TATA
TATA CONSULTANCY SERVICES

TCS BANCS

2014 Number 22

CorpBanca Investment Trust

Trust company deploys custody solution of TCS BANCS for the high-growth Colombia market

plus

- BNP Paribas Securities Services
- Industry Utility for Securities Processing
- Fast, Smart and Flexible Compliance
- ISO 20022 Remittance Messages
- The Role of CSDs with Target2 Securities
- Awards from The Asian Banker, FTF

sibos
Visit TCS at Booth #G38

TCS NEW YORK CITY MARATHON
TATA CONSULTANCY SERVICES

Experience certainty.

IT Services
Business Solutions
Consulting

"Every year, TCS launches more and more useful features for the custody business."

BANKING ON COLOMBIA

CorpBanca Investment Trust readies itself for rapid expansion as a custodian to the high-growth Colombian capital markets

By **Jorge Mikan**, Sales Consultant, TCS Financial Solutions

In 2011, the top ratings agencies raised Colombia's credit rating to investment grade, spurring an influx of investment capital into the fast-growing economy. The financial sector was an early beneficiary of this trend, given Colombia's strong economic outlook and relatively low penetration of banking services in the domestic economy. That year, Banco CorpBanca Chile acquired the operations of Banco Santander Colombia. The Bogotá-based subsidiary was then rebranded as Banco CorpBanca Colombia in August 2012. The acquired businesses consisted of a stock brokerage, an insurance agency and a trust company: CorpBanca Investment Trust.

CorpBanca Investment Trust (C-TRUST) previously relied upon an IT platform developed by Banco Santander, but those systems were not part of the acquisition and could only be used until June 2016 at the very latest.

The extreme upward pressure to deliver a new solution was accelerated by the passage of a Colombia custody law that took effect in 2013. The new law required local mutual funds to appoint a local custodian from among the trust companies regulated by Colombia's financial services regulator, the Superintendencia Financiera de Colombia (SFC).

The custody law had two main effects:

First, it spurred a rush of new clients to C-TRUST, making CorpBanca the second-largest custodian in the Colombian market – even while still using legacy systems. Since 2012, C-TRUST has increased assets under custody fivefold.

Second, the new law made the search for an updated custody solution increasingly urgent. C-TRUST needed to establish direct connections with its domestic customers, and it would not have been practical to add functionality to the legacy Banco Santander system given the sunset date of 2016. With strong domestic rivals, C-TRUST faced the challenge of keeping its customers completely satisfied while also building a competitive offering for new customers.

These factors made very strong arguments for reinvestment into the custody business. "Once CorpBanca management fully understood the importance of the ever increasing custody business, it was easy to make the case for further investment," says Maria Susana Montero-Pinilla, Head Manager at C-TRUST.

Maria Susana Montero-Pinilla

CONTINUOUS IMPROVEMENT

The search for a solution started with the firm's rebranding as C-TRUST in August 2012. CorpBanca's internal selection committee reviewed vendors from Colombia and abroad, and also evaluated the possibility of developing the IT platform in-house.

The extensive search process was completed in late 2013 with the selection of Tata Consultancy Services. "TCS was already a provider for most of our clients, including the most important of our clients, and they all gave us good reports on the TCS BaNCS platform," says Montero-Pinilla.

"Every year, TCS launches more and more useful features for the custody business," Montero-Pinilla adds. "We needed to see that level of commitment to continuous improvement."

Another important selection criterion was the easy-to-use web channel of TCS BaNCS that provides custody clients with transactional access to accounts through multiple connection methods. Many major participants in the domestic banking market are not yet SWIFT users, and therefore require direct connections to their custodians. In turn, custodians need the ability to quickly and efficiently establish direct connections with their financial institution customers.

SWIFT is not yet commonly used in Colombia due to the historic perception that the interbank network is simply too expensive. That perception is now being turned around, and over time, C-TRUST fully expects SWIFT to firmly and extensively take hold. "If you have SWIFT, everything is easier," says Montero-Pinilla.

After evaluating the alternatives, C-TRUST decided to deploy TCS BaNCS, including modules for Securities Processing and Corporate Actions.

GREAT EXPERIENCE

C-TRUST signed a contract with TCS in January 2014, and in February commenced implementation with the aid of Ernst & Young's Latin America Financial Services Advisory (LAFSA) practice as implementation partners. The project is slated to go-live in November 2014 – a 7 month project.

With close collaboration between C-TRUST, E&Y and TCS, the project has been moving forward on budget and on schedule. "We have experience working with offshore companies, but this was the first time we worked with a team from India," relates Montero-Pinilla. "Naturally, we had some concerns about the time zone and the cultural differences, but it turned out to be a great experience for everyone."

One of the biggest benefits for C-TRUST will be the rapid response to the changes in the Colombian capital markets. "Right now, Colombia is going through many changes, and TCS is willing to adapt to all the changes that we need in order to adapt to the market," says Montero-Pinilla. "It's not just providing the same standard of service as before, but evolving as the Colombian market adopts international market standards."

Presently, most foreign clients enter into the Colombia capital markets to just buy or sell equities or fixed income instruments. As the market matures, support for an expanded range of financial instruments will be essential. "I expect in the next few years that the market will get much deeper in terms of futures, repos, and structured products, allowing clients to generate better results from their investments here in Colombia," says Montero-Pinilla. "We're going to have more clients doing a wider range of activities."

The new regulations make the use of a local custodian mandatory for local mutual funds. "We expect to see a bigger market for custody services, and our deployment of TCS BaNCS will make us more competitive in the custody business," says Montero-Pinilla.

"Our initial expectation was to have a platform that supports the entire custody business," says Felipe Maldonado Arango, custody manager for operations of CITRUST. "TCS BaNCS fully supports those expectations." ■

Felipe Maldonado Arango

First row (from left to right): Manuj Goel (Business Analyst for SP), Oscar Vargas (Chief Security Officer), Julián Garnica (Application Tester), Anamaría Viveros (Senior Consultant), Nestor Solano (Translator), Lilián Rocío Barrios (VP of Technology), María Susana Montero (Product Head Manager), Carmen Pérez (Development Analyst), Miguel Guaqueta (Application Test Lead), Kulveer Verma (Technical Architect), Carlos Dulcey (Local Project Manager) and Margarita Convers (Manager).

Second row (from left to right): Juan Camilo Martínez (Manager), Edgar Sánchez (Partner), David Salazar (Application Tester), Leonardo Joya (Application Tester), Ajai Kumar Singh (Project Manager), Carlos Vargas (Application Tester), David Ramírez (Translator), Cristian Fontecha (Subject Matter Expert), Luz Adriana Salazar (PMO Analyst), Marlon Lascano (PMO Manager), Felipe Maldonado (Custody Operation Manager) and Ruchir Sharma (Business Analyst for Web Channel).

FAST FACTS

- CorpBanca Investment Trust (C-TRUST) is the trust company of Banco CorpBanca Colombia.
- With assets under custody of $7 billion, C-TRUST is the second-largest custodian in the market.
- Banco CorpBanca Colombia is now one of three leading Latin American financial institutions to implement TCS BaNCS in support of its Custody business.

AT A GLANCE

Company: CorpBanca Investment Trust
Headquarters: Bogotá, Colombia
Business Challenge: To deploy a new custody solution for the high-growth Colombia market
Solution: Securities Processing and Corporate Actions solutions of TCS BaNCS