number of responses received for BNP Paribas Securities Services are too few for publication, those recorded suggest great promise for the bank’s future development of its US custody business – all “top of the range.”

BNY Mellon

BNY Mellon receives more responses than any of its peers. It seems that Pricing is a weak point, though Asset Safety and Technology are relatively strong. One client notes, however, that “Invoices are complicated and not always on time; we need to chase to receive the invoice after the remittance has been debited.”

BBH

BBH has traditionally been a strong player in US sub-custody. Its ratings, coming on the whole from larger clients, do seem to be above average. One client lauds “Senior management commitment.”

Citi

Citi’s results range widely with Pricing at the bottom and Risk Management at the top. One European bank values “Monthly senior calls with our Relationship Manager, who is always approachable.” Another laments the pace of account opening and closing.

Figure 1: Perceptions in a nutshell (%)

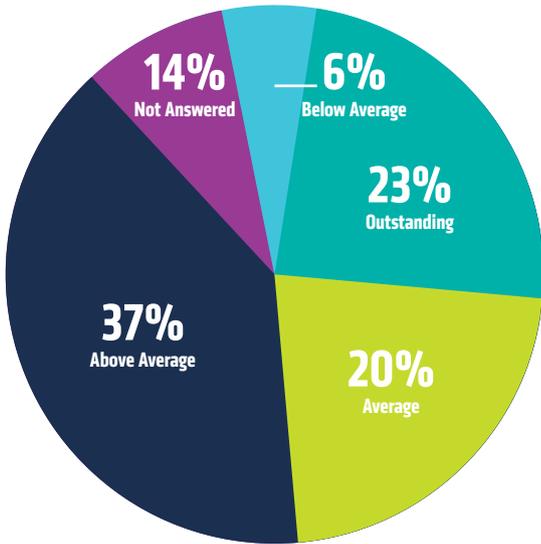


Fig 2: Percentage of responses	
Agent Bank	Percentage of responses
Other	49
BNY Mellon	11
BNP Paribas Securities Services	9
Brown Brothers Harriman (BBH)	9
Citi	9
J.P. Morgan	9
Deutsche Bank	3
HSBC	3

Fig 3: Average scores			
Category	Market Average	Global Average	Market vs Global
Account Management	5.61	6.12	-0.51
Asset Safety	5.89	6.45	-0.56
Asset Servicing	5.86	6.31	-0.45
Cash Management and FX	5.91	5.67	0.24
Client Service	5.37	6.09	-0.73
Liquidity Management	5.39	5.93	-0.53
Pricing	4.76	5.62	-0.86
Regulation and Compliance	5.55	6.12	-0.57
Relationship Management	6.15	6.13	0.01
Risk Management	5.79	6.21	-0.42
Technology	5.74	5.82	-0.08
Total	5.64	6.04	-0.40