

# Streamlining the process of on-boarding clients

**Simon Shepherd**, CEO of MYRIAD Group Technologies Limited, speaks to FSR about the release of its Embus system to support client on-boarding and lifecycle management



Since the global financial crisis, companies have been under pressure to ensure that they have timely access to the key data that they require to manage their regulatory reporting needs and to maximise the efficiency of their client relationship management. If they cannot meet the first of these requirements, they are likely to be subject to censure from the financial authorities and to run the risk of incurring sizeable fines. If they cannot meet the latter, they are liable to underperform relative to other members of their business peer group that have taken a more enlightened approach. Typically, the more efficiently that a firm can manage its governance, regulatory and compliance commitments, the lower will be its running costs and the better position it will be in to offer competitive levels of pricing.

its due diligence and sub-custodian monitoring procedures.

Subsequently, MYRIAD has refined elements of this solution and it is now marketing this to external clients on a commercial basis. Simon Shepherd observes that some network management groups are currently reviewing their sub-custodian networks no more than once every three years, when in reality it makes sense to be reviewing these networks on an ongoing basis. Given the size of some of the recent fines levied on financial services firms – for example, a £126 million penalty was imposed on a major transatlantic bank by the UK Financial Conduct Authority in April 2015 for failing to maintain entity-specific records and accounts as required under FCA Client Assets

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For a number of years, MYRIAD has been helping network management teams to manage the market information and data management requirements associated with their global networks of sub-custodians and correspondent banks. The prototype for this solution was developed more than a decade ago through a bespoke project that was conducted on behalf of the global network management and operations team at a large European investment bank. With considerable foresight, this client recognised the value of installing a technology solution that could provide accurate tracking of its global counterparty relationships, extending right down to account level, and a centralised facility to support

Sourcebook (CASS) rules – it is clear that investment in effective technology to support governance, regulatory reporting and compliance commitments is typically money well spent.

### **Improving client on-boarding strategies**

As well as supporting the due diligence and sub-custodian monitoring needs of network management groups, MYRIAD has also focused in its product development on helping firms to streamline their client on-boarding procedures. This is an essential task for any firm that is working to build its revenue stream and to extend its range

of client relationships. But, as Shepherd observes, many firms still lack an effective process for managing this commitment.

With this in mind, MYRIAD has launched a new product, named Embus, designed to help customers to streamline their client on-boarding and lifecycle management. MYRIAD has recognised that many of the key processes involved in on-boarding a new client are similar in nature to those confronting network management groups when managing their sub-custodian appointment, transition and monitoring duties – each involve significant document gathering, data reconciliation, due diligence and transition management skills. Importantly, when the client is on-board, MYRIAD is well positioned to assist with servicing this client through a broad and expanding product range that MYRIAD offers in this area.

A priority in developing this workflow technology is to help clients to develop an effective balance between their workload, technology and resources. “If a firm’s workload grows and its resources do not increase in line with this, then its timelines will become extended,” explains Shepherd. “But if the company is facing rigid deadlines, then there is no freedom to push delivery dates backwards. So the options are commonly to employ more labour, or to apply better production methods, including use of well-designed technology, in order to manage this process in a more intelligent way. Slowly the industry is recognising that intelligent use of technology can shoulder a major share of this burden.”

In making these decisions, firms cannot simply be planning just for the next 12 months. Rather, they need to be adopting much longer time horizons. “We know from experience that it is crucial to focus on the long-term decisions that are important, rather than constantly hopping between issues that may seem urgent on any particular day,” says Shepherd. “By doing so, a firm will be in a position to stop fighting fires, to stop taking rushed decisions in the here-and-now and instead to pursue a strategy that will help them

to strengthen their business in the longer term.”

Shepherd believes that, in many cases, there is a weighty argument against a firm opting for an in-house build when they wish to make such IT investments. “If we consider stages in the product cycle – definition, design, development, implementation – banks are well positioned to focus on the definition and implementation components and that is where they should be focusing their energy and resources. They are not well positioned to focus on the design and development stages and it makes sense for them to outsource this to a specialist IT and workflow solutions provider. MYRIAD offers a range of services that can help them meet their needs in these areas.”

In addition to working closely with leading data management and workflow solutions specialists in tackling this set of challenges, industry firms also need to reflect on whether the cavalcade of new regulation that is confronting the securities services industry presents a case for strengthening co-operation and mutuality between key participants. As regulators and asset owners push for ever higher standards of asset safety, so sub-custodians and correspondent banks are being forced to respond to a constant barrage of due diligence and sub-custodian monitoring questionnaires. Some observers have questioned whether it may be possible to improve standardisation of due diligence pro forma or potentially even to manage these information calls through a centralised industry utility. We have seen how the industry can put its heads together, through the Association of Global Custodians and other industry bodies, to co-ordinate CSD responses to SEC 17f(7) questionnaires. It seems logical that industry participants can work together to standardise sub-custodian due diligence requests and potentially to co-ordinate this process through a centralised entity. Over time, it seems possible that MYRIAD’s technology can play a role in supporting harmonisation and consistency across this data collection and data management process. ■