# The 20216 AGENT BANKS

# INEMERGING MARKETS SURVEY

# GETTING OLD

Last year agent banks were given credit by clients for battling through the initial upheaval wrought by the Covid pandemic. This year it seems like everyone's a little tired.

s with last year, it is worth pointing out that completion of the ABEM survey has traditionally involved cooperation among colleagues at respondent institutions. Given its breadth and scope, the exercise usually involves canvassing the views of those with responsibility for particular geographies and/or functions.

This is more difficult to accomplish in a "distributed" work environment and we are therefore grateful to those industry participants, both clients and service providers, who worked to ensure that responses were completes. As in 2020, the 500-odd validated individual responses received represent several hundred billion dollars in invested assets.

Figure 1 lists all the markets rated this year, presented in order of the percentage of overall responses attributed to them. Interestingly, the three markets at the top of the list, India,

Greece and Russia, are also those where a relatively large number of custodians are competing for business.

Figure 2 shows the top 10 (actually 11 as there is a tie for 10th place) providers by number of responses received. The majority are from the same three markets that appear both in the table above and which are also to be found at the upper end of the table ranking markets by score (see fig. 3).

Scores have in general declined across the board with one or two exceptions as the so-called new normal proves to be less attractive than the old normal when it comes to ease of doing business. Figure 3 ranks the markets in the survey by their overall average score and there is a dearth of markets averaging scores in the sixes. The scoring system is explained in the Methodology section below, but, as a rough guide, the closer to 7.00, the better.

# Methodology

The Global Custodian Agent Bank Surveys are designed to elicit the views of cross-border investors about the post-trade services they receive in markets around the world. They have been conducted annually since 1989. The universe of markets in the GC Agent Banks in Emerging Markets (ABEM) survey draws primarily on the MSCI and S&P Emerging 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 with some discretion at the lower end depending on weightings.

The response pool is drawn from two sources. Those respondents who completed the survey last year are invited to do so again, while service providers in the markets concerned are invited either to submit client lists for invitation or to approach those clients themselves. In

addition, participating service providers are given controlled access to a back-end system to allow them to validate that the ratings they have received come from bona fide clients. Any responses submitted by institutions that were not clients of the rated provider in the 12 months under review are removed.

The questionnaire is divided into 13 service categories. There is only one rating question per category. Participants are asked to rate the quality of service in each category on an online 'scorecard' by using a sliding scale from Unacceptable to Excellent. 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 the size of assets held in custody by the rated provider for the respondent concerned.

Given the lower levels of activity in emerging markets in general compared to those covered in our Agent Banks in Major Markets (ABMM) survey published in the Fall edition of Global Custodian, the threshold for a write-up of any service provider is five responses rather than 10. Where a market as a whole has achieved the threshold it receives a write up even if no individual provider within it is eligible for detailed analysis.

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.

Global Custodian offers official digital accreditation for outperformance at a

Fig. 1 Markets rated	Percentage of total responses
India	25.68
Greece	11.16
Russia	9.26
China	7.79
South Africa	5.47
Egypt	4.42
Taiwan	4.42
Turkey	4.21
UAE	4.21
Poland	3.79
Brazil	3.58
Malaysia	2.32
Hungary	2.11
Philippines	1.89
Thailand	1.89
Indonesia	1.47
Mexico	1.47
Czech Republic	1.05
Pakistan	1.05
Qatar	1.05
Colombia	0.84
Saudi Arabia	0.84

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
on either of these options, please contact
matt.aldred@globalcustodian.com or been-
ish.hussain@globalcustodian.com.

In addition, in 2022, a series of interactive, analytical dashboards will available on subscription. Designed to turn survey insights into actionable business decisions, this new range of dashboards leverages the Global Custodian survey data, combining it with an extensive range of analytical capabilities from the ValueExchange. For more information on these, contact daljit.sokhi@globalcustodian.com or barnaby.nelson@thevalueexchange.co.

Fig. 2. Top 10 by number of responses		
Agent Bank	Market	Number of Responses
Edelweiss	India	35
ICICI Bank	India	27
Eurobank Greece	Greece	19
Piraeus Bank Securities Services	Greece	17
SBISG Global Securities Services	India	16
Sberbank of Russia	Russia	15
Standard Chartered Bank	Taiwan	13
Standard Chartered Bank	China	12
VTB Bank	Russia	12
BNP Paribas Securities Services	Brazil	10
Deutsche Bank	India	10

Fig. 3 Markets by survey average	
Market	Market average
India	6.49
Qatar	5.80
UAE	5.76
Saudi Arabia	5.69
China	5.61
Greece	5.59
Russia	5.59
Thailand	5.58
Philippines	5.50
Egypt	5.46
Turkey	5.46
Pakistan	5.44
Colombia	5.28
Brazil	5.27
South Africa	5.27
Poland	5.20
Malaysia	5.18
Taiwan	5.16
Czech Republic	5.01
Hungary	4.93
Indonesia	4.67
Mexico	4.47

# **Brazil**

In November 2021, according to specialist publication Brazilian Report, a bull sculpture was placed outside Sao Paolo Stock Exchange and lasted roughly a week before authorities removed it as unauthorised advertising. Not long after, a local artist replaced it with a golden starving cow to reflect the state of the Brazilian economy.

Funds have recently been flowing back into Brazilian ETFs, betting that the market, a global underperformer this year, has bottomed out. From a post-trade perspective, scores are down too, though not to a distressing degree. Taken as a whole, service providers in Brazil average above 5.00, the threshold between Satisfactory and Good, in all service areas bar Pricing and Securities Lending.



Number of responses	17
Market average score versus 2020:	-0.59 (-10%)

### **BNP Paribas**

In this environment, it is to the credit of BNP Paribas that the bank has managed to attract scores above the global average in over half of all service categories and above the market average in all. Five category scores are 6.00 or above, the strongest being Cash Management and FX (6.25). One European bank client comments: "I would like to say thanks for all Team Brazil. They are very competent."

The bank itself points to the need for a collective effort on market reform. It maintains a dedicated team monitoring the market and working closely with major committees on areas such as SWIFT connectivity for the CSD, simplification of FX procedures and enabling remote voting.

"We benefit from an experienced local team with a strong track record in the custody business and an 8+ year average seniority in the securities services industry," says the bank.

"Our whole team is based in Sao Paulo, close to regulator and market."

# Other providers

While responses were received for several other service providers in Brazil, none managed to cross the threshold for individual analysis.

Santander CACEIS (S3 CACEIS Brasil) implemented a new custody system for international investors in 2019, which it has subsequently refined to allow for further automation and improved cut-off times. Other providers for which individual responses were recorded include Citi, rated Above Average, Deutsche Bank, Itaú Unibanco and Mirae Asset Wealth Management (Brazil).

Category	BNP Paribas	Market Average	Global Average
Account Management	5.89	5.63	5.94
Asset Safety and Risk Management	5.57	5.31	5.79
Asset Servicing	5.63	5.14	5.82
Cash Management and FX	6.25	5.64	5.75
Client Service	6.00	5.75	5.98
Data Services	5.67	5.00	5.74
Digitalisation and Innovation	5.60	5.10	5.55
Liquidity Management	6.00	5.30	5.71
Pricing	5.14	4.71	5.43
Regulation and Compliance	5.67	5.31	5.81
Relationship Management	6.11	5.75	5.99
Securities Lending	6.00	4.67	5.63
Technology	5.75	5.23	5.59
Overall average	5.79	5.27	5.75

# China

Over the past decade, China has been reforming its regulations and operational processes in the direction of opening up to further foreign investment. Reforms have covered both the scope of investible assets and the means to access them.

### Standard Chartered Bank

Two-thirds of respondents for Standard Chartered (SCB) regard its service overall in the Chinese market as Outstanding, with the remainder rating it Above Average.

One asset manager from within the region says it has "highly appreciated all the support from SCB, with well trained staff, to support our business growth in different areas."

In what is a relatively high scoring market, SCB manages to outperform all market global and category averages, its highest

# MARKET SCORE DISTRIBUTION N/A (%) Weak (%) 1% Excellent (%) 32% Satisfactory (%) 26% Very Good (%) 23%

Number of responses	37
Market average score versus 2020:	-0.48 (8%)

score being 6.42 for Account Management.

The bank itself identifies a number of factors that it believes distinguish it from other providers in this market. It has a live local fund custody business in China, "which allows us to serve all types of investors with a comprehensive suite of products."

It also maintains a China Market Access desk in London and New York to further connect investors and capital market infrastructures.

# **DBS Bank**

DBS' service is rated Outstanding by 80% of its respondents. The bulk of its category scores are above 6.00 (Very Good) and it is only let down by perceived weakness in Data Services – a new category in this year's survey covering the provision of actionable insights from client data.

The bank points to its AA- and AA1 credit ratings as indications of Asset Safety, for which it scores well above both market and global averages.

### **BNP Paribas**

BNP Paribas has a full set of category scores above 6.00. "It's always a pleasure working with the team," says one European asset manager.

Unusually one of the bank's joint highest scores is for Pricing.

# Other providers

Responses were also received for HSBC, which fell just short of the threshold, as well as for Bank of China, China Construction Bank and Citi.

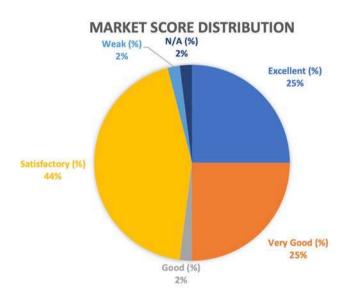
Category	SCB	DBS	BNPP	Market Average	Global Average
Account Management	6.42	6.38	6.60	5.84	5.94
Asset Safety and Risk Management	6.33	6.25	6.25	5.69	5.79
Asset Servicing	6.27	6.25	6.50	5.77	5.82
Cash Management and FX	6.17	6.25	6.50	5.78	5.75
Client Service	6.25	6.25	6.60	5.73	5.98
Data Services	6.09	3.50	6.00	5.30	5.74
Digitalisation and Innovation	5.90	5.75	6.25	5.38	5.55
Liquidity Management	6.10	6.25	6.33	5.71	5.71
Pricing	5.83	6.25	6.67	5.43	5.43
Regulation and Compliance	6.18	6.38	6.25	5.66	5.81
Relationship Management	6.08	6.25	6.60	5.70	5.99
Securities Lending	6.17	n/a	6.67	5.30	5.63
Technology	6.00	6.25	6.25	5.58	5.59
Overall average	6.14	5.85	6.42	5.61	5.75

# Colombia

lthough Colombia attracted more responses than in 2020. Athis was off a very low base and no single provider received sufficient for a write up. Responses were, however, received for BBVA, BNP Paribas Securities Services, Citi and HSBC.

Based on overall responses received, levels of service are perceived as good, if not spectacular with category scores clustering in the lower fives - below the global averages in most cases, but still respectable. In addition, half of all individual category ratings awarded are in either Excellent or Very Good range.

Bolsa de Valores de Colombia (bvc) is the main Colombian capital market infrastructure operator and covers the full transaction chain in one way or another from issuer services through trading,



Number of responses	4
Market average versus 2020:	n/a

risk management, clearing, settlement, custody and market infor-

In late 2021, Reuters reported that the Colombian, Chilean and Peruvian stock exchanges had agreed a merger into a regional holding company, pending approval by each country's regulator. The holding company would be based in Chile. The Chilean and Colombian exchanges will control 40% each of the holding company, and the Peru exchange 20%.

It is hoped the resulting integration will provide the requisite scale to attract further international participation.

In addition, the Colombian exchange is making strides in the area of ESG, according to law firm Morrison & Foerster. "In April 2021, Colombia's Financial Superintendency adopted Circular 007, which requires that all Colombian institutional investors, as part of their mandated disclosures, discuss the ways in which ESG factors were evaluated when making investment decisions," says the firm. "Colombia has enacted other laws, through different ministries and departments, which increase the disclosure requirements by domestic companies of their adoption and compliance with ESG policies."

A bill currently under debate at the Congress would allow for the possibility of split voting by non-resident investors. The bill would also allow for custodians to provide credit facilities to their custody clients.

On the technology side, DCV, the Colombian CSD is undertaking an IT renewal project to adopt international standards in CSD processes, covering, inter alia, new issues, custody, income collection, clearing and settlement.

Category	Market Average	Global Average	Difference
Account Management	5.25	5.94	-0.69
Asset Safety and Risk Management	5.25	5.79	-0.54
Asset Servicing	5.25	5.82	-0.57
Cash Management and FX	5.25	5.75	-0.50
Client Service	5.25	5.98	-0.73
Data Services	5.25	5.74	-0.49
Digitalisation and Innovation	5.25	5.55	-0.30
Liquidity Management	5.25	5.71	-0.46
Pricing	5.00	5.43	-0.43
Regulation and Compliance	5.25	5.81	-0.56
Relationship Management	5.50	5.99	-0.49
Securities Lending	5.67	5.63	0.04
Technology	5.25	5.59	-0.34
Overall average	5.28	5.75	-0.47

# Czech Republic

In April this year, the Prague Stock Exchange celebrated the **▲**150th anniversary of its founding, if not continuous operation. Following the fall of the communist regime, the first trades on the floor of the renewed exchange took place on 6th April 1993.

According to a report by Bloomberg in early December, the PX equity index has been one of the best performers in the world in 2021, returning 42% including dividends.

Central Securities Depository Prague is a wholly owned subsidiary of the exchange. According to one service provider, all recent regulatory, operational and infrastructural developments in the

MARKET SCORE DISTRIBUTION

		Excellent (	%) Very Go 8%	
J/A (%) 38%				
	<b>\</b>		1	Good (%)

Weak (%)

Satisfactory (%)

Number of responses	5
Market average score versus 2020:	n/a

market are now linked to the implementation of the CSDR and its settlement discipline related features.

Responses to this year's survey were recorded for CSOB, Unicredit and Citi. While responses at an individual service provider level are insufficient for individual analysis, aggregate results at a country level suggest a market that is regarded as Satisfactory in most areas, excelling primarily in the high touch areas of Client Service and Relationship Management.

The market underperforms the global average most notably in the areas of Cash Management and FX, Securities Lending and Technology.

Of the three banks mentioned, additional information was provided by CSOB on its position in the market. CSOB is the largest bank in the Czech Republic and the largest CZK clearing bank. As such, it suggests, it is able to support large client trade volumes even when instructed close to market deadline. It estimates that it accounts for 20-25% of the market for international third parties requiring securities services in the Czech Republic.

Unlike the majority of custodians in the Czech market, the bank suggests, CSOB has a dedicated account management team, which is responsible for account opening and management, and responds to day-to-day client inquiries. "This is an additional service team, besides the standard RM and B/O functions," the bank explains.

While emerging markets appear to be following the major market trend of consolidating securities services in regional frameworks, Czech Republic is one market, along with Russia, Poland and Greece, where an indigenous service provider still retains a substantial slice of incoming business.

Category	Market Average	Global Average	Difference
Account Management	5.25	5.94	-0.69
Asset Safety and Risk Management	5.00	5.79	-0.79
Asset Servicing	5.00	5.82	-0.82
Cash Management and FX	4.33	5.75	-1.42
Client Service	6.25	5.98	0.27
Data Services	n/a	5.74	n/a
Digitalisation and Innovation	n/a	5.55	n/a
Liquidity Management	5.00	5.71	-0.71
Pricing	4.40	5.43	-1.03
Regulation and Compliance	5.00	5.81	-0.81
Relationship Management	6.50	5.99	0.51
Securities Lending	4.00	5.63	-1.63
Technology	4.33	5.59	-1.26
Overall average	5.01	5.75	-0.74

32%

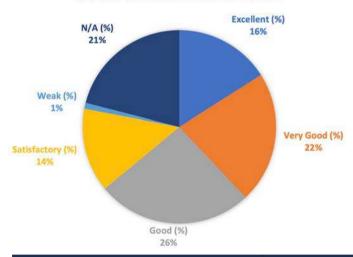
# Egypt

Several projects are under way in Egyptian capital markets. In December 2020, the Prime Minister of Egypt approved the establishment of a central depository for government debt. To be called ECSD, the depository is slated for live launch in 2022.

The Egyptian Government has also taken steps towards the creation of a commodities exchange. A derivatives market is also on the cards.

For the market as a whole, category scores this year are all in the Good range (5.00-5.99), if a little below global category averages. Client Service appears well regarded (5.80) and there seems to be some recognition that room to manoeuvre by individual service providers is somewhat constrained by regulation in certain areas. As one respondent for Citi noted, "Documentation requirements are market-related; hence, they are out of the hands of the local custodian."

# MARKET SCORE DISTRIBUTION



Number of responses	21
Market average score versus 2020:	0.43 (7%)

### **National Bank of Egypt**

NBE has recorded a set of category scores above the market averages and, in five areas, above the global averages as well. Its best results are for Client Service (6.22) and Regulation and Compliance (6.00). The latter is a significant uplift on its 2020 score for the same category. Clients clearly value the bank's intermediation in keeping them abreast of regulatory requirements.

Over two thirds of clients responding for NBE mark the overall standard of service received as Outstanding. "Excellent service received from the custody team," says one Southern African client. "We are informed well in advance of any issues that may cause our bonds not to settle, giving us ample time to resolve the settlement issues. Keep up the great service."

### **ONB Alahli**

The majority of responses for QNB Alahli come from within the MENA region. Its results have dipped compared to its impressive 2020 scores, though for no clear reason, since respondents have not highlighted any particular issues in their additional comments. The bank's best result this year is for Account Management (6.00), where it also outperforms the global average. All other categories are still within the Good range (5.00-5.99) apart from Technology and Securities Lending.

# Other providers

Responses were also received for Citi, HSBC and Deutsche Bank. Though not sufficient for individual analysis, their results have contributed to the establishment of the market averages.

Category	NBE	QNB Alahli	Market Average	Global Average
Account Management	5.89	6.00	5.70	5.94
Asset Safety and Risk Management	5.89	5.60	5.74	5.79
Asset Servicing	5.89	5.80	5.79	5.82
Cash Management and FX	5.86	5.40	5.47	5.75
Client Service	6.22	5.60	5.80	5.98
Data Services	5.43	5.50	5.43	5.74
Digitalisation and Innovation	4.71	5.25	5.00	5.55
Liquidity Management	4.83	5.25	5.21	5.71
Pricing	5.43	5.20	5.39	5.43
Regulation and Compliance	6.00	5.20	5.59	5.81
Relationship Management	5.89	5.60	5.68	5.99
Securities Lending	5.17	4.33	5.00	5.63
Technology	5.17	4.60	5.13	5.59
Overall average	5.57	5.33	5.46	5.75

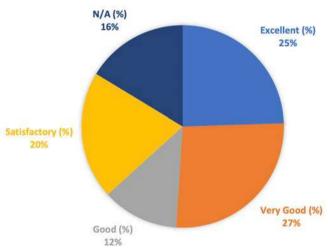
# Greece

While Greece's market score has fallen slightly, it has done so by less than the global average. It remains one of the few markets where indigenous banks retain a significant role as providers of securities services in competition with regional and global sub-custodians. As a result, competition remains relatively strong, though local banks have to fight back from the implications for their own business of Greece's sovereign debt downgrade during the worst of the financial crisis fallout.

# **Eurobank**

Eurobank has had a good year survey-wise, though it has not repeated last year's results, which were dominated by category scores above 6.00 (Very Good). It has nevertheless exceeded all market averages and most global averages. Relationship Man-

# MARKET SCORE DISTRIBUTION



Number of responses	53
Market average versus 2020:	-0.17 (3%)

agement appears its strongest suit. "Easy doing business with Eurobank," says one regional client.

Eurobank itself points to a recent successful large-scale corporate transformation, designed to make a significant dent in the non-performing exposures that have plagued Greek banks. "With a healthy business model and having dealt with a large portion of its NPE stock, Eurobank is concentrating its efforts on strengthening its business, financing solid projects and attracting new clients, says the bank.

# **Piraeus Bank**

Piraeus Bank has recorded a contradictory set of results. While scores are down on 2020 in most service areas, moving from Very Good range to Good, over 60% of respondents rate its overall service as Outstanding. Client Service and Account Management remain rated as Very Good. Meanwhile, the vast bulk of respondents for Piraeus (85%) say they would recommend Piraeus to peers in the industry.

# **BNP Paribas Securities Services**

BNP Paribas has a long presence in Greece as a sub-custodian, predating the strategic global expansion of its own-branch sub-custody network. "Structural market changes and digital transformation combined with a continuously evolving regulatory framework create a need for innovative solutions. This is the context that helped drive our enhancements to upgrade asset servicing and settlement capabilities," says the bank, pointing in particular to its engagement with market authorities and infrastructures on the requirements of CSDR and SDR.

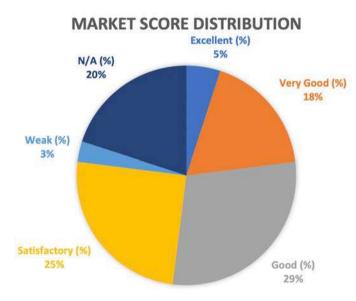
Category	Eurobank	Piraeus	BNPP	Market Average	Global Average
Account Management	5.95	6.00	5.57	5.81	5.94
Asset Safety and Risk Management	6.00	5.53	5.67	5.68	5.79
Asset Servicing	6.00	5.50	5.67	5.73	5.82
Cash Management and FX	5.71	5.58	5.00	5.39	5.75
Client Service	6.11	6.00	6.29	6.02	5.98
Data Services	5.80	5.54	5.80	5.59	5.74
Digitalisation and Innovation	5.67	5.00	5.50	5.33	5.55
Liquidity Management	5.63	5.36	5.00	5.33	5.71
Pricing	5.83	5.44	4.43	5.26	5.43
Regulation and Compliance	6.11	5.60	5.67	5.73	5.81
Relationship Management	6.22	5.88	6.43	6.06	5.99
Securities Lending	4.86	5.56	5.50	5.21	5.63
Technology	5.63	5.57	5.20	5.53	5.59
Overall average	5.81	5.58	5.52	5.59	5.75

# Hungary

This is not the best year for client perception of service received in the Hungarian market with one of the larger relative drops in the survey from 2020. In terms of individual ratings, Hungary still records 52% as between Good (5) and Excellent (7), but that leaves 28% between Weak and merely Satisfactory with 20% disinclined to pass judgement.

Like most European markets, one focus over the past year has been on digesting regulatory change. A decree transposing the EU Directive on Shareholder Rights (SRDII) into the national law, was published in July 2019 and the implementing regulation came into effect in early September 2020.

Local market infrastructure has also been subject to reform. KELER, the CSD, jointly owned by the National Bank of Hungary



Number of responses	10
Market average versus 2020:	-0.71 (13%)

and the Budapest Stock Exchange, has revised and redesigned its Strategic Modernisation Program, the main objective of which is to achieve T2S harmonisation and implement a modernised IT architecture.

"KELER successfully completed the first phase of a key development that has taken several years to complete, the largest IT system upgrade in decades." said Zsolt Demkó-Szekeres, CEO of KELER, announcing live launch on 6 December.

"The main objective of the programme was to create an efficient, state-of-the-art IT infrastructure based on new development foundations, using a domestic, partly in-house developer-supplier background, which, in addition to being secure and easier to operate, also meets regulatory requirements."

Additional elements will be added to the CSD's functionality from February 2022, when fines will be legally binding for failed settlements among KELER participants.

# **BNP Paribas**

Only one bank, BNP Paribas Securities Services, qualified for an individual write up this year. The bank estimates that it holds an approximatively 18% market share for OTC settlements and 10-12% on assets under custody for foreign investors in the local market. It has seen a number of category results dip into merely Satisfactory territory this year after an impressive result in 2020, though the survey sample was admittedly small.

# Other providers

Responses were also received for Citi, UniCredit Group and Raiffeisen Bank International (RBI).

Category	BNPP	Market Average	Global Average
Account Management	5.50	5.33	5.94
Asset Safety and Risk Management	4.67	4.86	5.79
Asset Servicing	5.00	5.00	5.82
Cash Management and FX	5.00	5.00	5.75
Client Service	5.00	5.11	5.98
Data Services	5.00	5.00	5.74
Digitalisation and Innovation	3.67	4.50	5.55
Liquidity Management	4.67	4.86	5.71
Pricing	4.67	4.63	5.43
Regulation and Compliance	4.67	4.86	5.81
Relationship Management	5.50	5.67	5.99
Securities Lending	4.50	4.80	5.63
Technology	3.75	4.50	5.59
Overall average	4.74	4.93	5.75

# India

The Indian market has again recorded a set of extremely high scores for a relatively large range of service providers.

### **Edelweiss**

For the first time, Edelweiss has recorded a clear sweep of '7s', the highest possible score in the survey. Responses came primarily from fund managers in Mauritius and the USA.

### **ICICI Bank**

ICICI Bank is classified by the Central Bank of India as one of the three systemically important India banks. Its overall score of 6.50 just exceeds the admittedly high market average and is well above all global category averages. All scores are in Very Good range (6.00-6.99).

### **SBISG**

SBISG states that it provides independent clearing services to its clients. "There are no potential conflicts of interest as we are not a trading member. Investors have the flexibility to trade with multiple trading members," says the custodian. The bulk of its category scores are in Very Good range as its overall average.

# **Deutsche Bank**

Deutsche Bank is one of the few providers in this year's survey to raise its market average score. Like its peers, it exceeds all global category averages and registers a set of results on Very Good range.

### Standard Chartered Bank

With little to distinguish between peer results in this highly competitive market, Standard Chartered points to what it sees

Number of responses	122
Market average versus 2020:	-0.14 (2%)

as a number of differentiators, including its status as "the largest foreign bank in India with more than 160 years of history and 25 years of custody presence" and as the sole custodian for India's largest public social security fund.

# **BNP Paribas Securities Services**

BNP Paribas Securities Services India identifies its core strengths as Client Services, Operations, Client Delivery, Client On-boarding, Relationship Management and Market Intelligence. All category scores are above the global averages.

### **DBS Bank**

DBS is another of the select group of providers to have improved its results since last year, when they were already impressive. Only pricing prevents it achieving a clean sweep of 7s.

# **Stockholding Corporation**

After a year out in 2020, Stockholding is back with the bulk of scores in Very Good territory. As with its rivals, it exceeds nearly all global averages, most notably for Pricing.

# Other providers

Responses were also received for Citi and HSBC.

Category	Edelweiss	ICICI	SBISG	Deutsche Bank	SCB	BNPP	DBS	StockHolding	Market Average	Global Average
Account Management	7.00	6.54	6.25	6.30	6.44	6.13	7.00	6.20	6.53	5.94
Asset Safety and Risk Management	7.00	6.38	6.40	6.22	6.11	6.13	7.00	6.20	6.48	5.79
Asset Servicing	7.00	6.54	6.29	6.40	6.33	6.13	7.00	6.20	6.53	5.82
Cash Management and FX	7.00	6.42	6.19	6.50	5.89	6.13	7.00	6.00	6.47	5.75
Client Service	7.00	6.46	6.50	6.70	6.44	6.13	7.00	6.20	6.60	5.98
Data Services	7.00	6.64	5.93	6.80	6.00	5.86	7.00	5.80	6.51	5.74
Digitalisation and Innovation	7.00	6.32	5.67	6.43	5.63	6.00	7.00	5.60	6.35	5.55
Liquidity Management	7.00	6.75	5.85	6.50	6.33	6.00	7.00	5.80	6.57	5.71
Pricing	7.00	6.54	6.13	6.10	5.44	6.00	6.71	6.00	6.38	5.43
Regulation and Compliance	7.00	6.42	6.33	6.40	6.00	6.00	7.00	6.20	6.49	5.81
Relationship Management	7.00	6.42	6.50	6.80	6.33	6.00	7.00	6.20	6.58	5.99
Securities Lending	7.00	6.57	6.08	6.60	5.80	5.67	7.00	5.50	6.52	5.63
Technology	7.00	6.48	5.63	6.13	6.00	5.88	7.00	5.80	6.35	5.59
Overall average	7.00	6.50	6.13	6.45	6.06	6.00	6.98	5.98	6.49	5.75

# Indonesia

In March this year, the CFA Institute described Indonesia as one of the promising markets in Asia, "as a country with the largest GDP in the Association of Southeast Asian Nations (ASEAN)—nominal GDP of USD1.12 trillion in 2019. Besides that, Indonesia has a population of 267 million, also the highest in ASEAN, with a demographic bonus. There is still much room for growth in the Indonesian capital market from both the investors' side and the listed companies' side."

In an effort to boost reengagement by stakeholders in recovering from the pandemic, the Financial Services Authority (OJK), together with Indonesia Stock Exchange (IDX), Indonesia Clearing and Guarantee Corporation (KPEI) and Indonesia Central Se-



N	lumber of responses	7
N	Aarket average versus 2020:	-0.22 (-4%)

curities Depository (KSEI) held a "CEO Networking 2021" event in mid-November with presentations on the Indonesia capital market from listed companies, exchange members, IDX incubator-assisted companies, custodian banks, investment managers, selling agents and representatives of associations, institutional investors, academics, and other stakeholders.

With a small sample of responses this year, Indonesia has recorded results largely in the Good range. Only Pricing and Data Services score below 5.00. At the other end of the spectrum, Asset Safety and Risk Management registered a score of 5.83 – above the global average for that category and close to last year's result.

Responses were received for Deutsche Bank, HSBC and Standard Chartered Bank. Though no provider received sufficient for individual analysis, Standard Chartered itself provided information on what it sees as differentiating factors in its Indonesian market service. "We were the first custodian bank to launch a multi-share class fund in 2019, and in 2020, we further expanded the product to cater to various first-in-market structures. Our innovative T+0 redemption feature for mutual funds, which we had launched in the market the previous year, continues to be in high demand. We expanded the commercialisation of the product by collaborating with a leading P2P FinTech platform and Indonesia's unicorn e-commerce utilising our virtual account technology to automate payment." The bank also claims to be the first custodian bank to use virtual accounts to make direct fund redemptions to investors.

With the efforts of stakeholders to promote market opportunities, we would expect 2022 to see an uplift in responses for Indonesia, allowing for more granular analysis.

Category	Market Average	Global Average	Difference
Account Management	5.71	5.94	-0.23
Asset Safety and Risk Management	5.83	5.79	0.04
Asset Servicing	5.33	5.82	-0.49
Cash Management and FX	5.33	5.75	-0.42
Client Service	5.43	5.98	-0.55
Data Services	4.67	5.74	-1.07
Digitalisation and Innovation	5.00	5.55	-0.55
Liquidity Management	5.33	5.71	-0.38
Pricing	4.71	5.43	-0.72
Regulation and Compliance	5.17	5.81	-0.64
Relationship Management	5.43	5.99	-0.56
Securities Lending	5.50	5.63	-0.13
Technology	5.20	5.59	-0.39
Overall average	5.28	5.75	-0.47

# Malaysia

T he global fall in results year-on-year has, in the case of Malaysia, meant that most categories have dropped down a notch from Very Good to Good. In some cases – Pricing and Technology, for example – clients appear to be notably less enthusiastic than in 2020.

Pricing is one area where the Malaysian market diverges significantly from the global average, which it underperforms by 0.86 points, suggesting that clients find it comparatively expensive in the broad area of post-trade services. By contrast, Regulation and Compliance is where it comes closest to the global average. Market stakeholders do, however, appear to be making a concerted effort to take advantage of digital technologies.



Number of responses	11
Market average versus 2020:	-0.6 (-10%)

### **Standard Chartered Bank**

Standard Chartered provides end-to-end securities services solutions across conventional bank and Islamic banking via Standard Chartered Bank Berhad and Standard Chartered Saadiq Berhad. It also currently chairs the Malaysian Securities Market Practice Group.

In 2020, Standard Chartered Bank recorded a set of results mostly in Very Good range and above most market averages. This year's scores tell a less impressive story, though client comments provide no evidence of particular disenchantment. With three-quarters of category scores and an overall average still in the Good range, there is therefore no immediate cause for concern. The bank will, however, want to see an improvement in perceptions of its technology as interaction with a service provider's IT is likely to have a significant impact on overall appreciation of service.

Other providers were also received for HSBC and Malayan Banking Berhad (Maybank). The latter's client base is dominated by domestic clients though it does have a number of sub-custody clients and claims a 10% share of third-party international clients. Maybank recently unveiled a new five-year strategy (M25) designed to accelerate its growth and entrench its position in the region's financial services. It is built on three strategic priorities, namely being Pervasively Digital, building New Value Drivers and embedding Sustainability throughout Maybank's operations. The bank was recently involved in a proof of concept for a block-chain-based dematerialisation of structured warrants on Bursa Malaysia.

Category	SCB	Market Average	Global Average
Account Management	5.33	5.38	5.94
Asset Safety and Risk Management	5.17	5.38	5.79
Asset Servicing	5.17	5.13	5.82
Cash Management and FX	5.00	5.29	5.75
Client Service	5.33	5.38	5.98
Data Services	5.60	5.29	5.74
Digitalisation and Innovation	5.00	5.00	5.55
Liquidity Management	4.80	5.14	5.71
Pricing	4.40	4.57	5.43
Regulation and Compliance	5.67	5.63	5.81
Relationship Management	5.50	5.38	5.99
Securities Lending	4.80	4.83	5.63
Technology	4.83	4.88	5.59
Overall average	5.12	5.18	5.75

# Mexico

Mexico's securities markets have seen their profile as a key destination for foreign portfolio abate somewhat in recent years although Mexico remains a major market for foreign investment and has traditionally been well-served by both custody providers and financial market infrastructures. The Comisión Nacional de Bancaria y de Valores, or National Banking and Securities Commission (CNBV), is the main regulator setting the ground rules for Mexican equity markets. It regulates and supervises listed firms, banks, brokerage houses, other depositary financial entities, mutual funds, and other financial intermediaries and market participants.

On the positive side, Mexican indices have done well in 2021



Number of responses	
Market average versus 2020:	n/a

after taking something of a COVID-related battering in 2020. This may well reignite greater enthusiasm from foreign investors in the year ahead and consequently more activity for securities services firms.

In the meantime, while IPOs have boomed in some other markets in the region, a number of firms have actually delisted in Mexico.

In 2020, Mexico was absent from the ABEM survey. It returns this year, but with insufficient responses for any individual service provider to be written up. Responses were, however, received for Citi and Banco S3 México, S.A.(Caceis), the strategic partnership formed in 2019 from the combined strengths of Caceis and Banco Santander. In addition several other providers have traditionally been active in this market.

Overall, scores are relatively low with all service categories scoring in Satisfactory range (4.00-4.99). This is somewhat below the global average. Within that range, Regulation and Compliance attracts the highest score (4.86) and Pricing the lowest (4.14). This suggests that the market is seen as expensive though whether this is in comparison to other markets or in relation to service actually received is unclear.

An alternative way to view client perception is by aggregating the individual scores at each 1-to-7 point. By that measure, 11% of responses across all categories are either Very Good (6) or Excellent (7), 24% are Good (5), 59% are Satisfactory (4) and only 3% describe any service category as weak.

Category	Market Average	Global Average	Difference
Account Management	4.71	5.94	-1.23
Asset Safety and Risk Management	4.43	5.79	-1.36
Asset Servicing	4.43	5.82	-1.39
Cash Management and FX	4.43	5.75	-1.32
Client Service	4.57	5.98	-1.41
Data Services	4.33	5.74	-1.41
Digitalisation and Innovation	4.29	5.55	-1.26
Liquidity Management	4.43	5.71	-1.28
Pricing	4.14	5.43	-1.29
Regulation and Compliance	4.86	5.81	-0.95
Relationship Management	4.71	5.99	-1.28
Securities Lending	4.40	5.63	-1.23
Technology	4.43	5.59	-1.16
Overall average	4.47	5.75	-1.27

# **Pakistan**

A fter missing out last year, Pakistan is back in this year's survey with responses recorded for Deutsche Bank, Citi, and Standard Chartered Bank. Individually, they were too few to attract analysis, though Standard Chartered, the largest and oldest international bank in Pakistan, has provided an assessment of what it sees as its differentiating features. These include a pioneering role in Islamic Banking, being the first bank to receive an Islamic Banking licence, its role in handling the largest FX volume amongst international banks, as well as a strong interface with the local market regulators, conveying foreign investor sentiment.

Taking the market as a whole, clients seem content with the



Number of responses	5
Market average versus 2020:	n/a

service received. Scores are, with the exception of Pricing, all in either Good (5.00-5.99) or Very Good (6.00-6.99) range. At 4.60, Pricing, while still Satisfactory, is regarded as relatively expensive in comparison to other markets. At the other end of the scale, Relationship Management averages 6.00, nudging past the global average for that category.

Just before Global Custodian went to press, it was announced that the Pakistan Stock Exchange (PSX) has signed an exclusive data licensing agreement with Deutsche Börse to enhance the depth and coverage of its market data product offerings globally

Starting in January, 2022, Deutsche Börse will be the sole licensor of PSX stock market data for international customers. The aim for PSX is to increase its global footprint, using Deutsche Börse's international reach to expand its market data client base and attract foreign investors to the market.

Meanwhile in Q3, the National Clearing Company of Pakistan (NCCPL) and the Central Depository Company (CDC) completed a business continuity exercise on all its critical business services.

The market is also seeking attract more domestic investors to its equity markets and to that end has recently launch a Professional Clearing Member, eClear to allow local brokers to bring independent clearing settlement and custody services to retail investors.

Category	Market Average	Global Average	Difference
Account Management	6.00	5.94	0.06
Asset Safety and Risk Management	5.20	5.79	-0.59
Asset Servicing	5.40	5.82	-0.42
Cash Management and FX	5.40	5.75	-0.35
Client Service	5.80	5.98	-0.18
Data Services	5.33	5.74	-0.41
Digitalisation and Innovation	5.00	5.55	-0.55
Liquidity Management	5.67	5.71	-0.04
Pricing	4.60	5.43	-0.83
Regulation and Compliance	5.60	5.81	-0.21
Relationship Management	6.00	5.99	0.01
Securities Lending	5.33	5.63	-0.30
Technology	5.40	5.59	-0.19
Overall average	5.44	5.75	-0.31

# **Philippines**

A Capital Markets Development Act, currently before the Philippines congress, aims to introduce what the Finance Secretary has called "a truly broad-based and inclusive financial system fit for the 21st century."

In this year's ABEM survey, the Philippines has recorded a small drop in aggregate category results, but perceptions remain broadly positive, despite a relatively low score for Pricing. Account Management remains in the Very Good range (6.00-6.99) and above the global average.

Further evidence of a positive attitude from survey respondents can be found in the market score distribution table, which shows that aggregating all the quantifiable data points recorded, 47% are either Very Good (6) or Excellent (7) and a further 34% are Good (5).



Number of responses	9
Market average versus 2020:	-0.38 (-7%)

### Standard Chartered Bank

The first foreign bank in the Philippines, where it has been for 148 years, Standard Chartered claims to have grown its business there by nearly 200% over the past three years, including new mandates from key cross-border and domestic clients.

The bank's results this year exceed the market average overall and in five service areas – Account Management, Client Service, Digitisation and Innovation, Regulation and Compliance, and Relationship Management – it surpasses global category averages.

# Other providers

Responses were also received for Deutsche Bank and HSBC. One comment for a client of the former confirms "high-end services provided by excellent educated and highly experienced staff along with good IT solutions." The number of responses was not sufficient to translate that sentiment into quantifiable confirmation.

Citi is another long-established service provider in the market, having offered custody and fund services in the Philippines, including global custody, local custody, and fund accounting services, for more than 30 years.

Earlier this year, it was appointed by Sun Life Investment Management and Trust Corporation (SLIMTC) as its middle-office service provider in the Philippines.

According to Citi, the mandate makes Citi the first bank in the country to onboard a middle-office client.

The transaction, will it suggested at the time, help move the Philippine market closer to global industry standards in post-trade related activities.

Category	SCB	Market Average	Global Average
Account Management	6.40	6.11	5.94
Asset Safety and Risk Management	5.60	5.33	5.79
Asset Servicing	5.60	5.67	5.82
Cash Management and FX	5.60	5.67	5.75
Client Service	6.00	5.78	5.98
Data Services	5.50	5.29	5.74
Digitalisation and Innovation	5.60	5.38	5.55
Liquidity Management	5.20	5.38	5.71
Pricing	4.80	4.89	5.43
Regulation and Compliance	6.20	5.78	5.81
Relationship Management	6.00	5.78	5.99
Securities Lending	5.00	5.00	5.63
Technology	5.20	5.38	5.59
Overall average	5.59	5.50	5.75

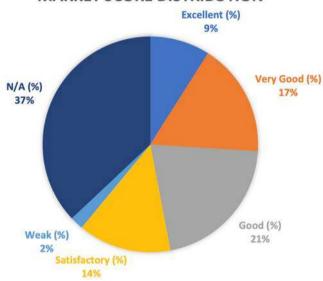
# **Poland**

Of interest to cross-border investors into Poland will be the news that an easing of regulations on withholding tax (WHT) is on the cards. The Polish Parliament has been working on amending the current withholding tax rules with a new tax regulation- due to come into force as of 1 January 2022.

Changes anticipated include the elimination of the obligation to apply withholding tax on interest or redemption for treasury bonds and the restriction of the PLN 2 million limit to interest and dividends paid to related entities only.

The Polish securities market is one of the few remaining where a large cohort of service providers includes a healthy mix of regional

# MARKET SCORE DISTRIBUTION



Number of responses	18
Market average versus 2020:	-0.66 (11%)

and indigenous service providers. While responses were received for Citi, ING Bank Slaski, Bank Pekao, Raiffeisen Bank International, Société Générale Securities Services and UniCredit Group, only BNP Paribas received sufficient for a write up.

# **BNP Paribas Securities Services**

BNP Paribas has a significant group banking presence in Poland, with nearly 900 securities services employees. It has continued to grow through a number of strategic investments and acquisitions.

In terms of custody and clearing in Poland, the bank describes its strategy and business development priorities as based on three main pillars: optimising operations; providing flexible models and services to best support client strategy; and continuing to invest in technology to ensure the scalability and resilience of its platform.

In terms of recent innovations, the bank cites the introduction of full AUTO\_PREMATCHING as well as HOLD AND RELEASE mechanisms to all processed transactions. "This means in practice no manual pre-matching, no delays in processing the instructions and sending them immediately to the CSD. Clients and counterparts have immediate access to the trade status."

BNP Paribas' survey scores this year show a comfortable lead over the market average at both a category and overall level and six service areas where it is measurably above global averages, these being Asset Safety and Risk Management, Client Service, Data Services, Liquidity Management, Regulation and Compliance, and Relationship Management.

Category	BNPP	Market Average	Global Average
Account Management	5.88	5.44	5.94
Asset Safety and Risk Management	6.25	5.40	5.79
Asset Servicing	5.75	5.20	5.82
Cash Management and FX	5.50	5.18	5.75
Client Service	6.50	5.81	5.98
Data Services	6.00	5.17	5.74
Digitalisation and Innovation	5.00	4.88	5.55
Liquidity Management	6.00	5.14	5.71
Pricing	5.00	4.73	5.43
Regulation and Compliance	6.00	5.36	5.81
Relationship Management	6.38	5.75	5.99
Securities Lending	5.00	4.80	5.63
Technology	5.00	4.75	5.59
Overall average	5.71	5.20	5.75

# Qatar

In November 2021, the Investment Promotion Agency Qatar and Qatar Stock Exchange (QSE) signed a Memorandum of Understanding to serve as a launchpad for boosting the attractiveness of the Qatari market for foreign investments.

At the same time, the Qatar Stock Exchange (QSE) announced the launch of the MSCI QSE 20 ESG Index in collaboration with MSCI to identify the top 20 securities within the MSCI Qatar IMI Index that demonstrate the best ESG profile. QSE expects this tradable index to serve as a basis for index-linked financial products, particularly exchange traded funds.

Another returnee to the survey after skipping a year, Qatar has, in aggregate, recorded a strong set of scores. Category results are split more or less equally between Very Good (6.00-



Number of responses	5
Market average versus 2020:	n/a

6.99) and Good (5.00-5.99). They exceed the relevant global averages in almost two-thirds of categories.

The lowest score (5.20) is for Pricing, which is often to be found at the lower end of the spectrum, with clients unwilling to signal that they are satisfied with the few they are paying. Nevertheless, the score of 5.20 suggests that there is little real dissatisfaction with the prices paid.

While, for the moment, Gulf market infrastructures are the result of initiatives by individual emirates, it is likely that competition for both listings and foreign investment will lead to growing competition among bourses in the region.

In Qatar, responses were recorded for HSBC, Deutsche Bank and Standard Chartered Bank, none of which amassed sufficient for individual analysis. However, the data collection process for the ABEM survey allows service providers the opportunity to indicate both recent market developments that we should consider in our coverage as well as any distinguishing features of their own service.

In the case of Standard Chartered, the bank points to its being the first bank to open in Qatar, the only custodian providing proxy services, the first custodian in the Qatar market for ETFs and the first provider to establish an international broker process flow.

Category	Market Average	Global Average	Difference
Account Management	6.00	5.94	0.06
Asset Safety and Risk Management	5.75	5.79	-0.04
Asset Servicing	6.00	5.82	0.18
Cash Management and FX	6.00	5.75	0.25
Client Service	6.00	5.98	0.02
Data Services	5.67	5.74	-0.07
Digitalisation and Innovation	5.67	5.55	0.12
Liquidity Management	6.00	5.71	0.29
Pricing	5.20	5.43	-0.23
Regulation and Compliance	5.60	5.81	-0.21
Relationship Management	5.80	5.99	-0.19
Securities Lending	6.00	5.63	0.37
Technology	5.75	5.59	0.16
Overall average	5.80	5.75	0.05

# Russia

Russia is one of a handful of markets covered in the agent bank surveys where strong competition among a relatively large number of indigenous and regional service provides usually results in relatively high scores. This year with lower scores across the survey, the picture for Russia is more mixed and the market average for Russia is a little below the global average. A large number of responses for all providers appear to come from Cyprus-based funds.

# Sberbank

This year, despite a drop from the impressive heights of 2020, Sberbank has again outperformed both market and global averages overall as well as 11 category averages. Its category results are split more or less equally between Good (5.00-5.99) and Very



Number of responses	44
Market average versus 2020:	-0.82 (13%)

Good (6.00-6.99) range.

It claims a particularly strong position in corporate actions, being the first bank in Russia to use ISO 20022 at its own AGM in 2015. It supports all SWIFT messages related to corporate actions, including pre-advice messages.

Sberbank also acts as a sub-custodian for depositary receipt (DR) programs, providing safekeeping and settlement services for the global custodians' underlying clients.

# **Societe Generale Securities Services**

SGSS or PJSC Rosbank shows an overall result above the market average. it has beaten seven global category averages.

On the local market SGSS Russia has been appointed as a provider for specialised depository services by two Russian Insurance companies, over 15 new investment funds and several local and international broker-dealers.

### **VTB**

VTB, a star performer in 2020 in the eyes of participating clients, has recorded a mixed set of results this year. Client comments are broadly favourable. "So far in all our dealings, the employees of the bank have been very cooperative, helpful and easy to work with," says one asset manager. However, scores cover a wide spectrum from 5.73 at the top end for Account Management to 4.67 for Securities Lending.

# Other providers

Responses were also received for Citi, UniCredit Group and Raiffeisen Bank International.

Category	Sberbank	VTB	SGSS	Market Average	Global Average
Account Management	6.07	5.73	6.00	5.90	5.94
Asset Safety and Risk Management	6.00	5.55	5.89	5.73	5.79
Asset Servicing	6.07	5.42	5.89	5.73	5.82
Cash Management and FX	6.00	5.00	5.56	5.53	5.75
Client Service	6.20	5.58	5.78	5.86	5.98
Data Services	5.58	5.20	5.33	5.46	5.74
Digitalisation and Innovation	5.69	4.88	5.57	5.41	5.55
Liquidity Management	5.67	4.75	5.40	5.26	5.71
Pricing	5.64	5.70	5.56	5.53	5.43
Regulation and Compliance	5.93	5.70	5.75	5.74	5.81
Relationship Management	6.07	5.67	6.00	5.86	5.99
Securities Lending	5.67	4.67	5.75	5.38	5.63
Technology	5.79	5.00	5.11	5.32	5.59
Overall average	5.88	5.30	5.66	5.59	5.75

# Saudi Arabia

A lthough the Saudi market only recorded four responses across two providers – HSBC and Deutsche Bank – the respondents are essentially intermediaries and account for a significant value of assets. Though granular analysis on such a small sample would be unreliable, category scores are solid, all in Good or Very Good range (5.00-6.99). In addition, an aggregation of all quantifiable data points shows that almost 60% of individual scores awarded were sixes (Very Good).

As befits a market that has recently been opening up, there has been much to report over the year. In October, Euroclear and Saudi Arabia's Securities Depository Center Company



Number of responses	4
Market average versus 2020:	n/a

(Edaa) agreed to launch a link enabling international investors access to the local sukuk and bond markets. The link is expected to be launched in March 2022 and will provide an additional channel for international investors to access the sukuk and bond markets listed on the Saudi Exchange (Tadawul) as they will be able to settle domestically issued bonds via Euroclear Bank's direct account.

In June meanwhile, Clearstream appointed HSBC Saudi Arabia as its local custodian to open an indirect link with the CSD.

The indirect link enables the settlement of Tadawul-listed government bonds, non-convertible corporate bonds and exchange traded funds (ETFs) denominated in Saudi Riyal (SAR).

A market first was achieved in March when HSBC completed the first securities lending transaction in Saudi Arabia. The bank acted as both the custodian and agent lender on the transaction for a large regional asset owner. In its role as the prime broker, HSBC was able to borrow Saudi Arabian equities from the asset owners and provide access to the Kingdom's capital market for a global institutional investor.

Last year, the Tadawul and Edaa published new rules on short selling and securities lending, aimed at bringing its regulatory environment in line with international best practices.

At the same time, BNP Paribas has established a joint servicing model with a local provider to offer both inbound and outbound custody.

Category	Market Average	Global Average	Difference
Account Management	6.00	5.94	0.06
Asset Safety and Risk Management	5.75	5.79	-0.04
Asset Servicing	5.75	5.82	-0.07
Cash Management and FX	5.75	5.75	n/a
Client Service	5.75	5.98	-0.23
Data Services	5.67	5.74	-0.07
Digitalisation and Innovation	5.50	5.55	-0.05
Liquidity Management	6.00	5.71	0.29
Pricing	5.25	5.43	-0.18
Regulation and Compliance	5.00	5.81	-0.81
Relationship Management	5.75	5.99	-0.24
Securities Lending	6.00	5.63	0.37
Technology	5.75	5.59	0.16
Overall average	5.69	5.75	-0.06

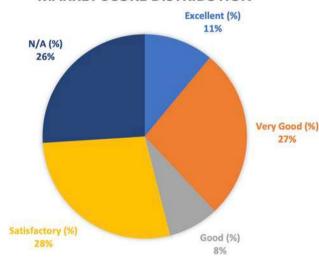
# **South Africa**

Outh Africa was one of last year's relatively high scoring markets but has recorded a bigger than average drop this year, no doubt affected by the challenges of the COVID pandemic, its travails with which have been widely reported.

Participants in the market have long had an eye on international best practice and have worked together to ensure that it maintains the appropriate infrastructure and regulation to support international institutional inflows.

According to Nedbank, one of the major local securities services providers, the South African market is represented through various market/industry groups, which enables the industry to lobby as a collective. "We have a team of senior officials that are represented in various external market forums and are actively

# MARKET SCORE DISTRIBUTION



Number of responses	26
Market average versus 2020:	-0.79 (-13%)

involved in these forums for any local regulations and practices, regulatory changes, impact on market developments and implementation of proposals and solutions," says the bank.

### Nedbank

Traditionally known for the strength of its domestic custody services, Nedbank has nevertheless frequently appeared in the agent bank survey. This year, it has fallen just short of the threshold required for individual analysis. It is, however, one of the few custodians to highlight its ESG engagement. "As a purpose-led organisation that considers our long-term sustainability as contingent on the success of the societies in which we operate, we are committed to playing a role in addressing climate change in ways that are sensitive to the local socioeconomic context and climate vulnerability," says the bank.

### **RMB**

RMB has bucked the general survey trend this year, actually increasing its scores and taking it back into outperformer territory. With a mixture of Very Good (6.00-6.99) and Excellent (7.00) category results, the bank exceeds all market and global averages both overall and at a category level. "Pro-active and client-oriented account management team," says one large European client.

# Other providers

In addition to RMB and Nedbank, responses were received for Standard Bank, Standard Chartered Bank, BNP Paribas Securities Services, Citi and Absa.

Category	RMB	Market Average	Global Average
Account Management	6.50	5.71	5.94
Asset Safety and Risk Management	6.33	5.33	5.79
Asset Servicing	6.33	5.42	5.82
Cash Management and FX	6.33	5.42	5.75
Client Service	6.25	5.64	5.98
Data Services	7.00	4.89	5.74
Digitalisation and Innovation	7.00	4.78	5.55
Liquidity Management	6.00	5.18	5.71
Pricing	5.75	4.86	5.43
Regulation and Compliance	6.33	5.33	5.81
Relationship Management	6.50	5.79	5.99
Securities Lending	7.00	4.86	5.63
Technology	6.00	5.25	5.59
Overall average	6.41	5.27	5.75

# Taiwan

In May, the Taiwan Depository & Clearing Corporation (TDCC) launched a new service to provide corporate issuers listed on the nation's exchanges with complimentary proxy recommendations, in a move which it claimed as a 'world first'. The move was aimed at helping issuers to prepare their shareholder meetings and improve corporate governance.

The initiative represented a continuation of the CSD's focus on environmental social and governance (ESG) solutions. In 2020, TDCC launched Taiwan ESG Dashboard, a consolidated and public platform displaying ratings published by major ESG rating agencies.

With a 17% fall in market average scores, Taiwan is one of this year's underperformers though the majority of service categories are still rated as Good (5.00-5.99).

MARKET SCORE DISTRIBUTION

# N/A (%) Excellent (%) 10% 12% Weak (%) 3% Very Good (%) 23%

Good (%) 26%

Number of responses	21
Market average versus 2020:	n/a

### **Standard Chartered Bank**

Standard Chartered describes itself as the largest international bank in Taiwan to provide comprehensive wealth management, securities services, financial markets and cash management services to local and foreign investors.

It also claims to be the largest custodian bank in the country with its market share having increased from 15% to 28% for inbound sub-custody business, leading to a 166% year-on-year growth in assets under custody.

Its results this year are down on 200, but overall, the bank still comfortably exceeds the market average. It receives its highest score, 5.92, for Account Management. "Account managers/responsible officers have a good all-around knowledge and delivery of quality services," says one regional client.

Pricing is the only category where the score recorded only averages; Satisfactory (4.00-4.99), suggesting that clients find the market relatively expensive.

Other client comments are sparse, but generally favourable. "We are quite satisfied with the service provided by the current staff," says one offshore asset manager. "Thanks for their effort and their professional service."

# Other providers

Responses were actually distributed across a fairly wide selection of custodians, suggesting that inbound investors or their global intermediaries are not short of alternatives. In addition to Standard Chartered, responses were recorded for Credit Suisse, Bank of Taiwan, Citi, Deutsche Bank and HSBC.

Category	SCB	Market Average	Global Average	
Account Management	5.92	5.50	5.94	
Asset Safety and Risk Management	5.69	5.60	5.79	
Asset Servicing	5.46	5.35	5.82	
Cash Management and FX	5.31	5.15	5.75	
Client Service	5.85	5.55	5.98	
Data Services	5.36	5.31	5.74	
Digitalisation and Innovation	5.17	4.78	5.55	
Liquidity Management	5.30	5.25	5.71	
Pricing	4.92	4.55	5.43	
Regulation and Compliance	5.54	5.20	5.81	
Relationship Management	5.46	5.10	5.99	
Securities Lending	5.00	4.75	5.63	
Technology	5.23	5.00	5.59	
Overall average	5.40	5.16	5.75	

# Thailand

Cores for Thailand have held up relatively well in this year's survey, falling by only 2%. Eagle-eyed readers will note, however, that the results for Standard Chartered Bank are identical to the market averages, the reason being that this year responses were only recorded for a sole provider.

# Standard Chartered Bank

Standard Chartered claims a unique status as the only foreign settlement bank for both equities and derivatives. It also claims to be the first custodian bank to launch a China Interbank Bond Market (CIBM) fund and is a key provider to many local banks looking to access the CIBM market.

Looking beyond its own services, Standard Chartered cites its extensive engagement in leading market advocacy initiatives and



Number of responses	9
Market average versus 2020:	-0.14 (-2%)

collaborating with local regulators. This includes participation in a working group on the new BOT bond pre-registration process and being a pilot member of a Digital Infrastructure for Capital Market project, which focuses on corporate bonds in both the primary and secondary market.

This year, the bank has set the benchmark for the market as a whole. At a global level, it has exceeded the average in two categories: Client Service; and Regulation and Compliance.

The bank receives praise from some of its clients in the region. One describes it as having "rendered one of the best services among custodians in the market. Very prompt in response." Another points to "extensive experience in various key areas on corporate action, settlement and market knowledge". A third says Standard Chartered is "definitely one of the better custodian providers in Thailand. The whole team is very helpful and committed in delivering the best services based on client interests."

### Other providers

While Standard Chartered has made a clean sweep of cross-border responses this year, it is perhaps worth noting that HSBC Securities Services has launched fund administration services for its asset manager and owner clients based in Thailand following the easing of outsourcing rules in the country. The launch adds to HSBC's current offering of custody and fund supervisory services.

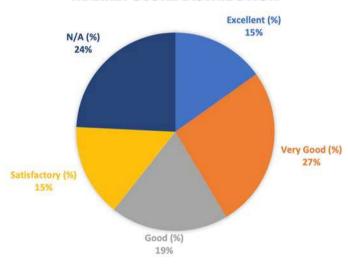
Category	SCB	Market Average	Global Average
Account Management	5.78	5.78	5.94
Asset Safety and Risk Management	5.67	5.67	5.79
Asset Servicing	5.78	5.78	5.82
Cash Management and FX	5.63	5.63	5.75
Client Service	6.00	6.00	5.98
Data Services	5.57	5.57	5.74
Digitalisation and Innovation	5.50	5.50	5.55
Liquidity Management	5.57	5.57	5.71
Pricing	5.11	5.11	5.43
Regulation and Compliance	5.89	5.89	5.81
Relationship Management	5.78	5.78	5.99
Securities Lending	5.17	5.17	5.63
Technology	5.13	5.13	5.59
Overall average	5.58	5.58	5.75

# **Turkey**

T he Turkish economy has had a rather torrid time in 2021. Not surprisingly client perceptions of post-trade services have declined since 2020, when scores on the whole were impressively high.

This year, the average is down by 13 % though all but two service categories are rated between 5.00 and 5.99 (Good). The two exceptions are, at the lower end, Securities Lending (4.88) and, at the top end, Relationship Management (6.10), which exceeds the global average for this category. Two custodians, Deutsche Bank and BNP Paribas Securities Services have qualified for write ups, though responses were also received for Citi. All three are long-standing providers of sub-custody in the Turkish market.

# MARKET SCORE DISTRIBUTION



Number of responses	20
Market average versus 2020:	-0.79 (-13%)

### **Deutsche Bank**

Deutsche Bank claims a 38% share of inbound custody business in Turkey. Despite the lower results for the market as a whole and for its own operations to a lesser extent, the bank has matched the global average for the survey and exceed the market average. It has also surpassed the global category average in six areas, most notably Relationship Management.

"Deutsche have been excellent this past year with providing timely information on our Turkish trades," says one UK manager. "The staff have been very helpful and forthcoming with up-todate information and have notified us of any potential risk via reports and trade specific mails to our group. "

### **BNP Paribas Securities Services**

"It's always a great pleasure working with TEB Turkey, I cannot fault them in anyway," says one global custodian client. BNP Paribas subsidiary TEB Securities Services has, however, registered an unusual set of results this year with a wide spread of category scores. At the top end, its 6.00 for Account Management exceeds both the market and global averages. Its overall score is, however, brought down by merely Satisfactory ratings (4.00-4.99) in four areas: Pricing, Digitalisation and Innovation, Technology and Securities Lending. Nevertheless, client comments are all positive. "Great customer service, always professional, reactive and willing to help. One of the best worldwide," says one large client.

Category	Deutsche Bank	BNPP	Market Average	Global Average
Account Management	5.89	6.00	5.85	5.94
Asset Safety and Risk Management	5.50	5.57	5.39	5.79
Asset Servicing	5.50	5.71	5.50	5.82
Cash Management and FX	5.86	5.75	5.61	5.75
Client Service	6.11	5.63	5.80	5.98
Data Services	6.00	5.20	5.56	5.74
Digitalisation and Innovation	5.50	4.50	5.00	5.55
Liquidity Management	5.50	5.33	5.36	5.71
Pricing	5.67	4.88	5.18	5.43
Regulation and Compliance	5.88	5.14	5.53	5.81
Relationship Management	6.56	5.75	6.10	5.99
Securities Lending	5.20	4.00	4.88	5.63
Technology	5.57	4.80	5.23	5.59
Overall average	5.75	5.25	5.46	5.75

# **UAE**

The UAE as a whole has recorded a set of results above most markets in the survey. While several providers including Standard Chartered and HSBC received responses, the same two providers as last year – Deutsche Bank and FAB – have qualified for individual analysis.

# **Deutsche Bank**

Deutsche Bank has achieved a decent set of results, a little down on 2020, but still impressive, with an overall average in Very Good range (6.00-6.99) exceeding both the market and global averages. At a category level, it also surpasses the global averages in 10 areas. Even its lowest scores – for Cash Management and FX, Client Service, and Pricing – are comfortably in the upper fives.



Number of responses	20
Market average versus 2020:	-0.34 (-6%)

### First Abu Dhabi Bank (FAB)

There are no official statistics available in the market, but based on its analysis of exchange data), FAB estimates that it has around 50% of the assets held with custodians in the UAE. In 2021, the bank increased its assets under custody by approximately \$40 billion. On a category level FAB has beat the global average for both Digitalisation and Innovation and Regulation and Compliance.

FAB positions itself as "a 'boutique-style' provider of custody services, with the similar level of attention and customised service as would be expected from Private Bank clients, as an example."

It has made strides in strengthening its links to custody clients in the MENA region. An associate director and director have been hired to look after FAB's clients based in Kuwait, using UAE custody services, while an operations AVP has been hired in Saudi Arabia to facilitate operational activity for clients based there. An operations team is also being established in Egypt. "FAB has a dedicated team of over 70 securities services professionals, based in six countries across the Middle East. This enables us to stay close to our clients located throughout the region," says the bank.

The bank has also entered into a strategic engagement with State Street Bank to create the region's first full-service enterprise outsource partner for institutional investors.

"We are looking forward to expanding our business with FAB in the GCC," says one MENA-based client.

Category	Deutsche Bank	First Abu Dhabi Bank	Market Average	Global Average
Account Management	6.20	5.60	5.89	5.94
Asset Safety and Risk Management	5.75	5.20	5.56	5.79
Asset Servicing	6.00	5.40	5.75	5.82
Cash Management and FX	5.60	4.75	5.50	5.75
Client Service	5.60	5.60	5.83	5.98
Data Services	6.33	5.00	5.73	5.74
Digitalisation and Innovation	6.25	6.00	6.08	5.55
Liquidity Management	5.80	4.75	5.54	5.71
Pricing	5.60	5.40	5.44	5.43
Regulation and Compliance	6.25	6.00	5.94	5.81
Relationship Management	6.20	5.80	6.11	5.99
Securities Lending	6.50	4.00	5.75	5.63
Technology	6.33	5.00	5.71	5.59
Overall average	6.03	5.27	5.76	5.75