

# Agent banks in emerging markets



# Cooling off period

This year has witnessed a fall in aggregate scores with a keener eye from clients on what they are receiving for the fees paid.

The Global Custodian Agent Banks in Emerging Markets (ABEM) survey once again focuses on 22 markets that, while not regarded as developed, record sufficient volume for individual analysis. A larger selection of smaller markets, dubbed 'frontier', is covered in Spring 2017. This division more or less reflects the MSCI and S&P approaches to market division.

As we noted last year, emerging markets offer global investors the benefits of diversification and enhanced returns. But that is only possible if agent banks deliver high quality services. Our latest Survey looks at how they are doing.

The survey allows for relative as well as absolute assessments to be made and this guides some of our comments in each market and for every provider. In general, we have tried to discourage seeing these assessments as a competition though a degree of rivalry is perhaps inevitable. Nevertheless, as these are client perception surveys, what they really measure are changes in the relative levels of appreciation from year to year for each provider's own set of clients. The most accurate wording for cross-provider comparisons would be to say that one bank's clients like them more than another bank's set of clients likes their own provider. The methodology break-out box provides more detail.

## Largest samples

Across the 22 countries in the Emerging Markets Survey, the largest number of responses, both absolutely and by weight, was received for the Indian market. This continues a trend that has been in place for many years, where the agent bank providers in that country, simply work hard to generate responses from as many clients as possible. All responses are important, but in terms of assessing the relative capabilities of different providers, key are the responses received by the magazine from the largest and most active global custodians, broker-dealers and depositories. We are delighted with the continuing support received from these leading institutions. They are critical to providing efficient and cost-effective service to more than \$100 trillion assets invested globally.

While emerging markets may not be the largest in terms of assets or transactions, they do offer potential for higher returns

being sought by investors worldwide. The important role of individuals and teams of network management personnel in making sure that these assets can be administered as smoothly as possible cannot be overstated. We are very pleased that large numbers of individuals seek to provide their views about service providers to us, and we hope that through the published survey and other interaction, we can offer them useful insights and analysis. Where providers have chosen not to participate actively, we have still chosen to assess them where sufficient clients have responded through their own initiative.

Some of our findings are counter-intuitive. One might expect, for example, that the best scores would be achieved in those markets with the most sub-custody providers. This has rarely proved to be the case, however. In addition, aggregate scores have fallen in such markets along with the overall trend in this year's survey. The exception to this is India, where aggregate scores are particularly high.

Once again, aggregate scores in the majority of markets coalesce around a small range in service scores, albeit lower than in 2015. This means that a typical – if not average – provider will record scores in the low to mid-fives (5.00 to 5.99 is classified as Good) with Value Delivered scoring in the mid- to upper fours (4.00-4.99 is considered Satisfactory). The latter can be seen as a reflection of the widespread belief among clients that fees could always be lower, along with a reluctance to signal that, even if they are happy with fee levels, there is no need to signal that to their provider! It is unclear whether aggregate scores have fallen this year as a result of declines in service levels or whether, in current economic circumstances where acceptable returns on institutional investment are harder to find, expectations have been raised.

That said, these typical scores are achieved in a very diverse set of market conditions, volumes of transactions, values of assets and sophistication of market infrastructure. They also encompass a wide range of competitive environments ranging from those with four or five fully-qualified providers, through to some countries where perhaps only one or two options exist.

Again, as we noted in 2015, the fact that scores and performance are seen as being at a consistent and high level is testimony to the efforts of network managers to ensure that global

best practices are seen as both attainable and desirable, even in countries where business may be modest.

Any ranking is bound to provoke comment, but the most valuable message is not around individual market scores, but rather the continuing development and progress in providing efficient and cost-effective services. We appreciate the efforts of network managers in supporting the surveys of agent bank services that we run. We look forward to receiving feedback on this current survey as well as support for the Frontier Markets review that will appear in the next issue.

As in 2015, Global Custodian will identify those agent banks whose level of scores, whether overall or by individual categories, merits the label 'Outperformer'. This replaces the old 'Best in Class' category that some veterans of the survey still hanker after. With this structure, banks can be global, market or category outperformers and have the ability to acquire the rights to use the label of Outperformer. Those interested in pursuing confirmation of this designation from the magazine should contact us in the usual way. ●

Country	PERCENTAGE OF WEIGHTED RESPONSES
INDIA	10.59
BRAZIL	6.63
RUSSIA	5.74
CHINA	5.59
TAIWAN	5.37
MALAYSIA	5.28
POLAND	5.26
THAILAND	5.07
TURKEY	5.03
INDONESIA	4.76
HUNGARY	4.67
CZECH REPUBLIC	4.60
MEXICO	4.48
UAE	4.08
PHILIPPINES	4.05
EGYPT	3.68
CHILE	3.13
PAKISTAN	2.61
SLOVAK REPUBLIC	2.61
ARGENTINA	2.52
QATAR	2.32
MOROCCO	1.92

## Methodology

Having made various significant changes to the Emerging Markets Agent Bank Survey in 2014, we have adopted an approach of consistency in 2015 and 2016. Once again the Survey was limited to 22 countries, with all other non-major markets being included in the Frontier Markets Survey to be published in the Spring 2017 issue of Global Custodian.

Questions remained consistent with 2015 and of those questions, 24 covered seven core areas of service capability. As in the Major Markets Survey, results cover only Cross-Border/Non-Affiliated respondents. No domestic responses have been included. Cross-border is determined by the location of the client rather than the assets. So a response from a domestic client who happens to have foreign investments will not be included in the survey. As in the Major Markets Survey, we have again not sought to distinguish any so-called "leading" client responses.

We have retained the seven-point scoring scale (7.00 being excellent and 1.00 being unacceptable). Responses were weighted, as were questions, in a manner consistent with previous years. As with the Major Markets Survey, there was no substitution of historic information into the scores where respondents had not included a score.

Scores for all major providers in each country are presented in tabular form, covering each of seven areas of service (Settlement, Asset Servicing, Relationship Management and Client Service, Reporting, Technology, Ancillary Services and Value Delivered).

For the reasons mentioned in the Major Markets Survey, we do not intend to create any kind of overall score for individual providers. We recognise that providers will be tempted to create overall scores for

themselves and draw conclusions about overall performance, relative and absolute, from the data that we have published. We continue to regard such approaches as, at best, ill-advised and, at worst, misleading for both internal and external audiences, given the heterogeneous nature of responses received. However, we are realistic enough to recognise the natural human desire to create patterns and lists, and, therefore, expect such usage to continue. For provider institutions who wish to receive a more considered analysis of the implications of the responses and comments that they have received, Global Custodian will again make available research reports that analyse individual provider results in an appropriate context and to a relevant depth.



Argentina has recently been categorized as a VARP – a group of countries (the others being Vietnam, Romania and Pakistan) with the approximate status of BRICs in waiting. This is partly a result of a change in government and of an upward trend in the market index, which reached an all-time high in late October 2016.

Across the market, scores have fallen year-on-year in all service areas, taking the average from a reasonable 5.31 to a somewhat disappointing 5.04 – still in the Good category, but hardly a ringing endorsement. There are nevertheless discernible areas of improvement. Timeliness and accuracy of income collection and reporting is up by 23 basis points. Scores for notification of income due have also crept up a few basis points. Tax-related services and Reporting have registered the steepest falls year on year.

Cross-border clients investing into Argentina collectively regard the depth of market knowledge among service providers as a strength, though the market average of 5.34 is still down by 34 basis points. At 4.71, competitiveness of fees charged is the lowest individual question score.

Given that the difference between the lowest and highest provider scores in each category is greater than two on a seven-point scale, those seeking a provider in Argentina would seem to have measurable differences in the services on offer. What is unclear, however, is which providers are actively promoting their capabilities in this market.

### Citi

Despite announcing last year that it planned to quit the custody market in Argentina, Citi has received the most responses of any provider for this market. Some 50% of this year's respondents for Citi were engaged in the exercise in 2015. Scores are down in all categories, apart from Settlement, which is up 23 basis points to a respectable 5.40. Nevertheless, this is the only category that comes in for criticism in the rather sparse client comments. "A more proactive approach for settlements would be appreciated," says one mid-sized European bank, which at the same time notes improvements in reconciliation and tax-related services. Viewed by size, Very Large clients appear the most satisfied. By contrast, lowest scores come from the Medium respondents, who appear most dissatisfied with Value Delivered – often regarded as a proxy for fee levels.

### Banco Santander

While responses for Santander are few, they are nevertheless from weighty institutions. As with last year, scores are disappointing with no category rising above Satisfactory (4.00–4.99). This also means that the bank is rated below the market average in all service areas. Year on year, scores are down in all areas except for Value Delivered, which has increased from 4.00 to 4.38. Unfortunately, no additional client comments are provided to help explain this movement. At an individual question level, income collection and corporate actions are seen as reasonably well-handled though results for tax-related services drag Santander's Asset Servicing score down below 5.00. At the other end of the scale, the quality of management information reporting and responsiveness and effectiveness in dealing with queries are both rated as weak. With Citi set to exit the Argentine custody market in time, Santander will need to up its game if it is to attract some of the business that may become available.

### HSBC

The response base for HSBC in Argentina is identical for 2015 and 2016. Results suggest that clients remain broadly happy. Despite declines in four areas, all category scores are above the mid-fives apart from Value Delivered, which has fallen to 4.75 – likely a reflection of fee levels, since the bank scores higher for value received for fees paid than it does for competitiveness of fees. Relationship Management and Client Service and Settlement both score 6.00 (Very Good). The bank scores above the market average in all categories and above the global average in all but Value Delivered.

### Deutsche Bank

Last year, Deutsche Bank garnered the second highest number of responses in the Argentine market. In 2016, however, it has received too few responses to provide a detailed comparison. Suffice to say that it remains well regarded among returning clients.

### Others

A few other custodians received single responses, none of which is particularly remarkable either for its highs or its lows. The market would seem to remain largely dominated by local branches of global securities services providers.



**2015** saw Brazil fall away from its previous heady days of expansion, but in spite of its many issues, it remains a prominent market. In terms of the overall Survey results, 2016 revealed particular strengths in the category of Relationship Management and Client Service, exceeding the global average by 0.21 points, despite a year on year decline of 0.07.

In May, 2016 the Brazilian Tax Authority (Receita Federal do Brazil, RFB) published Normative Instruction 1,634. This sets out new requirements for the issuance of the tax identification number for legal entities (CNPJ). The aim is to strengthen the current anti-money laundering and anti-corruption controls.

Non-resident investors will be requested to disclose the relevant individuals in an investing entity's ownership structures and present additional documents when opening accounts or updating its registration in the Brazilian market. This Normative Instruction substantially changes the non-resident investors' registration process, especially with regard to omnibus account structures.

#### **BNP Paribas Securities Services**

BNP Paribas received responses from a number of large clients with significant volumes in the Brazilian market. Responses for the bank represent over a third of all responses received for Brazil. BNP Paribas has continued to score highly throughout, achieving scores of over 6.00 (Very Good), in all but one category. Particular praise was directed to Relationship Management and Client Service, where the bank recorded a score of 6.27. At a question level, understanding business needs and quality of personnel both scored an impressive 6.32. The results continue the trends set by last year's results which emphasised the accessibility and flexibility of staff. Overall, BNP Paribas appear very well regarded within the Brazilian market.

#### **Citi**

Citi has followed the same pattern as BNP Paribas with steady and consistent results from the Brazilian market. It remains one of the largest agent banks within the market. Client comments indicate that improvements could be made in the area of Settlement with one comment from a Medium sized bank indicating that a more proactive approach is required. This apart, consistent average scores of 5.00 and above, at a category level indicate a solid performance with particular appreciation

of the bank's depth of local market knowledge and quality of personnel. Year on year, the bank's scores are up in four service categories: Relationship Management and Client Service, Value Delivered, Settlement and Asset Servicing. Although not a cause for major concern, the bank may want to note that results for flexibility of funding deadlines and quality of payment processing are sitting on the cusp of demotion from Good to merely Satisfactory. The same is true of comprehensiveness of SWIFT reporting.

#### **Deutsche Bank Brazil**

As was the case in 2015, Deutsche Bank received a small number of responses in this market, but did see an increase of 0.60 in its average score compared to the prior year. Scores of over 6.00 (Very Good) were recorded at a category level for Relationship Management and Client Service, Settlement, Ancillary Services and Reporting, with the former being scored particularly highly at 6.52. Despite impressive scores, the small number of responses makes it difficult to definitively assess the bank's position within the Brazilian market.

#### **Itau Unibanco**

Again providing consistency, Itau Unibanco achieves numerous scores of over 5.00 (Good) in the Survey categories, with particular emphasis on Relationship Management and Client Service, which registers a score of 5.73. One asset manager praises Itau Unibanco's proactivity. "The institution is always following up and controlling every trade as well as being one step ahead to avoid issues with the settlement," it says. Another bank client comments on how quick Itau Unibanco are to reply to queries. Its only score to drop below 5.00 at an individual question level was for competitiveness of fees charged, where clients tend to be hard to please, not wishing to imply that their providers are undercharging.

#### **Banco Santander**

Santander ranked fourth in terms of number of responses received for Brazil and achieved consistent scores across the categories falling only below a score of 5.00 (Good) for Settlement and Technology categories. On an individual question level all were rated Good and Very good, with the exception of timeliness and accuracy of settlement confirmation and reporting, which rated only Satisfactory at 4.00.



**S**antiago Exchange covers several markets. It trades over \$2 billion a day in equities, fixed income securities, money market instruments, investment fund shares and foreign securities. CCLV, a subsidiary of Santiago Exchange, acts as the central counterparty and manages the clearing and settlement of financial instruments.

In November 2015, the CCLV applied for recognition under Article 25 of Regulation (EU) No 648/2012 of the European Parliament and of the Council (EMIR). The approval of CCLV as a qualified CCP in this context would facilitate the participation of European Union institutions and European investors in Santiago's Exchange Derivatives Market, whose clearing and settlement contracts are performed on CCLV.

In December, 2015, Chile acceded to the Hague Convention. One of the consequences of this is to simplify the documentation process for inward investors. Meanwhile, early in the new year, the Chilean IRS issued an amendment to existing resolutions on the treatment of withholding tax. This set out the declarations required by the beneficiary of dividends. Investors are advised to consult their provider on the implications and potential benefits of the new processes.

In terms of the ABEM survey, scores for the Chilean market are on the whole in the low fives, averaging 5.05. This is some 37 basis points below the global market average. There has, however, been no further decline on last year with rises and falls across the seven service categories more or less cancelling each other out. Were it not for a lower score for technology dragging down the average, the market would actually have registered an overall improvement.

#### **Banco Itaú**

Banco Itaú estimates its share of international third party business in Chile at about 35% of the market. The bank has been offering securities services in Chile since 1993 and is one of the three largest providers of sub-custody services in the market. Staff have an average 10 years' experience in the business. One large global custodian, for which Itaú is a back-up provider, describes the relationship overall as good and the team as very supportive.

The bank's highest score at a category level is for Asset Servicing with an impressive 5.83, up 18 basis points on last year. This is also the service area registering the most improvement over the past year. "Banco Itaú has clearly improved their

services to us with respect to manual tax credits," notes one European client. By contrast, Relationship Management and Client Service have recorded a decline of 34 basis points, while Technology has also seen a fall from 5.27 to 5.08. The bank nevertheless exceeds the market average in five of the seven service categories.

#### **Citi**

While Citi in Chile has received fewer responses than last year, it still accounts for more than any other provider in the market. The vast majority of respondents are also returnees from 2015. The bank's scores have improved slightly across most service areas. Only Reporting and Technology register declines. Citi exceeds the market average in all service areas apart from Relationship Management and Client Service and Asset Servicing, both of which fall slightly short. At an individual question level, the bank's scores range between 4.72 and 5.53. At the upper end are quality, reliability and contingency of core processing systems and timeliness and accuracy of settlement confirmation and reporting. The latter also records the most improved result for any question score compared to 2015.

Citi will, however, want to pay attention to those questions where it was rated only Satisfactory (4.00-4.99). These include, inter alia, responsiveness and effectiveness in responding to queries, competitiveness of fees charged and quality of personnel. "The client support team is good, but they need to improve their responsiveness," comments one US-based client. Similarly, there are a few questions, which, while still scoring in the Good range, have nevertheless registered measurable declines in customer appreciation. These include the quality and effectiveness of proprietary client-facing technology, down 49 basis points to 5.10 and adherence to standard message types, down 35 basis points to 5.06.

#### **Banco Santander**

Banco Santander has risen above the market average in all service areas, except for Settlement and Reporting. The difference is greatest for Relationship Management and Client Service and Technology. The bank has also improved its scores year-on-year in five of the service categories, most notably Asset Servicing, which has recorded a rise of 0.34 basis points to 5.43, Santander's highest category score. Bank clients, in particular, are generous in this regard.



Coming off the back of a period of volatility in 2015, China saw a slight increase in average performance with a number of relatively positive developments for the region. The launch of the Shenzhen-Hong Kong Stock Connect link, alongside the existing Shanghai-Hong Kong venture which launched in November 2014, is aimed at building a more extensive capital market and capitalising on the geographical advantages of Shenzhen. It is also hoped that the venture will allow investors to experience increased economic benefits from both mainland China and Hong Kong and increase cooperation between the two.

Elsewhere however, a recent crackdown from Beijing on outbound renminbi flows may threaten the ability to remit dividend payments abroad.

China has also seen a great deal of liberalisation in the China Interbank Bond Market with developments including expanded scope of eligible applicants by allowing registration of different types of financial institutions and products. There has also been a significant reduction in documentation requirements in the application process. The immediate impact of this development is that foreign investors can now invest in the CIBM with more flexibility.

Updated QFII and RQFII rules released in February and September of this year focused on the simplified quota registration/application process, the introduction of base quotas, the implementation of revolving quotas and the removal of a capital injection period.

In terms of survey performance, service providers in China achieved an aggregate score of 5.51 for Relationship Management and Client Service. Its lowest overall average scores came in the categories of Value Delivered and Ancillary Services, which may be areas of focus over the next 12 months.

### HSBC

In 2015, HSBC accounted for almost 35% of responses by weight for China, which was more than any other service provider. 12 months on, HSBC retains its strong presence in the market. Yet again, HSBC obtained consistent results across the board with one anomaly. In 2015, this was Settlement which was viewed as being merely 'Satisfactory'. This now applies to Value Delivered, which is rated this year as 'Satisfactory' receiving a score of 4.83.

Other results remained in the Good (5.00-5.99) category with

a particularly high score of 5.68 being obtained for Relationship Management and Client Service. One Asian bank and one large Asian CSD commended HSBC's service with the former emphasising HSBC's ability to provide 'exceptional' service upon request. At an individual question level, the biggest improvement is registered for the timeliness and accuracy of settlement confirmation and reporting, up 44 basis points to 5.56. Competitiveness of fees charged, while still only Satisfactory- has also risen by 22 basis points.

### Deutsche Bank (China) Co., Ltd.

Despite recording fewer responses than HSBC, Deutsche Bank still proved its worth in the Chinese market with consistently high scores being achieved. At an individual question level, these included scores of 6.00 and above, for local market knowledge, quality of personnel and responsiveness.

In spite of such progress, it appears that improvements are required in the area of Technology with scores of 4.50 recorded for quality and effectiveness of client facing technology. One Medium sized Asian asset manager commented that the online platform available was not quite "user-friendly." Such a development may be crucial going forward given the increasing emphasis on implementing sophisticated technology in emerging markets.

### Standard Chartered Bank

On a consistent basis across the board, Standard Chartered achieved scores equating to 'Good' and 'Very Good', with a number of individual questions receiving scores of 6.00 or more.

At the category level, Relationship Management and Client Service and Settlement stand out with particularly high scores, with a large European bank acknowledging that they have never had any issues with the service. In these two areas, the bank records the highest score of all the providers rated. On an individual question level, one Asian bank noted Standard Chartered's quickness of response in Relationship Management and Client Service, Settlement and Asset Servicing. The bank's highest individual question score was 6.38, for timeliness and accuracy of settlement confirmation and reporting, reflecting an increase over 2015's score of 35 basis points. Even its weakest score, 5.65, for comprehensiveness of SWIFT reporting, would be envied by some.



In May 2016, the President of Czech Republic signed an amendment to the Capital Market Act, implementing into Czech legislation a series of EU Directives and Regulations.

In terms of the underlying economy, the position is not as strong as last year with annualised growth in 2016 expected to be in the region of 2.2% compared to over 4% in 2015.

The securities markets of the Czech Republic remain small, both in terms of the number of securities traded and the market capitalisation. Performance of the stock market this year has been sluggish with the index at the time of going to press still below the level at the start of the year. In terms of post-trade services, the market has held more or less steady with results similar to last year at a service area level.

This year, we have again limited comments to four sub-custodians. Though several received responses, this year only Citi, UniCredit, SGSS and CSOB garnered sufficient for an individual write-up.

#### Citi

Citi received the largest number of responses among sub-custodians in the Czech Republic. Clients include some very large institutions as well as smaller entities. Overall, its scores were down slightly with small declines in six of the seven service areas. Results range from 5.15 for Value Delivered – often a proxy for assessment of fee levels – up to 5.75 for Relationship Management and Client Service. In both cases, these results were similar to last year. Client comments are generally complimentary. “Prompt responses to queries, good market knowledge and general helpfulness,” says one European broker. “Knowledgeable and responsive local teams,” adds one global custodian.

#### Československá obchodní banka, a.s.

CSOB provides sub-custody for some of the world’s largest global custodians and has seen a 40% increase in its responder base this year. It estimates its share of international third party business in the Czech market at 20%. Client comments are sparse this year, though one European broker describes the asset servicing team as “very helpful”. Compared to 2015, CSOB’s category scores are up, most notably in Settlement, Reporting and Technology. At an individual question level, the bank’s highest score is 6.12 for quality and effectiveness of proprietary client facing technology. This is also CSOB’s most improved score, up an impressive 74 basis points. Only one question

elicits a collective result below 5.00 – competitiveness of fees charged received 4.97. However, this is rarely an item on which clients concede much leeway.

#### SGSS Czech Republic

Societe Generale puts its share of cross-border client business at 17%. In 2015, SGSS Czech Republic was mandated by one of the largest insurance companies operating in the CEE which has added significant heft to its operations in the market. The bank returns to a full write-up this year after falling somewhat short in responses last year. Unfortunately, category scores have dropped year on year by between eight and 87 basis points, the latter being for Technology. One client criticizes the SGSS Gallery tool, in particular. As a result, Societe Generale also underperforms both the market and global averages. The news is not all bleak, however. Income collection and corporate actions are regarded as well handled. The level of proactivity in resolving failed trades has meanwhile recorded an increase of 18 basis points.

#### UniCredit (Global Securities Services Czech Republic)

UniCredit estimates its share of international third party business in the Czech market at 33%. Its scores are up in six out of the seven service categories. The largest increase is for Reporting which has now moved from Satisfactory to Good. UniCredit now exceeds both the market and global averages for Settlement. At 5.40, this is also UniCredit’s highest category score. In additional client comments, response times come in for some mild criticism.

#### Other

Several other providers, including Ceska sporitelna, Deutsche Bank and Raiffeissen Bank International (RBI) have received responses, though insufficient for individual write-ups. As these all remain active providers in the market, they will hopefully receive more survey responses in 2017. In the meantime, assessments received suggest that clients are on the whole satisfied with the levels of service they are receiving. Ceska sporitelna indicates that closer ties between its relationship management and product units will bring a closer alignment with client priorities. In terms of scores, if RBI maintains its current results with a broader response base, it will be well set for the year ahead.





The Egyptian Stock Exchange (EGX) has spent 2016 on the up, with an acceleration in index growth towards the end of the year. Over the past year or so, it has been subject to an active reform process.

In March 2016, MCDR, the central depository, applied a new DVP model to the Egyptian capital market. Under the new model, custodians become direct clearing members and have to settle both cash and securities with MCDR, removing the broker from the settlement process. The move also introduced penalties for delayed and failed trades.

In aggregate, the market has seen its scores hold steady, with improvements in three category areas: Asset Servicing, Ancillary Services and Reporting.

#### Citi

Citi has recorded improvements in category scores in all areas apart from Settlement and Value Delivered. The latter is also the only category where the bank records a result below 5.00. All other service areas are scored between 5.19 and 5.63. It matches or exceeds the market average in all areas with the exception of Asset Servicing and is rated above the global average in all areas, apart from Settlement. One European Bank praises Citi's "excellent market knowledge". At an individual question level, the bank receives its highest score for the quality and effectiveness of its proprietary client-facing technology (5.81), up 12 basis points on last year. This is followed by depth and breadth of local market knowledge (5.77) and quality of personnel (5.69). At the other end of the scale is competitiveness of fees charged (4.96). Citi's most significant improvement at a question level is for its handling of corporate action notifications, up 53 basis points to 5.22, taking this element of service out of the Satisfactory range and into the Good.

#### HSBC

"Professional staff and extremely helpful in a very challenging market," says one large global custodian of HSBC's custody service, in Egypt. A European client, however, points to "a discrepancy between the responsiveness and helpful attitude at the relationship level and the operational level. The first is fine, while the second leaves room for improvement." The bank scores slightly below the market average in all service areas. Year on year, it has recorded improvements in client assessment, in three areas: Asset Servicing, Ancillary Services

and Reporting. The biggest fall is in Value Delivered, suggesting that clients regard fees as relatively high when considering the services actually delivered. At a question level, HSBC scores highest for depth and breadth of local market knowledge (5.40) and lowest for value received relative to fees paid (4.48).

#### QNB ALAHLI

QNB estimates its share of international third party business at 5%, though it received more responses this year than either National Bank of Egypt or Commercial International Bank. This is a possible reflection of the deal announced last year for the bank to provide a wide range of securities services on behalf of Societe Generale. "Very good service ethic and understanding of business requirements," says one Large client. "Good communication via regular newflashes. Good responsiveness to queries and quick turnaround times." Another, however, regrets a "lack of effectiveness in supporting UCITS and AIFMD regulations." Compared to 2015, QNB has improved its results in four of the seven service areas. Its scores now range between 5.53 and 5.86, exceeding the market average in all seven service categories. At an individual question level, the bank scores above 6.00 (Very Good) for tax-related services, depth and breadth of local market knowledge and quality of personnel.

The bank itself points out that it has been active in lobbying the CSD to automate cash dividend and coupon collection. "QNB AA has been communicating with MCDR IT team, and done all necessary testing, so that automation has gone live on MCDR's system on August, 2015. Now all custodians are allowed to automatically collect dividends and coupons as opposed to the previous method which entailed physically going to MCDR."

#### Other

National Bank of Egypt and Commercial International Bank both offer sub-custody services. In the case of CIB, its strongest scores are in the areas of tax services and income collection, while its ability to provide information about changes in local market regulation is seen as needing work. NBE meanwhile finds itself similarly assessed on this question though it scores highly for quality of personnel and local market knowledge. Neither bank, however, receives sufficient responses this year to compare their responses to the market as a whole.



Although not yet implemented, the CSD system replacement project is described by service providers as arguably the biggest change in recent years on the Hungarian market. Parallel to T2S implementation, KELER, the CSD, is replacing the current settlement engine with BaNCS from TCS to handle T2S functionalities and offering more stable and robust settlement capabilities for local CSD members. The CSD has published its service and technical specification documents to allow local custodians to prepare, but the go-live date has been delayed till after Hungary joins T2S in February 2017.

Since the HUF will not be a settlement currency in T2S, it is predicted that most of local settlement will remain at local market level. KELER will nevertheless provide full T2S functionality for those members who would like to become Direct Clearing Participants (DCPs).

As part of a strategic plan, the Budapest Stock Exchange (BSE), in consultation with the Ministry for National Economy, is preparing a regulatory package to promote the development of the Hungarian capital market.

The market for sub-custodian services in Hungary remains competitive despite the relatively modest opportunities it currently presents. Although most service area scores have fallen slightly, the Hungarian market remains well served. Its overall score equals the global average.

### Citi

Citi received the highest proportion of responses by weight of any agent bank in Hungary. The bank's clients include many of the very largest global custodians who are among the hardest to please. The bank's service area scores have dropped slightly, apart from Relationship Management and Client Service and Asset Servicing, which record rises of two and 13 basis points, respectively. Only one area, Value Delivered, scores below 5.00. At a question level, the bank can be pleased with its scores for depth and breadth of local market knowledge and quality of personal, both rated above 5.60. While most of its lowest scores related to fees, it may like to take note that the quality and effectiveness of its proprietary client facing technology is now rated only 4.87. This is an area which, in many other markets, Citi excels.

### Deutsche Bank AG Hungary Branch

Based on the latest available aggregate figures, Deutsche Bank estimates its market share as follows: 25%-30% for

cross border foreign Assets under Custody (AUC); 10% of OTC transaction volume; 40% of remote clearer transactions; and 40% of HUF cash clearing. Its survey responder base is smaller this year than last, though it includes several heavy hitters. One of these describes the bank's Hungarian operation as "very supportive, knowledgeable with prompt resolution to our enquiries." Unusually, they acknowledge that Deutsche's fees are "within market guidelines." Deutsche Bank exceeds both the market and global average in three service areas: Technology, Relationship Management and Client Service and Settlement.

### Raiffeisen Bank International

As in other CEE markets, RBI has a small but loyal following of clients, attracted in many cases to its comprehensive regional offering, and its approach of linking business directly into CSD infrastructures. One of its largest European clients praises the bank's overall efficiency: "Very few service issues needed escalation. We continue to appreciate the proactivity of our relationship manager." In common with the market as a whole, scores in most service areas have slipped, but remain more than satisfactory with a low of 5.32 for Technology and a high of 5.64 for Relationship Management and Client Service.

### BNP Paribas Securities Services Hungary

BNP Paribas has produced a very solid set of scores this year from a similar-sized responder base. Results have improved in all service areas. Even Value Delivered, its lowest score at 5.90, is up 22 basis points to a level that would be the envy of many of its peers. It exceeds both the market and global averages in all areas. "Excellent responsiveness" and "proactive operations team" are two of the comments received.

### UniCredit (Global Securities Services Hungary)

UniCredit includes some very large global custodians among its clients. These are among the harshest scorers in the survey. UniCredit's results range from 4.85 for Value Delivered at the low end to 5.53 for Relationship Management and Client Service at the top of the scale. This compares to 2015's low of 4.60 for Value Delivered and 5.57 for Relationship Management and Client Service. One Very Large client describes the latter as a strength, where the bank is "very proactive". Overall, scores are up in four of the seven service areas.



India is likely to remain a relatively fast growing economy and its equity and debt markets are an attractive destination for global investment. Capital inflows from foreign investors are expected to continue to grow in the medium term, encouraged by both explicit government policy and the regulatory framework.

Effective October 12, 2015, The Reserve Bank of India (RBI) and SEBI, the market regulator, revised the investment limits in INR terms for foreign portfolio investment in Central Government Securities and State Development Loans.

RBI approval has been made mandatory for any fresh acquisition of shares/ voting rights in private sector banks, if the proposed aggregate holding in the bank amounts to 5% or more of the paid-up share capital of the bank.

In this year's survey, six providers have received sufficient responses to warrant individual write-ups. Deutsche Bank accounted for 31% of weighted responses, HSBC for 29%, Kotak Mahindra Bank for 19%, Citi for 9%, Standard Chartered for 7% and Societe Generale Securities Services for 4%.

#### Deutsche Bank AG, Mumbai.

Deutsche Bank in India holds some \$122bn on behalf of sub-custody clients. Of these the majority are asset managers, though there is a smattering of global custodians. The bank estimates its share of the international third party business in India to be around 27% with a 40% share of Foreign Portfolio Investor (FPI) accounts. The bank has introduced an Excel-based FPI Tool to simplify the application process, augmented with an automated workflow to ensure seamless FPI processing.

Although its results remain impressive, with all service areas recording results above 6.00, Deutsche Bank has seen some slippage in all areas. It nevertheless exceeds both market and global averages in all service categories. Given that the market as a whole is one of the highest scoring in the ABEM survey, this is no mean feat. Service levels are excellent," says one Asian client.

#### HSBC

"The HSBC Relationship team is very knowledgeable and meets our requirements," says one client. "The team is also very prompt in providing responses to queries raised." Although service category scores are down somewhat over the year, the fact that the weakest result is 5.72 for Value Delivered suggests

that clients are more than happy with the levels of service received. At an individual question level, the score for efficiency and accuracy in tax-related services has actually increased by 30 basis points to an impressive 6.23. This is also the bank's highest individual question score. The efficiency of client-facing technology is also recognized with a score of 6.11.

#### Kotak Mahindra Bank Ltd

Kotak Mahindra Bank holds USD 9.32 billion in assets for foreign institutional clients. It also claims a 40% share in the custody of inbound India dedicated funds. On 1st April 2015, Kotak Mahindra Bank acquired ING Vysya Bank. Through this acquisition Kotak Bank increased its market capitalisation to become the fourth largest bank in India.

In line with the market, Kotak's stellar scores have dropped slightly since 2015, though all service areas remain in the high sixes and well above both market and global averages. "Kotak was recommended by one of our close US partners and we have been very happy," says one asset manager.

#### Citi

Roughly 40% of this year's responders for Citi are new. "We have always seen a good service from them and have never come across any issues so far," says one client. Another cites its local client service contacts as providing "excellent support and in depth details about issues and market details." Citi has bucked the market trend in its results. Scores have improved across all service areas apart from Asset Servicing and Ancillary Services. Value Delivered, rarely highly rated, is up by 88 basis points from 4.79 to 5.67 – a significant rise in a difficult category.

#### Standard Chartered

"I can see improvement over the years. Willing to working with the same team and confident that the rating will increase each year," says one Asia-based asset manager of Standard Chartered. Nevertheless, scores are substantially lower in all service areas by between 81 and 100 basis points. While most areas remain above 5.00, two have slipped down to Satisfactory. These are Value Delivered and Technology. At a question level, there has been a rather alarming drop in appreciation of the quality, reliability and contingency of core processing systems. This scores 4.85, compared to an impressive 6.02 in 2015.



In June 2015, KSEI (Indonesia Central Securities Depository) modified the payment system related to securities settlement and corporate actions, utilising its membership of BI-RTGS, allowing it to act as a counterparty to KSEI participants in the central bank's RTGS system. In November 2015, the Bank of Indonesia introduced the next generation of Real Time Gross Settlement (RTGS) and Scripless Securities Settlement System (SSSS), making use of SWIFT messaging formats.

OJK, the Indonesian Financial Services Authority, is working through the Indonesia Financial Services Sector Master Plan for the period 2015 – 2019, providing a blue print for the direction of financial sector development.

In June 2016, The Law on the Prevention and Handling of Financial System Crisis was enacted with the aim of strengthening financial system stability in the face of various threats, domestic and foreign. The Law serves as the legal basis for the establishment of a Financial System Stability Committee.

KSEI has meanwhile initiated a plan to introduce electronic proxy voting in the market. This is currently a subject of discussion with market participants.

In all service categories, the Indonesian market again comes close to, but does not quite reach, the global survey average. Survey respondents are happiest in general with Relationship Management and Client Service, which scores a creditable 5.43, down slightly on last year's 5.55. At the lower end of the scale, Value Delivered is regarded as simply "Satisfactory" with an aggregate score of 4.87.

This year, four banks qualify for individual write ups: Standard Chartered, with 32% of weighted responses; HSBC with 28%; Deutsche Bank with 24%; and Citi with 16%.

### Citi

Citi's responder base this year is almost identical to 2015's and includes several large clients who tend to be the harshest markers. Its category scores are up in three areas – Value Delivered, Asset Servicing and Reporting – and down in the remaining four. Of these, the biggest drop (0.38 points) is in Technology. It slightly exceeds the market average in three areas: Relationship Management and Client Service, Value Delivered and Ancillary Services. There are few client comments to add colour to the results, though one large client suggests that SWIFT messages related to corporate actions could do with enhancement.

### Deutsche Bank AG, Jakarta Branch

Deutsche Bank claims \$99.8 billion in assets under sub-custody in the Indonesian market with an approximate monthly volume of 57,000 trades. Its Jakarta operation is responsible for an estimated 46% of foreign assets recorded in the central depositories as of August 2016.

While the size of its responder base is similar to last year's, some 50% are returning raters. Its scores have nevertheless held steady, increasing in three service areas, declining in three and remaining the same in one. The bank's highest score, 5.64, for Relationship Management and Client Service, is one of the fallers, down 0.15 points. Only one category gives any cause for concern, however. This is Value Delivered, which is rated as merely Satisfactory, as a result of an indifferent assessment of the competitiveness of fees charged by the bank. Several questions have recorded improved scores; notably, adherence to standard message types, 5.43, up 0.43 points, and quality of management information reporting, up by 0.25 points, moving this aspect of service from Satisfactory to Good.

### HSBC

Although HSBC's responder base is slightly smaller than last years, it consists for the most part of returning raters. Although slightly down on last year, it has still recorded a solid set of results ranging at a category level from 5.11 at the lower end up to 5.94. It comfortably exceeds the market average in all areas and the global average in two – Relationship Management and Client Service and Value Delivered. Client comments are broadly positive. "They have been very supportive and have taken the trouble to go the extra mile, particularly to our demanding requests," notes one UK-based broker.

### Standard Chartered Bank

All but one of Standard Chartered's sample of respondents this year was present in last year's cohort. It is therefore to the bank's credit that it has recorded improved scores in all service categories with the exception of Relationship Management and Client Service. At an individual question level, the best results are for income collection and corporate action notification, while the lowest are for competitiveness of fees charged (4.90) and responsiveness and effectiveness in responding to queries. Of the few clients who add free-form comments, all note the bank's speedy response times.



In October, the Securities Commission issued new guidelines to enhance cyber resilience of the capital market by requiring capital market entities to establish and implement effective governance measures to counter cyber risk and protect investors. These Guidelines require regulated entities to have in place a risk management framework to minimise cyber threats, implement adequate measures to identify potential vulnerabilities in their operating environment.

Five providers qualify for a write up this year: HSBC with 42% of weighted responses, Standard Chartered with 21%; Deutsche Bank with 20%, Citi with 10% and Maybank with 8%. Category scores in aggregate have fallen slightly since last year apart from Value Delivered. Investors nevertheless appear well served with scores in the mid-fives, close to – if just below – the global average.

### HSBC

The vast bulk of HSBC clients taking part in this year's survey are returnees from last year's sample. With category scores ranging from 5.19 to 5.85, HSBC comfortably exceeds the market average in all areas and beats the global average in all but Asset Servicing. Scores are more or less comparable across all client segments by size. By type, banks are somewhat more generous in the scoring than broker dealers.

At an individual question level, HSBC's highest rating – 5.98 – is for depth and breadth of local market knowledge, followed closely by quality of personnel. At the other end of the scale, though still in the Good (5.00-5.99) range, are competitiveness of fees charged and value delivered in relation to fees paid. Client comments are broadly positive.

### Standard Chartered

Standard Chartered has registered improved scores for Value Delivered and Asset Servicing this year. The former, however, remains in the Satisfactory range, while other service areas score in the low to mid-fives. At an individual question level, the way the bank deals with corporate actions notifications and queries scores highly (5.73). Depth and breadth of local market knowledge and quality and effectiveness of client facing technology also score in the mid-to-upper fives. Broker dealers are the most generous client segment for Standard Chartered, rating Asset Servicing, for example, as Excellent.

### Deutsche Bank (Malaysia) Berhad

Deutsche Bank claims \$40 billion of assets in sub-custody. In the last 12 months, Deutsche Bank (Malaysia) Berhad has settled approximately 31,000 transactions per month. Asset managers and broker dealers together account for over 60% of this client base though it also includes several global custodians. It estimates its market share of international third party business to be approximately 22%.

The bank's scores have fallen off slightly in five of seven service areas. All category scores are now in the low- to mid-fives, exceeding the market average only in the areas of Reporting and Technology. Client comments are sparse, though one Asian bank client describes Deutsche Bank's pricing as "less competitive than other custodians."

### Citi

While comparatively small, Citi's 2016 sample of responding clients includes a few large, hard-to-please institutions. It is therefore to the bank's credit that it exceeds the market average in five categories, falling slightly short only in Settlement and Ancillary Services. At a question level, it is particularly highly regarded for depth and breadth of market knowledge and responsiveness and effectiveness in handling queries.

### Maybank

Maybank administers some \$1.9 billion in assets for sub-custody clients, processing in excess of 6000 transactions per month. It estimates its market share of international third party business at over 10%. Despite its comparatively small response base, Maybank seems to be keeping its clients happy. Apart from Value Delivered, all scores are above 5.50 and three – Ancillary Services, Reporting and Technology – reach into the Very Good (6.00-6.99) category. The bank exceeds the market average in all service areas bar Relationship Management and Client Service and Value Delivered, where it is a few basis points shy.

Maybank itself sees its Islamic Custody Services as a competitive differentiator. Maybank Islamic Berhad has over the past two years secured several new mandates through this offering. To align with Maybank's group vision to be ASEAN's leading Islamic bank. The bank also offers Islamic global custody services for clients who are looking for investment opportunities in Shariah-compliant funds and securities abroad.



According to the OECD, economic activity in Mexico has been resilient, to sharply lower oil prices, weak world trade growth and monetary policy tightening in the United States. Domestic demand remains the main driver of economic activity, supported by recent structural reforms that have cut prices to consumers, notably on electricity and telecoms services. The organisation suggests that growth is likely to be held back in 2017 and 2018, mostly through investment and consumer confidence, following uncertainties about future US policy, although the economy could benefit from stronger import demand from the United States.

The Mexican Stock Market IPC Index reached an all-time high of 48694.90 in August, 2016. In this year's survey, Mexican service providers have, however, seen their scores slip. Apart from Relationship Management and Client Service and Ancillary Services, category scores now linger in the Satisfactory range (4.00-4.99). Four banks receive individual write ups this year: Citi, with 42% of weighted responses; Banco Santander with 34%; BBVA Bancomer with 8% and Banco Nacional de México with 7%.

### Citi

While Citi's response base is 25% smaller than in 2015, around 85% of participating clients are returning. Although scores overall are slightly down, three service areas – Value Delivered, Asset Servicing and Ancillary Services – have recorded increases. The bank exceeds the market average in all areas, bar Relationship Management and Client Service. Client comments suggest differences in appreciation in this regard. While one very large US client professes itself “happy with the level of knowledge and services provided by the local relationship management team”, a sizeable European client suggests that, “Citi should try to better understand its client needs and be more flexible in delivering business solutions.” At a question level, Citi's highest score – 5.37 – is for depth and breadth of local market knowledge. This is, however, down on last year's score of 5.58. In the bank's favour, only one question receives an average score below 5:00 (Good) – Quality of personnel at 4.98. In 2015, three fell into this category. Unusually, Citi has seen its score for competitiveness of fees charged rise from 4.77 to 5.02, bucking the usual survey trend.

### Banco Santander

Although Banco Santander exceeds the market average in four out of seven service categories, its year-on-year scores have fallen off noticeably. Technology, in particular, has dropped from 5.44 to 4.86. Quite why this should be, is not clear from clients' free-form comments. At a question level, however, quality and effectiveness of proprietary client-facing technology is the second-lowest scoring item. The news is not all gloomy, however. Both quality of personnel and breadth and depth of local market knowledge receive an enviable 5.76 and 5.73 respectively.

### BBVA Bancomer

While BBVA Bancomer's response sample is small, it includes a number of large clients with complex service requirements. Client comments suggest that response times are slower than they could be. The bank has, however, recorded improvements across the board with the exception of Technology. All service areas now score within the Satisfactory (4.00-4.99) range. Progress is particularly evident at a question level. In the areas of Settlement, for example, resolution of unmatched trades is up by 1.51 points to 5.08, taking this element of the service from “Weak” to “Good”. Timeliness and accuracy of settlement confirmation and reporting is similarly up from 4.00 to 5.08. Results are clearly heading in the right direction. In the case of Technology, further work would seem to be required, notably with regard to adherence to SWIFT message types.

### Banco Nacional de Mexico

Banco Nacional de Mexico makes the cut this year by virtue of its major global custodian clients. Its best score, 5.25, is for Relationship Management and Client Service. In this area, as in Reporting and Technology, the bank exceeds the market average. Its score of 5.50 for both understanding of client business needs and responsiveness and effectiveness in handling client queries would be considered positively by most providers in the survey. The bank is, however, regarded as relatively expensive for the service received.

### Others

Banco Inbursa and HSBC each receive a smattering of responses achieving scores for Satisfactory (4.00-4.99) to Good (5.00-5.99) across all service areas.



The Casablanca Stock Exchange (CSE) has implemented a new IT system, New Age, provided by MilleniumIT to make trading more secure, efficient and compliant with international standards. Maroclear, the CSD, has meanwhile implemented full ISO 15022 formats for inter-market participant communication, paving the way for use of the SWIFT platform between brokers and banks and brokers and CSD.

The introduction of securities lending and the launch of a central counterparty for all listed instruments are also expected to streamline market operations in the future.

Earlier this year, the CSE signed a strategic partnership agreement with LSE Group to establish a foundation for the development of an alternative regulated market with two new segments. The first will allow small and medium-cap enterprises to access the capital markets via simplified procedures (following the AIM model). The second will list exchange traded funds (ETFs).

In aggregate, category scores have fallen in Morocco this year. Although most results are in the low- to mid-fives, Value Delivered at 4.58 has fallen further into Satisfactory territory.

Four sub-custodians are covered in this year's survey: Citi, with 45% of weighted responses; Societe Generale Securities Services with 30%; BNP Paribas with 14% and Attijariwafa Bank with 10%.

### Citi

Citi's response base in Morocco consists primarily of large banks and global custodians. Beating the market and survey trend, its category scores have improved in all areas bar Value Delivered, which now sits at 4.48. This is due to scores at a question level of 4.43 for value received relative to fees paid and 4.54 for competitiveness of fees charged.

At the other end of the scale the bank scores 5.75 for comprehensiveness of SWIFT reporting and 5.70 for quality, reliability and contingency of core processing systems.

### BNP Paribas Securities Services

BNP Paribas' Moroccan custody team is praised as "very proactive" by one large client and its fees are described as "competitive for the service delivered," although, like many providers, it scores at the lower end of the scale in this regard. While on the whole not as high as last year, its category scores remain in the respectable high-fives on average, though with a wide

spread, from 4.90 for Value Delivered to 6.50 for Ancillary Services. With the exception of Technology, it exceeds the market average in all areas. At an individual question level, it is rated Excellent (7.0) for flexibility of funding deadlines and quality of payments processing. Over the past year, BNP Paribas has enhanced and harmonised the funding process, granting non-resident clients the benefit from more aggressive forex deadlines.

The bank itself also claims to have achieved higher levels of automation in its core activities in the past year, creating an integrated solution for execution and custody services for trading in listed instruments. It has meanwhile launched a fully integrated offer to non-resident clients investing in the local bond market.

### Société Générale Marocaine de Banques (SGSS)

SGSS settles over 1,500 transactions a month for international clients and estimates its share of international third party business to be around 45%. Its responder list, though smaller than last year, includes a number of large global custodians. Its results are mixed. Improvements are recorded in three service areas: Relationship Management and Client Service; Value Delivered; and Reporting. The first of these is up by 0.40 points and has moved from Satisfactory to Good. Mid-sized clients are the most generous in this regard.

At a question level, SGSS records its highest score – 5.42 – for both the comprehensiveness of SWIFT reporting and its adherence to standard message formats. Its lowest score is for competitiveness of fees charged, though this assessment is up by 0.17 points to 4.47.

### Attijariwafa Bank

Originally formed through a merger between Banque Commerciale du Maroc and Wafabank, Attijariwafa bank claims \$6.5 Billion in assets under administration for sub-custody clients and puts its share of total custody for domestic and international clients at approximately 35%. Its scores exceed the market average in three categories: Relationship Management and Client Service; Ancillary Services and Asset Servicing, though it falls short in the other four areas, most notably, Reporting. The latter is apparently due to a low assessment of the quality of management information reporting. By contrast, the bank is rated most highly for tax-related services, for the flexibility of funding deadlines and quality of payment services.



Survey responses for Pakistan this year identified three service providers as warranting individual attention. These were Deutsche Bank, accounting for 45% of weighted responses; Citi with 34%; and Standard Chartered Bank with 21%.

Pakistan Stock Exchange Limited (PSX) has been the best performing stock exchange in Asia this year, with its main index gaining 38 percent to early December. The Exchange was incorporated in 1949 as the Karachi Stock Exchange, a company limited by Guarantee. It was demutualised in 2012 with the three bourses, Karachi Stock Exchange, Lahore Stock Exchange and Islamabad Stock Exchange, integrating under the Pakistan Stock Exchange umbrella in January 2016. The PSX, currently owned by more than 300 Pakistani brokers, is now planning to sell a 40% stake, with Chinese and British consortia among the prospective buyers.

Scores for service providers across the market have just about held steady in 2016 with all but Value Delivered (4.97) remaining at the lower end of the Good range (5.00-5.99).

### Deutsche Bank AG, Karachi Branch

Of Deutsche Bank's 23 international third party clients in Pakistan, just over a third are global custodians and a quarter each are global investment banks and broker dealers. Over 80% of this year's responder sample for Deutsche bank were present in 2015.

Results are somewhat lower at a service category level, though they remain for the most part on the lower fives. It still exceeds the market average in four out of seven categories and scores highest for Relationship Management and Client Service (5.32). Client comments are few, but one Very Large client notes that, "We have always seen a good service from them and have never come across any issues so far."

At a question level, the bank's highest score, 5.39, is awarded for both depth and breadth of local market knowledge and quality of personnel. At the other end of the scale, Deutsche Bank receives an average rating of 4.77 for quality and effectiveness of proprietary client-facing technology.

### Citi

Citi's overall results this year are similar to last. Scores have risen in three areas, fallen in three and held firm in one. It exceeds the market average at a category level in five areas,

falling short only in Ancillary Services and Asset Servicing. "A small team, very enthusiastic and always proactive in sharing the latest news on the market and reactive on any query," says one European bank client. One Asian custodian, however, identifies room for improvement, "notably in highlighting the impact of new tax measures for investors."

At a question level, Citi's highest score, 5.59, is recorded for three different elements of service: trade matching effectiveness in a local market context; timeliness, accuracy and completeness of corporate action notifications; and adherence to standard message types. In addition to competitiveness of fees charged, which is often to be found at the lower end of provider rankings, flexibility of funding deadlines and quality of payment processing (4.83) and timeliness and accuracy of income collection and reporting (4.93) have both dropped from Good to Satisfactory. The bank has registered its most improved question scores in the area of Settlement. Timeliness and accuracy of settlement confirmation and reporting is up 42 basis points to 5.52, while trade matching effectiveness in a local context has risen by 33 basis points. The sharpest declines in scoring, by contrast, are for quality of management information reporting (-0.41) and timeliness and completeness of dealing with corporate action queries (-0.35).

### Standard Chartered Bank

Standard Chartered's response sample is virtually identical to last year's with the loss of only one respondent. With four falls and three increases in service category scores, results remain in a similar range from 4.85 to 5.21. Results are on the whole just below the market average. Though client comments are sparse, one European bank notes, "Excellent local staff - keep the excellent services and know how." At a question level, the bank receives scores of 6.00 (Very Good) for tax-related services. Its next highest score is 5.29 for timeliness and completeness of dealing with corporate action queries. Reporting is at the other end of the scale, with comprehensiveness of SWIFT reporting receiving only 4.67.

Given the strong overlap in response samples, it is interesting to see where scores have risen or fallen substantially. Several questions in the area of Relationship Management and Client Service have risen by 0.17 points, while timeliness, accuracy and completeness of corporate action notifications records a drop of 0.24 to 4.93.





Four service providers are covered in this year's survey of the Philippines: HSBC with 47% of weighted responses; Standard Chartered Bank with 28%; Citi with 13%; and Deutsche Bank with 8%. Aggregate service area scores in the Philippines are below the global average by between 0.20 and 0.38 points. Ancillary Services and Value Delivered both score below 5.00, suggesting that international clients regard the market as relatively expensive for the service received. The most generous scores come from clients based in Asia and harshest from respondents in Europe.

The SEC has approved new rules for corporate bonds. Still to be implemented, the new rules will allow non-resident holders of listed corporate bonds to trade with tax-exempt entities.

### HSBC

With category scores between 5.14 and 5.70, HSBC outperforms the market average in all areas with the exception of Asset Servicing, despite falls in category scores of an average 0.13 points. All service category scores nevertheless remain comfortable in the Good range (5.00-5.99).

Client comments are overwhelmingly positive. In the area of Relationship Management and Client Service, one large Asia-based broker dealer says the bank "have been very supportive and have taken the trouble to go the extra mile particularly to our demanding requests." A Swiss custodian comments that, "A recent issue showed an outstanding level of commitment and service. Excellent!"

There are one or two grumbles. "We have always seen a good service from them, but sometimes our phone calls have not been answered," is one. The same client adds that, "Occasionally on pay date information on FX rates is missing."

Despite the overall fall in scores, improvements in appreciation of various elements of service are evident at a question level. Competitiveness of fees charged has seen a rise of 0.13 points to 5.16. This is an area where respondents rarely acknowledge progress. Various aspects of SWIFT reporting have also scored noticeable rises.

### Standard Chartered Bank

In something of a rarity in this year's ABEM survey, Standard Chartered in the Philippines has recorded improved results across all service areas. Value Delivered, Settlement and Technology, in particular, have seen notable increases. The

bank also exceeds the market average in all service categories. "Good customer service" and "quickness of response" are typical comments from respondents.

At a question level, the banks highest scores are in the areas of trade matching, settlement reporting and confirmation as well as corporate actions-related services. At the other end of the scale, while competitiveness of fees charged is the only individual question that scores below 5.00, it is nevertheless up by 0.26 points from 4.71 to 4.97.

### Citi

Citi's category scores have declined significantly this year by between 0.21 and 0.78 basis points. This means that the bulk of services have dropped into the Satisfactory range (4.00-4.99). Only Asset Servicing and Technology still score above 5.00. Quite why this should be is unclear. Although the response sample is very similar to last year, there are no additional client comments to explain the drop in scores. Some evidence can nevertheless be gleaned from analysis of trends in question scores. While service elements related to tax and corporate actions have recorded increases in scores, those involving client interaction have dropped sharply. Quality of personnel and responsiveness in handling queries are both down by 0.97 points to 4.82. While such scores are still Satisfactory, the trend is clearly in the wrong direction.

### Deutsche Bank AG

Deutsche Bank estimates its market share of international third party business in this market at 32 - 36%. It also notes a growth in transaction volumes since 2014 of over 15%. Its response base this year has halved, however, though it contains some large global clients. Relationship Management and Client Service records a score at the upper end of the Good range (5.89), however an average 0.33 point fall in category scores has brought Reporting down from Good to Satisfactory and Value Delivered further towards the lower end of Satisfactory. Analysis at a question level, however, presents a more nuanced view. Responsiveness and effectiveness in dealing with queries is actually rated Very Good (6.00), having risen by 0.13 points. Scores for trade matching capabilities are also up. Settlement scores are, however, well down, notably for the perceived lack of proactivity in resolving failed trades and the timeliness and accuracy of settlement confirmation and reporting.



The Polish sub-custody market is one of the more competitive markets in the Survey, with responses received for 11 providers. Of these, four receive individual write ups: UniCredit with 32% of weighted responses, Citi with 23%; BNP Paribas with 14% and ING Bank with 12%.

The crowded provider space has not led to an increase in aggregate results. Service category scores have slipped slightly by an average 0.07 points.

The Polish Financial Supervision Authority (KNF) has authorised the Polish CCP (KDPW\_CCP) to accept new forms of collateral, namely cash EUR and bonds denominated in EUR, under the European Market Infrastructure Regulation (EMIR). KDPW\_CCP is expected shortly to publish the implementation date for this change as well as the list of securities accepted for collateral.

### UniCredit

UniCredit's responder sample for 2016 is effectively a large subset of last year's participants with the addition of Northern Trust. Its category scores have risen in all service areas with the exception of Value Delivered, which is also the only service area scoring below 5.00. The bank's highest scores at a question level are recorded for depth and breadth of market knowledge (5.60) and quality of personnel (5.56). The greatest improvement, meanwhile, is for timeliness and accuracy of settlement confirmation and reporting, up 0.50 points to 5.47 and comprehensiveness of SWIFT reporting, up 0.50 to 5.42. At the other end of the scale, competitiveness of fees charged is rated 4.64, down 0.23 points and quality and effectiveness of proprietary client facing technology scores 4.94, down 0.13 points. However, with the bulk of questions recording a positive improvement in scores, UniCredit can be pleased with its performance in this year's Survey.

### Citi

"Prompt responses to queries, good market knowledge and general helpfulness," is a typical client comment for Citi's Polish sub-custody operation. "Over the years, we have received very good support from our Relationship Manager, and appreciate his proactivity and that our needs are taken into account," notes one very large European player. Scores have risen across all service categories by between 0.07 and 0.032 points. It exceeds the market average most clearly in the area of Relation-

ship Management and Client Service. Small clients are the most generous, rating Citi 6.50 in this service category.

At a question level, Citi's best result is recorded for depth and breadth of local market knowledge (6.03) with quality of personnel scoring 5.83. Only one question attracts an average score below five. Not surprisingly, this is for competitiveness of fees charged (4.97).

### BNP Paribas

BNP Paribas estimates its share of international third party business in Poland to be 23%. Its position in the market has been strengthened by the recent acquisition of BG bank from Rabobank, which constituted a major step towards attaining a critical size in Poland. Warsaw is also BNP Paribas's European centre for fund services. This International Operations Centre (IOC) began operations in March 2010 and currently employs around 705 staff.

With a similarly sized responder sample to last year, it has managed to improve even on last year's impressive scores. Four service areas record increases, including, most notably, Relationship Management and Client Service, up 0.23 points to a stellar 6.37 and Value Delivered, up 0.22 points to 5.80. While many providers would be happy to have this as their highest score, it is in fact, BNP Paribas' lowest.

At the top end of its individual question scores, BNP Paribas is rated 6.51 for trade matching effectiveness and 6.43 for depth and breadth of local market knowledge. Meanwhile, scores have improved most notably for efficiency and accuracy in filing reclaims and collecting tax (+0.61), responsiveness and effectiveness in responding to queries (+0.58) and quality and effectiveness of proprietary client-facing technology (+0.49).

### ING Bank Śląski S.A.

Despite an admittedly low level of activity, client comments for ING are broadly positive. "Very keen and supportive," says one large European client. "Fully committed to the business and proactive in their approach. Fees are within market guidelines." Apart from Asset Servicing and Ancillary Services, ING has seen scores improve in all other service areas, recording an impressive 5.90 for Relationship Management and Client Service and 5.70 for Technology. In terms of impressing its clients, ING is clearly heading in the right direction and should expect to continue on this path.



The Qatari economy is typified by rapid growth. Qatar is one of the smallest Gulf Countries in terms of population and geographical area, but has the second largest gas reserves in the world, representing more than 5% of the world total. Despite lower oil and gas prices, the Qatari economy is expected to accelerate its growth in 2017 to over 3% by growing other areas of the economy.

The Qatari government has a policy of diversification of income sources and the Qatar Stock Exchange (QSE) is looking to mirror this diversification. In early December 2016, for example, it co-hosted an awareness seminar on Exchange Traded Funds (ETFs) to generate awareness about ETFs in Qatar.

In early December, 2016, the Qatar Index reached 10,053.95 points with high demand for large cap equities, although support from both domestic and institutional investors has proved erratic over the year.

The Qatar Central Securities Depository (QCSDD), began conducting business in January 2014. Its functions include safekeeping, management, ownership, clearing and settlement of securities and other financial instruments. It also provides related financial services, including registration, acceptance and transfer of government bonds and treasury bills.

HSBC has long held a quasi-monopoly position as the provider of securities services to the Qatari market, but this year, it is joined by Standard Chartered, which accounts for 6% of weighted responses.

### HSBC

HSBC has long been the dominant securities services provider across the Gulf. It has managed to retain a similar level of client appreciation to last year with category scores in the mid-to upper-fives, the only exception – as it often is – being Value Delivered (4.83).

Both Relationship Management and Client Service and Asset Servicing are where the bank records its highest category scores, rated at 5.66 and 5.52 respectively. Client comments are positive. “Overall excellent service provided. They totally understand our needs,” says one large global custodian. “Very strong local team,” comments one Swiss bank. Another very large European client is impressed with the level of service “despite a monopoly situation.”

At a question level, HSBC’s highest score is, not surprisingly, for depth and breadth of local market knowledge (5.82). At the

lower end – again not surprisingly – is competitiveness of fees charged (4.67) and value received relative to fees paid (4.97).

At a question level, some 14 out of 32 record improved scores. Most notable among these are tax-related elements of service, up by between 0.43 and 0.57 points to over 5.60. Responsiveness and effectiveness in responding to queries is also up 19 basis points to 5.64. Declines are less significant, though competitiveness of fees charges has fallen 0.20 points to 4.67, while quality, reliability and contingency of core processing systems is down 0.18 points to a still creditable 5.48.

Given that HSBC has had little competition until now, service levels remain impressive. Scores suggest that new entrants are more likely to win mandates from new investors than from exiting HSBC clients.

### Standard Chartered Bank

Standard Chartered Bank has had some success in attracting inward investors from the region. If its scores this year are anything to go by, it is doing a good job of impressing its clients. Results are up from last year, when only one service category, Technology, recorded a score below 6.00. This year, scores are all above 6.00 and are among the highest in the ABEM survey as a whole. Reporting, up 49 basis points, is rated 6.78, possibly the highest score for that category in the entire survey. Asset Servicing is rated at 6.74 and Settlement at 6.61. Relationship Management and Client Service meanwhile records a very impressive 6.58, up 0.45 points.

At a question level, the bank’s highest scores are for quality of personnel and responsiveness and effectiveness in responding to queries. Both score 6.78, both up from last year by 0.72 points. The lowest question score, 6.00, for competitiveness of fees charged, is higher than most providers could wish for, given that this normally features at the lower end of the score chart for most providers. Only one question has failed to record a higher score than last year. This is for tax reclaim and tax collection services, which, though down by 22 basis points, is still an enviable 6.78. By contrast, a rise of 0.92 points takes timeliness, accuracy and completeness of corporate action notifications to 6.78.

While HSBC provides tough competition as the highly rated incumbent provider, Standard Chartered would seem to be gaining a foothold with a solid set of existing client references to attract new business.



Just as we saw in 2015, Russia saw a slight increase in average scores and continues to be served by a large number of providers. The impressive average score of 5.92 for Relationship Management and Client Service, is, perhaps, no surprise in such a competitive environment.

Asset Servicing also notched up as an impressive score of 5.85 against the global average of 5.46. Barring an increase in market volatility, Russia will continue to remain a well-served market by international clients.

Such results were achieved with the backdrop of significant developments in the Russian market. Gradual reform of Russian corporate actions' legislation has had a positive effect on custody services. The introduction of a "cascade" approach when participation in corporate actions and transfer of income is performed via a chain of custodians, introduction of electronic voting, waiver of PoAs for corporate actions as well as other recent initiatives have contributed to better attractiveness of the securities market.

In 2016 the market continued its adoption of the significant regulatory and infrastructural changes and developments observed in Russia in recent years, including the establishment of a single financial regulator.

In addition, Russia's CSD the National Settlement Depository has continued with its enhancement of settlement procedures such as moving from telephone to electronic pre-matching. Implementation of a back to back settlement facility is expected in 2017.

### Sberbank

Sberbank received the largest amount of responses in the Russian market. As was the case 12 months ago, the bank continued to outperform the market average across the board with consistent ratings of "Very Good". The only category in which it did not achieve this was Value Delivered, where it still received a highly creditable 5.92. Sberbank's highest category score, 6.43, was achieved for Asset Servicing. Client comments were largely favourable with several praising the overall quality of service. At an individual question level, the bank's highest score was for its handling of tax matters, an impressive 6.73. The most marked improvement in scores was recorded for trade matching effectiveness in a local market context, up 29 basis points, followed by flexibility in funding deadlines and quality of payment processing (up by 26 basis points).

### Citi

Citi continued to achieve Good (5.00- 5.99) scores in all service areas, bar Value Delivered, where it received 4.72. It has however seen a drop of 0.08 for Relationship Management and Client Service, though client comments are very positive in this regard. "Prompt responses to queries, good market knowledge and general helpfulness," says one UK based client. "Cannot be faulted, both in terms of main contact and cover, when required," adds another. Increases were seen for its Settlement and Asset Servicing offerings. One UK based bank praised Citi for its "quick reclaim" services.

### VTB Bank (public joint-stock company)

VTB currently holds a significant number of assets under custody within the Russian market and had a dominant presence in Global Custodian's Central and Eastern Europe domestic custody survey carried out earlier this year. In this year's ABEM survey, scores were from 5.00-5.99 across the board, with its best result of 5.95 achieved for Relationship Management and Client Service. Compared to 12 months ago, when VTB achieved disappointing results, much has been done to address its position in the market.

### Société Générale Securities Services Russia (Rosbank)

With the exit of a number of competitors, SGSS has continued to increase its market share in Russia, winning several new mandates from large global custodians and broker-dealers. The bank has once again achieved solid scores across the board with its highest category score being 6.17 for Relationship Management and Client Service. One Large European client praised SGSS Russia's "excellent support, tailoring the perfect operational setup for our business."

### Others

An assortment of other providers with fewer responses made up the remainder of the Russian market, including Raiffeisen Bank International and UniCredit. The latter achieved consistently high scores with particular emphasis on Asset Servicing, for which it achieved a score of 5.69. Despite its small responder base, Raiffeisen Bank International achieved ratings of Excellent (7.00) at all questions under the category of Asset Servicing along with quality and effectiveness of proprietary client facing technology.



A small market with limited foreign investor potential, notwithstanding a huge branch of Tesco in the centre of Bratislava, Slovakia nevertheless boasts three established providers of securities services. In this year's ABEM survey, Citi and UniCredit account for 38% of weighted responses apiece with CSOB responsible for 24%.

A number of market reforms are cited by these providers as of significance to foreign investors. A planned amendment to Act No. 595/2003 on Income Tax will introduce withholding tax on dividends as of 1 January 2017.

The CSD's fees are also due to be updated to take into account the T2S environment. Slovakia is due to join in Wave 4 in February 2017. Testing in preparation for T2S membership is reported as positive.

#### Citi

Responders for Citi effectively comprise a large subset of last year's participants. Comments are limited by the low levels of activity in this market. Nevertheless, one large European bank compliments "the knowledgeable, proactive and responsive local teams." A smaller client acknowledges "little to no volumes, but regular visits with market updates."

Results for Citi are similar to 2015 with improved category scores in three areas and declines in four. Relationship Management and Client Service scores particularly highly at 5.96, up 17 basis points over last year. Only Value Delivered, as last year, scored below 5.00. The bank exceeds the market average in two categories: Relationship Management and Client Service and Reporting.

At a question level, scores are highest for aspects of Relationship and Client Service. Understanding client business needs, depth and breadth of local market knowledge and quality of personnel all score 6.00 (Very Good). The bank falls short for competitiveness of fees charge (4.59) – not that remarkable – but Citi may be more concerned by its rating for flexibility of funding deadlines and quality of payment processing – a disappointing 4.74.

#### UniCredit (Global Securities Services Slovakia)

Apart from Asset Servicing, UniCredit's scores are down in Slovakia by between one and 24 basis points. With category scores in the low-fives apart from Value Delivered (4.48), it underperforms the market average by between 0.07 and 0.40

points. According to this year's response sample, UniCredit has, however, made measurable progress in a number of service elements. Tax-related services score 5.25, up 14 basis points. Quality, reliability and contingency of core processing systems is rated 5.23, 0.6 points higher than last year, while quality and effectiveness of proprietary client facing technology is also up 0.6 points to 5.20.

The bank, has, however, recorded some notable declines in client appreciation, even if these are marked by the fact that the resulting scores remain in the Good range (5.00-5.99). Responsiveness and effectiveness in responding to queries has fallen 0.46 points, while ability to provide information concerning changes in local market regulation is down 0.35 points. Overall UniCredit records its highest scores for Relationship Management and Client Service and Settlement, both categories recording a score of Good at 5.28.

#### Československá obchodná banka, a.s.

CSOB Slovakia holds \$8.49 billion in assets for sub-custody clients and processes approximately 580 transactions a month. Its client base is 40% global custodians with global investment banks, broker-dealers ICSDs and other banks all represented. It estimates its share of international third party business at 30%.

One of its largest clients is particularly complementary: "We appreciate the reactivity and proactivity of our Relationship Management Team, which makes us feel like a very valuable customer, CSOB understands and listens to our needs and as well, is very supportive of our projects."

With improved results in five out of seven service areas, CSOB's scores now sit in a narrow range from 5.42 to 5.82, comfortably above the market average in all categories. Mid-sized clients are the most generous, awarding scores above 6.00 (Very Good) for all of these. Across this year's responder sample, the highest scores at a question level are for understanding client business needs and depth and breadth of local market knowledge, which both score 5.90 – an increase of 43 basis points for the former and 25 for the latter. The lowest score, though still more than respectable, is 5.30 for competitiveness of fees charged. The greatest progress is recorded for tax-related services and the ability to provide information concerning changes in local market regulation, up 0.46 and 0.44 points respectively.



Several reforms have been introduced in the Taiwanese market. The Taiwan Depository & Clearing Corporation (TDCC) was designated by the Taiwan regulator to set up a Straight-Through-Process voting platform. TDCC's STP voting provides a transmission channel for Broadridge, its international proxy agent, to distribute voting instructions by file transfer to Taiwanese sub-custodians.

Meanwhile, the settlement cycle for the Emerging Stocks Market (ESM) has changed from T+1 to T+2 to align with other listed stocks, as from February 2016. The local regulator is also aiming to facilitate a TWSE-SGX cross-border trade link (Taiwan - Singapore) by the end of 2016.

Six sub-custodians have received sufficient responses to be written up. HSBC accounts for 35% of weighted responses; Standard Chartered Bank for 17%; Citi for 14%; Deutsche Bank for 13%; JPMorgan Chase Bank for 9% and Bank of Taiwan for 9%.

Aggregate category scores in the Taiwanese market have held steady at an average 5.41. Value Delivered, often taken as a proxy for fee levels, is the only category scoring below 5.00.

### HSBC

HSBC's category scores are around the Taiwan market average, though Value Delivered at 5.05 is 0.23 points higher. Results are slightly below last year's apart from Reporting. Comments are mixed. One large European client compliments, "a first-class team. Excellent knowledge and rapid responses." Another, however, bemoans a perceived lack of flexibility. At a question level, the bank's highest score is for the quality of its personnel (5.80), slightly down on last year, but still impressive. Competitiveness of fees charged is the only service element rated below 5.00.

### Standard Chartered

A 0.5-point increase in its score for Relationship Management and Client Service sees this category enviably placed in the Very Good range at 6.33. Settlement too now scores 6.00, up from 5.84 in 2015. At a question level, Standard Chartered's most improved result is for its understanding of client business needs (+0.63) and quality of personnel (+0.61). By contrast, efficiency and accuracy in filing reclaims and collecting tax due and/or obtaining relief at source have fallen by between 0.52 and 0.73, though remaining comfortably in the Good range (5.00-5.99). One European client describes the bank's service as "exemplary".

### Citi

Citi's scores are slightly below last years in five categories. It has, however, recorded increases in Relationship Management and Client Service and Asset Servicing. For the former category, it exceeds the market average. Only Value Delivered is now rated below 5.00.

The bank's best results at a question level are for depth and breadth of local market knowledge (6.00) and quality of personnel (6.00). Citi's most improved results are for timeliness, accuracy and completeness of corporate action notifications, up 0.51 points to 5.96, and timeliness and completeness of dealing with corporate action queries, up 0.30 to 5.75.

### Deutsche Bank AG, Taipei Branch

Deutsche Bank AG, Taipei Branch, estimates its market share of international third party business to be around 21%. It has recorded a notable improvement in category scores this year. Only Relationship Management and Client Service is slightly down, but as it remains above 6:00, there is no cause for concern. The bank comfortably exceeds the market average in all areas. At a question level, Deutsche Bank scores particularly highly for quality and effectiveness of proprietary client facing technology (6.67) and for tax-related services (6.38). In the latter case, scores have risen by an impressive 0.85 points.

### JPMorgan Chase

J.P. Morgan achieves scores in the low-to-mid fives from a demanding set of large clients. Value Delivered is, however, rated barely Satisfactory (4.00-4.99). Its best results at a question level are for notification of income due, timeliness and accuracy of income collection and reporting and timeliness and completeness of dealing with corporate action queries (5.67). Competitiveness of fees charged and value received relative to fees paid are both rated 4.00.

### Bank of Taiwan

Bank of Taiwan has a small responder sample, identical to last year's, consisting of a few very large clients. An average 22 basis point increase has brought its category scores comfortably within the Good range (5.00-5.99) with the exception of Value Delivered. Scores are just below the market average except for Settlement, where the bank outperforms.



In August 2015, the Thailand Securities Depository (TSD) implemented a new Pre-Settlement Matching System (PSMS) to enable greater STP and transparency in the market. The omnibus account structure was also changed to a segregated account structure at TSD level, to support PSMS auto-matching.

The Bank of Thailand (BOT) has announced additional measures to relax foreign exchange regulations under the Capital Account Liberalization Master Plan. At the same time, however, it has introduced an obligation on custodians to prepare and submit a monthly outstanding report on debt securities holdings, including offshore custodians and ultimate foreign beneficiaries.

The Stock Exchange of Thailand (SET) has signed a memorandum of understanding (MOU) with The Securities and Exchange Commission (SEC) aimed at establishing standards across the end-to-end processes for mutual fund distribution. SET will implement a centralised platform, expected to be launched in early 2017.

SET is also planning to shorten the settlement cycle for equities from T+3 to T+2, but the implementation date for the change has yet to be announced.

This year, four providers are assessed: HSBC with 39% of weighted responses; Standard Chartered Bank with 21%, Citi with 15%; and Bangkok Bank with 10%.

### HSBC

“Great quality team”, says one large client of the service received from HSBC in Thailand. Another reports having experienced a very smooth migration to HSBC a few months ago. Category scores have fallen in six of the seven areas, but remain in the healthy mid-fives. HSBC outperforms the market average in all service categories.

Despite the general gentle decline in category scores there are several improvements recorded at an individual question level that reflect particular elements of service. The most improved score is for comprehensiveness of SWIFT reporting, up 0.39 points. Where the bank may wish to take note is that certain questions which, in themselves, have not scored badly, have nevertheless recorded relatively large falls in client scores. These include quality and effectiveness of proprietary client facing technology, down 0.43 points to 5.42, and timeliness and accuracy of settlement confirmation and reporting, down 0.30 to 5.47.

### Standard Chartered Bank

Standard Chartered’s category scores have held steady overall in

this year’s survey, with rises in two areas – Relationship Management and Client Service and Value Delivered. Apart from the latter, all scores are solidly in the Good range (5.00-5.99). “Provides very good service and is also proactive,” notes one client. At a question level, the bank’s best score is an impressive 5.89 for responsiveness and effectiveness in handling queries, followed by quality of personnel (5.80). The former also represents the most improved service element, up 0.11 points.

### Citi

Unusually, while Citi’s category scores are generally just below the market average, it outperforms in Value Delivered. Year on year, it is down in three areas and up in four, Value Delivered showing the most marked improvement. At a question level, the bank’s best score is for comprehensiveness of SWIFT reporting (5.71). Responsiveness and effectiveness in responding to queries is, however, at the other end of the scale at 4.98, a drop of 0.48 points. Broker dealers appear the most stringent of Citi’s clients in Thailand, scoring most categories in the low fives. Banks on the other hand award three sixes – for Technology, Reporting and Asset Servicing. They are, however, less charitable in rating Relationship Management and Client Service.

### Bangkok Bank Public Company Limited

Bangkok Bank claims \$11 billion in assets in sub-custody. It puts its average monthly volume of transactions at 33,700 and its share of international custody clients at approximately 10%. Category scores have fallen from last year’s impressive highs, when all but one, was rated above 6.00. This year, after falls of between 0.41 and 1.31 points, Bangkok Bank finds itself in the mid-fives in most areas – still solidly in the Good range, but no longer outstanding. The bank’s best score at a question level is 5.88 for quality of personnel.

Meanwhile Bangkok Bank Group is planning to launch the first Depository Receipt in Thailand, pending regulatory approval.

### Deutsche Bank AG, Bangkok Branch – Investor Services (IS)

Deutsche Bank did not receive sufficient responses for a full write up this year, but the responses it did receive rate the bank firmly in the Good range (5.00-5.99) in all service areas. Clients appear most impressed with the quality, reliability and contingency of Deutsche Bank’s core processing systems as well as its adherence to standard message types.



Four banks in Turkey have received sufficient responses to be represented in this year's ABEM survey. They are Deutsche Bank, with 30 of weighted responses, Citi with 27%, BNP Paribas with 22% and Turkiye Is Bankasi with 13%. Aggregate category scores have risen in Turkey. Clients seem most satisfied with the areas of Relationship Management and Client Service and Settlement.

Pursuant to the Foreign Account Tax Compliance Act (FAT-CA), the Turkish Republic and the US Government signed the Model 1A Intergovernmental Agreement (IGA) on July 29, 2015. Pursuant to the draft Communiqué, ICSDs will be allowed to hold omnibus accounts at the Central Registry Agency (CRA), the local CSD, keeping their own assets in a proprietary account while the clients' assets are safekept in an omnibus account. The ICSDs will be liable for the underlying client accounts to the local CSD.

#### Deutsche Bank A.S

Deutsche Bank values the assets it holds on behalf of sub-custody clients at \$27 billion. It settled over 1,300,000 securities and cash transactions in 2015 and has exceeded that substantially in 2016.

There are no official statistics available regarding market share of Turkish sub-custodians, but the bank estimates its market share of the cross-border assets under custody at approximately 44% and its share of the transactions volume at 35%. Investor Services (IS) Turkey has acquired the institutional sub-custody business of Garanti Bank, re-enforcing its presence in the Turkish market as a custody and securities clearing provider.

Client comments are few. Those that there are, admit to low volumes, though one European bank says Deutsche responds to queries "in a quick and accurate manner". Scores have fallen in six out of seven service categories, but remain firmly within the Good range (5.00-5.99). At a question level, there are also improvements in income collection, tax services and corporate actions. The bank's highest scores are an enviable 5.94 for responsiveness and effectiveness in responding to queries and 5.73 for depth and breadth of local market knowledge. Competitiveness of fees charged assumes its usual position at the bottom of the table with a score of 4.84.

#### Citi

Citi's category scores have risen across the board and now

span from 5.14 for Value Delivered to 5.91 for Relationship Management and Client Service. It meets the market average in all areas. The bank can be pleased with its scores at a question level for all aspects of Relationship Management and Client Service. Responsiveness and effectiveness in responding to queries is rated 5.97 and depth and breadth of local market knowledge scores 5.96. Even competitiveness of fees charged ekes its way into the Good range with a score of 5.01.

#### BNP Paribas

Client comments for BNP Paribas' Turkish subsidiary are broadly favourable, describing the bank as flexible and accommodating. One Very Large client, however, suggests that the bank "are doing their best to satisfy our needs, but their responsiveness on detailed technical or compliance-related questions sometimes fails to meet our expectations." Category scores would suggest a high degree of satisfaction among the bank's responder sample. In all areas bar Asset Servicing, scores are up and five categories are ranked Very Good (6.00-6.99), a rarer occurrence than might be expected in the ABEM survey. As such, it comfortably outperforms the market average in all service areas. At an individual question level, all responses for aspects of Relationship Management and Client Service score above 6.44. Even the lowest scoring question on quality and effectiveness of proprietary client-facing technology receives a still impressive 5.69, up 0.50 points on last year.

#### Turkiye Is Bankasi

The only indigenous bank in the Survey, Turkiye Is Bankasi's response sample is provided primarily by European banks and custodians. With the exception of Asset Servicing, it has managed to raise its game substantially scoring mostly in the upper-fives and even recording a 6.00 for Relationship Management and Client Service. Its most improved score at a question level, is for quality and effectiveness of proprietary client-facing technology, up a massive 1.85 points, followed by quality of personnel, up 0.91 points to 6.05. By contrast, questions related to tax services have seen a drop in scores of between 0.44 and 0.67 points though results remain on the cusp of Good (in other words, above 4.99). Only one question receives a rating below 5.00: almost inevitably, this is for competitiveness of fees charged (4.81). The bank can nevertheless be happy with this set of scores.





Four UAE service providers are covered in this year's ABEM survey: HSBC with 47% of weighted responses; Deutsche Bank with 26%, National Bank of Abu Dhabi with 19% and Standard Chartered Bank with 7%.

This may be the last year that UAE features in our ABEM survey, if the Securities and Commodities Authority (SCA) achieves its aim to have the UAE markets reclassified from 'emerging' to 'developed'. This follows an upgrade from 'frontier' to 'emerging' in 2014. Since then, however, Deutsche Bank describes the UAE markets as having experienced a consolidation. "The challenge around lower oil prices affected volumes in the market," says the bank.

NASDAQ Dubai has reportedly been designated as the National Numbering Agency (NNA) for financial instruments in the Dubai International Financial Centre (DIFC). The designation made by the Dubai Financial Services Authority (DFSA) will allow NASDAQ Dubai to issue and maintain codes that will identify all new instruments such as shares, sukuks, bonds and derivatives that are issued within the DIFC jurisdiction.

The SCA is also said to have approved a new regulation on the formation of a Central Clearing Company in the UAE, to reallocate the clearing function from the stock exchange to a separate entity.

Despite a fall in aggregate scores across six of seven categories, results for the UAE suggest a relatively high level of service with category scores between 5.17 and 5.89.

Looking at respondents by type, it seems that for the UAE, broker-dealers are the most generous. As a group they award service providers in the UAE an aggregate 6.20 for Relationship Management and Client Service and also rate Ancillary Services as Very Good.

### HSBC

Despite a fall in all areas apart from Asset Servicing, HSBC still scores reasonably well in all areas, particularly so for Relationship Management and Client Service and Settlement. The falls, however, mean that it no longer matches the market average. Nevertheless, at a question level, the bank has improved its scores in six specific service elements. Tax related services are up by 0.65 points. Other increases are more modest. Quality and effectiveness of proprietary client facing technology is, for example, up by 0.11 points to 5.49. By contrast, the biggest fall is for competitiveness of fees charged, down 0.39 points

to 4.65, taking it from Good to Satisfactory. It now shares that status with most of the providers in the ABEM survey.

### Deutsche Bank Investor Services, UAE

Deutsche Bank's international securities services client base in the UAE comprises just over 22% global custodians. ICSDs account for half of the assets under custody.

It estimates its share of international third party business in the UAE to be 15%.

Category scores remain high, if below last year's excellent levels. Relationship Management and Client Service is still an impressive 5.9. "Excellent customer service, support at all times and in crunch situations," notes one European asset manager. "Flexibility and availability of the relationship managers makes ad hoc problems easier to manage."

The bank outperforms the market average in all areas. Seven is the highest possible rating that participants can select in responding to individual questions and Deutsche Bank receives several sevens, for quality of personnel. Its average across all respondents for this question is 6.17. It achieves a similar ranking for tax-related services.

### National Bank of Abu Dhabi PJSC

Across all service areas, National Bank of Abu Dhabi has received an impressive set of scores similar to last year's. Four categories have recorded increases and four have recorded falls, but with a range of 5.47 to 6.36, there is no need to worry unduly about the small declines. Its most impressive score at a question level, is for depth and breadth of local market knowledge (6.63), followed by quality of personnel (6.37). Even competitiveness of fees charged is rated Good (5.21), though this particular aspect of service has registered a drop of 0.47 points.

### Standard Chartered Bank

One regional client highlights Standard Chartered's "extremely competitive pricing" along with its "strong reporting capability." Category scores are not as high as last year, but are still mostly in the upper-fives with one 6.00 (Reporting). At a question level, it actually scores a perfect seven for comprehensiveness of SWIFT reporting, followed by 6.33 for depth and breadth of local market knowledge. The bank's lowest question score is 5.22 for understanding client's business needs, down 0.78 from last year's very impressive 6.00.

Agent Bank	Market share % (weight of responses)	Relationship Management and Client Service	Value Delivered	Settlement	Asset Servicing	Ancillary Services	Reporting	Technology
<b>ARGENTINA</b>								
Banco Santander Rio	16	4.08	4.38	4.46	4.89	4.54	3.90	4.00
Citi	48	5.25	4.73	5.40	5.03	5.04	5.15	5.25
HSBC	12	6.00	4.75	6.00	5.90	5.75	5.67	5.50
<b>BRAZIL</b>								
Banco Santander	12	5.53	4.83	5.13	5.10	5.15	4.85	5.14
BNP Paribas Securities Services	26	6.27	5.76	6.13	6.05	6.14	6.17	6.15
Citi	26	5.83	5.20	5.28	5.24	5.22	5.19	5.33
Deutsche Bank Brazil	5	6.52	5.40	6.03	5.88	6.20	6.00	5.67
Itau Unibanco	16	5.73	5.03	5.65	5.47	5.53	5.46	5.23
<b>CHILE</b>								
Banco Itaú	17	5.15	4.47	5.27	5.83	4.97	5.31	5.08
Banco Santander Chile	23	5.35	4.85	5.01	5.43	4.95	4.96	5.27
Citi	47	5.04	4.82	5.28	5.20	5.08	5.16	5.22
<b>CHINA</b>								
Deutsche Bank (China) Co. Ltd.	15	5.95	5.06	5.81	5.22	5.62	5.75	5.11
HSBC	33	5.68	4.83	5.34	5.45	5.40	5.48	5.49
Standard Chartered Bank	22	6.14	5.81	6.11	5.94	5.80	5.75	5.77
<b>CZECH REPUBLIC</b>								
Citi	35	5.75	5.15	5.19	5.25	5.33	5.37	5.26
Československá obchodní banka, a.s.	26	5.68	5.13	5.57	5.74	5.56	5.62	5.74
SGSS Czech Republic	7	5.16	4.59	5.05	5.04	4.77	5.09	4.54
UniCredit (Global Securities Services Czech Republic)	24	5.26	4.60	5.40	5.15	5.10	5.03	5.29
<b>EGYPT</b>								
Citi	43	5.63	4.99	5.19	5.30	5.31	5.35	5.59
HSBC	36	5.28	4.50	5.07	5.27	5.25	5.17	5.16
QNB ALAHLI	12	5.86	5.61	5.62	5.67	5.57	5.62	5.53
<b>HUNGARY</b>								
BNP Paribas Securities Services Hungary	10	6.68	5.90	6.54	6.63	6.33	6.50	6.42
Citi	35	5.61	4.93	5.27	5.20	5.37	5.32	5.06
Deutsche Bank AG Hungary Branch	6	5.92	4.72	5.83	5.00	5.33	5.00	6.13
Raiffeisen Bank International	6	5.64	5.33	5.53	5.43	5.62	5.37	5.32
UniCredit (Global Securities Services Hungary)	26	5.53	4.85	5.31	5.36	5.41	5.30	5.30
<b>INDIA</b>								
Citi	9	5.48	5.67	6.25	5.62	5.19	5.63	5.72
Deutsche Bank AG, Mumbai	30	6.31	6.03	6.48	6.34	6.32	6.21	6.24
HSBC	28	5.94	5.72	6.04	6.05	5.93	5.85	5.93

Agent Bank	Market share % (weight of responses)	Relationship Management and Client Service	Value Delivered	Settlement	Asset Servicing	Ancillary Services	Reporting	Technology
Kotak Mahindra Bank Ltd.	19	6.84	6.69	6.79	6.82	6.79	6.78	6.82
Standard Chartered Bank	7	5.08	4.74	5.16	5.44	5.02	5.11	4.98
<b>INDONESIA</b>								
Citi	15	5.48	4.92	5.25	5.14	5.13	5.15	5.12
Deutsche Bank AG, Jakarta Branch	23	5.64	4.73	5.33	5.25	5.01	5.13	5.24
HSBC	26	5.94	5.11	5.45	5.35	5.28	5.34	5.49
Standard Chartered Bank	30	5.11	4.93	5.50	5.49	5.26	5.39	5.32
<b>MALAYSIA</b>								
Citi	9	5.97	5.44	5.30	5.46	5.13	5.41	5.53
Deutsche Bank (Malaysia) Berhad	19	5.30	5.03	5.24	5.21	5.23	5.40	5.39
HSBC	39	5.85	5.19	5.70	5.53	5.53	5.79	5.67
Maybank	7	5.50	5.00	5.84	5.88	6.00	6.00	6.28
Standard Chartered Bank	19	5.36	4.94	5.13	5.53	5.39	5.03	5.11
<b>MEXICO</b>								
Banco Nacional de México S.A.	7	5.25	4.00	4.88	4.73	5.00	5.00	5.00
Banco Santander	34	5.68	5.10	4.85	4.95	5.17	4.93	4.86
BBVA Bancomer	8	4.58	4.54	4.88	4.96	4.46	4.22	4.11
Citi	42	5.12	5.03	5.12	5.17	5.20	5.20	5.23
<b>MOROCCO</b>								
Attijariwafa Bank	10	5.35	4.50	5.07	5.43	5.25	4.29	5.17
BNP Paribas Securities Services	14	5.35	4.90	5.64		6.50	6.10	5.27
Citi	45	5.21	4.48	5.49	5.50	5.24	5.58	5.47
Société Générale Marocaine de Banques (SGSS)	30	5.01	4.61	4.99	4.81	4.84	5.25	5.20
<b>PAKISTAN</b>								
Citi	34	5.31	5.04	5.47	5.17	4.92	5.20	5.48
Deutsche Bank AG, Karachi Branch	45	5.32	4.93	5.24	5.21	5.20	5.13	5.09
Standard Chartered Bank	21	5.17	4.92	4.94	5.21	4.90	4.85	5.14
<b>PHILIPPINES</b>								
Citi	13	4.82	4.68	4.89	5.22	4.48	4.92	5.02
Deutsche Bank AG	8	5.89	4.09	5.27	5.33	5.09	4.73	5.27
HSBC	47	5.70	5.18	5.32	5.24	5.14	5.38	5.25
Standard Chartered Bank	28	5.46	5.00	5.56	5.42	5.33	5.24	5.51
<b>POLAND</b>								
BNP Paribas	14	6.37	5.80	6.39	6.16	6.17	6.11	6.21
Citi	23	5.83	5.08	5.41	5.45	5.37	5.30	5.36
ING Bank Śląski S.A.	12	5.90	5.63	5.38	5.41	5.50	5.43	5.70
UniCredit (Global Securities Services Poland)	32	5.51	4.72	5.47	5.32	5.15	5.35	5.20

Agent Bank	Market share % (weight of responses)	Relationship Management and Client Service	Value Delivered	Settlement	Asset Servicing	Ancillary Services	Reporting	Technology
<b>QATAR</b>								
HSBC	94	5.66	4.83	5.36	5.52	5.33	5.41	5.45
Standard Chartered Bank	6	6.58	6.11	6.61	6.74	6.56	6.78	6.37
<b>RUSSIA</b>								
Citi	28	5.69	4.72	5.55	5.38	5.19	5.32	5.16
Sberbank	25	6.31	5.92	6.22	6.43	6.25	6.17	6.17
Société Générale Securities Services Russia (Rosbank)	11	6.17	5.62	5.57	5.89	5.40	5.67	5.50
VTB Bank (public joint-stock company)	13	5.95	5.40	5.06	5.57	5.13	5.29	5.24
<b>SLOVAK REPUBLIC</b>								
Citi	38	5.96	4.70	5.25	5.14	5.23	5.47	5.23
Ceskoslovenska obchodna banka, a.s	24	5.78	5.42	5.70	5.57	5.63	5.82	5.78
UniCredit (Global Securities Services Slovakia)	38	5.28	4.48	5.28	5.24	5.08	5.13	5.20
<b>TAIWAN</b>								
Bank of Taiwan	9	5.50	4.67	5.78	5.54	5.00	5.33	5.33
Citi	14	5.89	4.48	5.41	5.63	5.19	5.38	5.44
Deutsche Bank AG, Taipei Branch	13	6.06	5.09	5.81	6.15	6.05	5.77	6.02
HSBC	35	5.74	5.05	5.53	5.40	5.35	5.41	5.39
JPMorgan Chase Bank	9	5.33	4.00	5.40	5.58	5.33	5.33	5.00
Standard Chartered Bank	17	6.33	5.02	6.00	5.78	5.75	5.53	5.75
<b>THAILAND</b>								
Bangkok Bank Public Company Limited	10	5.50	5.09	5.41	5.37	5.50	5.47	5.21
Citi	15	5.11	5.16	5.24	5.42	5.23	5.43	5.28
HSBC	39	5.64	5.21	5.42	5.55	5.51	5.58	5.47
Standard Chartered Bank	21	5.75	4.98	5.44	5.53	5.42	5.45	5.35
<b>TURKEY</b>								
BNP Paribas	22	6.47	5.64	6.19	5.88	6.20	6.22	6.07
Citi	27	5.75	5.06	5.37	5.25	5.06	5.09	5.31
Deutsche Bank A.S.	30	5.68	4.97	5.60	5.46	5.22	5.39	5.23
Turkiye Is Bankasi	13	6.00	5.10	5.62	5.33	5.98	5.75	5.93
<b>UAE</b>								
Deutsche Bank Investor Services, UAE	26	5.97	5.62	5.93	5.91	5.85	5.78	5.72
HSBC	47	5.67	4.77	5.60	5.43	5.29	5.40	5.39
National Bank of Abu Dhabi PJSC	19	6.31	5.34	5.84	6.08	6.00	5.86	5.76
Standard Chartered Bank	7	5.72	5.67	5.67	5.78	5.67	6.00	5.50