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# ONE WORLD, ONE TOUCH

Standard Chartered Bank provides an innovative "single-touch" custody model

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# One World, One Touch

*Through an innovative “single-touch” custody model, Standard Chartered Bank provides investors and intermediaries with a direct pipeline into the fast-growing emerging markets of Asia, Africa, and the Middle East.*

By **Ramann Bhavani**, Program Director, TCS Financial Solutions

**S**tandard Chartered’s highly distinctive footprint covers the fastest-growing economies in Asia, Africa, and the Middle East. This unique footprint enables the bank’s clients, including the world’s largest global custodians, broker-dealers, fund managers and institutional investors, to take part in the rapidly-expanding range of opportunities in emerging markets.

Notably, heightened investment activity in emerging markets is not just driven by inward flows from the Organization for Economic Co-operation and Development (OECD) countries. “We’re seeing substantial growth in investment flows between the emerging markets,” says George Nast, Global Head of Product Management for Transaction Banking at Standard Chartered. “Historically, emerging-market clients would invest in OECD markets, but now there are many more interesting investment opportunities in other emerging markets.”

A major challenge for these investors is deciding how best to work with custodian banks: Whether to choose a global custodian for ease of management, or to work with several local custodians for the speed, reporting, and risk management advantages of direct access.

Selecting a global custodian minimizes the number of operating models, technology platforms, and workflows for cash settlement and cash management with which an investor must interact. “Instead of dealing with 20 different custodians in 20 different markets, a global custodian offers a single window,” says Nast. “That’s a very strong proposition, which is why global custodians have been very successful in capturing investor flows from OECD markets into emerging markets.”

The other approach is to work with multiple local custodians, which tends to be more direct and responsive than the global custodian model because there are fewer layers between the investor and the local operations staff. Particularly in emerging markets with fast-changing regulations, these direct connections make a difference. “For example, to understand the effect of a rule change upon an investment portfolio,



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George Nast, Head of Product Management,  
Transaction Banking, Standard Chartered



with the indirect global custodian model you would have to go through two layers of operations and service staff," says Nast. "With the local custodian model, you can deal directly with the people and systems in that market."

In today's investment climate, it's extremely difficult to have to choose between the two options. Few investors or intermediaries have the IT and operations budget to manage a large number of local custodians. At the same time, the urgent need for real-time risk management heightens the importance of maintaining direct connections with local custodians. "The performance expectations as well as the fiduciary expectations in the investment management industry are higher than ever," says Nast. "Clients demand relevant, real-time information about their holdings in order to manage risk, manage cash, and identify opportunities."

To meet the more-demanding market expectations, Standard Chartered came up with the idea for a third approach to custody: a "single-touch" custody model that combines the single window of the global custody model with all the benefits of directly connecting to local custodians.

In executing upon this vision, the bank turned to TCS BaNCS. TCS has a long-standing relationship with Standard Chartered going back to 1994, when TCS won the deal to create Standard Chartered's very first custody system. Building upon this partnership was the natural next step.

## From Automation to Integrated Markets

However, as a precondition for implementing single-touch custody, Standard Chartered and TCS first had to address the risk of costly errors involving corporate actions. For example, if it's a custodian's fault that an investor misses the opportunity to make an election involving a rights issue by a certain date, the custodian would be liable to make the

client whole on what could be a substantial financial loss. Moreover, that custodian would face the reputational risk of declining client confidence. "Mistakes involving corporate actions are among the biggest operational risks we face in this business," says Nast.

Fortunately, sources of accurate, automated data on securities in emerging markets have become more widely available, and TCS incorporated those data flows into an automated workflow for Standard Chartered using TCS BaNCS for corporate actions.

The TCS BaNCS deployment commenced in late 2009, and was completed in 2011. Since then, Standard Chartered has been able to achieve a full automation rate of over 90 percent for corporate actions across its entire footprint, an achievement that helped Standard Chartered and TCS win The Asian Banker's prestigious Best Trading Back Office Project Award for 2011.

"Moving to over 90 percent end-to-end automation, which is comparable to what we see in OECD markets, marks a step-function change in service quality and risk reduction for our clients," says Nast. "We have substantially reduced the risk of a very labor-intensive, manual process with numerous chances for human error, allowing clients to receive accurate, automated information."

Atop the solid foundation of automated corporate actions data, Standard Chartered and TCS were ready to fulfill the vision of single-touch custody.

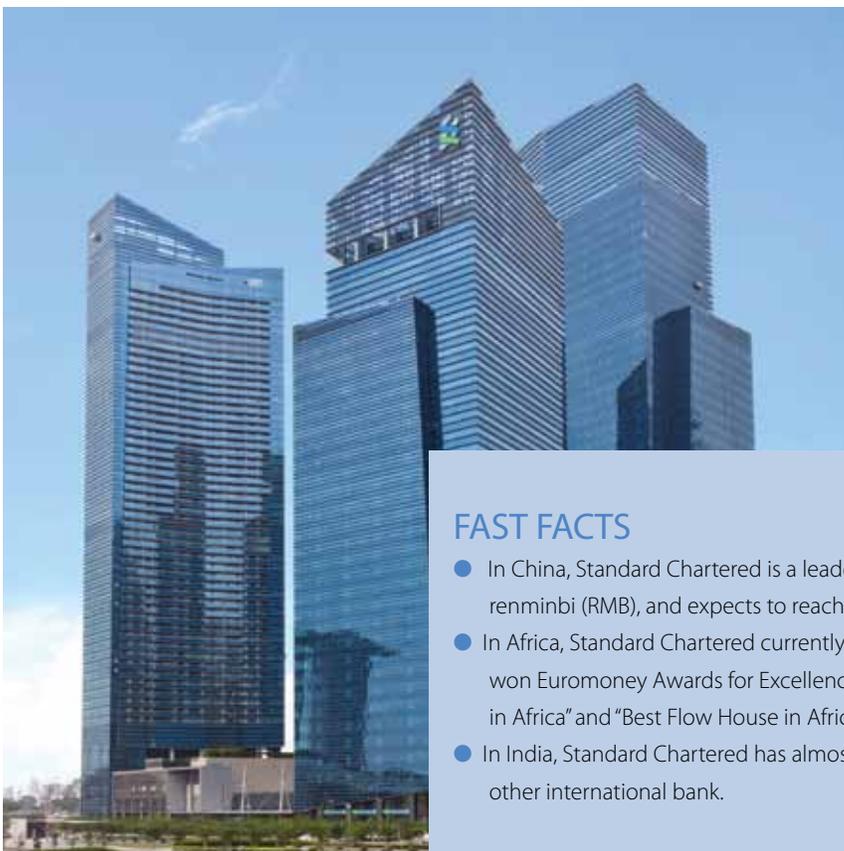
Building a multi-market, single-touch custody solution calls for hands-on integration in each of the 32 countries within Standard Chartered's footprint. The custody project commenced in late 2010, and thus far, the updated, single-touch core custody solution has been deployed in three markets: the Philippines, Vietnam, and Singapore. By the end of 2012, Hong Kong will also be live on the new custody solution. The remaining markets are scheduled for



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George Nast, Standard Chartered





## AT A GLANCE

**Company:** Standard Chartered Bank  
Headquarters: London

**Business Challenge:** To create a “single-touch” custody model combining the ease of global custody with the benefits of local custody.

**Solution:** TCS BaNCS for corporate actions and custody

## FAST FACTS

- In China, Standard Chartered is a leader in the internationalization of the renminbi (RMB), and expects to reach 100 branches in China by early next year.
- In Africa, Standard Chartered currently has over 180 branches in 14 markets, and won Euromoney Awards for Excellence 2012 for “Best Cash Management House in Africa” and “Best Flow House in Africa.”
- In India, Standard Chartered has almost 100 branches in 43 cities, more than any other international bank.

“ We will be the go-to custodian and the go-to provider of investor access in Asia, Africa, and the Middle East. ”

George Nast, Standard Chartered

rollout over the next two years, with completion scheduled by the end of 2014.

The single-touch custody solution has profound implications for institutional investors, broker-dealers and global custodians doing business with Standard Chartered. “Clients operating in our footprint will have single-touch access to any or all of our markets through a single bundle,” says Nast. “We can offer flexibility in tailoring a set of market solution to a client, whether it’s an investor or an intermediary, depending on their needs.”

Any investor demanding efficient, transparent, and seamless integration in emerging markets will find a compelling value proposition in the market-leading single-

touch custody services of Standard Chartered. “The capabilities we’re rolling out with TCS BaNCS have placed us at the leading edge,” says Nast. “This will change the industry.”

Guided by the vision of the bank’s leadership and aided by the technology of TCS BaNCS, Standard Chartered has begun to unlock the unparalleled scope and reach of its global network. “We will be the go-to custodian and the go-to provider of market access for our clients across Asia, Africa, and the Middle East,” says Nast. “We’ll have the capabilities, the network, and the integrated service across a variety of products and functions that will make us the leading provider of investor and intermediary services in our footprint.” ■

# Good vibes and a gut feel

By **S. Ramadorai**, Vice Chairman and former CEO, TCS

In 1994, close on the heels of the success of the NSE (National Stock Exchange of India) project, Yashpal Sahni, TCS' president, heard that Standard Chartered Bank in Singapore needed an off-the-shelf custody system.

He was very keen for TCS to bid even though we had no expertise and no product in this area. The idea behind bidding was not so much to win the project, but to register TCS in the minds of Standard Chartered, a giant in banking. The project was also significant because that year there were only one or two projects that were worth \$5 million or more and this was one of them; we thought it could give us entry into the big arena. So the TCS team was encouraged to put in a really good bid.

For the Standard Chartered project, each contender had to make presentations over two days. But we were warned that we could be sent packing in two hours if we failed to impress. What happened was that after two days of presentations we were shortlisted and a fifteen-person team from Standard Chartered came to Delhi to take the discussions further. We had indicated that we had 80 percent of the product completed although David Awcock, Standard Chartered's head of IT, sensed that TCS was not quite ready. But he also realized that our solution would be more forward looking, so he was ready to take the risk. The bid was certainly attractive, the cost was competitive and the bank was open to TCS owning the IPR.

Ultimately we won the Standard Chartered bid, got an entry into Singapore, and the bank was able to offer custodial services to its customers in thirty nations. This project was our first major turnkey project in a major market with a big name. It was truly a great learning experience.

We had put in our bid knowing that the chances of winning were slim, but in the end we ended up winning. Perhaps the customer saw our passion and our readiness to go the extra mile and was ready to encourage it. There are so many intangibles that work under the surface but in business interactions, at many times it's just about good vibes and a gut feel.

*Excerpted from The TCS Story ... And Beyond  
(Penguin Books India, 2011)*

