Preface

Hearty greetings from the Infosys Banking & Capital Markets team. On behalf of Infosys, I am delighted to present the first issue of our journal “FINsights”, a compendium of articles, which bring you insights into the technology powering the financial services business. The aim of the journal is to bring you the latest in technology, applied to your business scenarios, which will enable you to win in today’s flattening business world.

The first issue of FINsights focuses on the wealth management industry; an industry which is grappling with multiple challenges. An increasingly demanding and informed customer base, a challenging compliance environment and the jostling for a customer centric “trust” based role amongst trust banks, brokerages, insurance companies and family offices make for a very challenging business environment. This journal has a set of articles which look at these and other unique characteristics of the wealth management industry and I hope that they will not only make for enjoyable reading, but also help you in addressing some of your vexing business challenges.

I would like to thank all the contributors from Infosys Banking & Capital Markets group and also Alois Pirker from Aite group and Matthew Bienfang from TowerGroup for their insightful articles. I hope you will enjoy reading these articles as much as we have enjoyed putting them together. Please do not hesitate to get in touch with me in case you have any queries or comments. I look forward to your feedback and suggestions in making FINsights a relevant and topical journal.

Happy Reading!

Ashok Venuri

Senior Vice President and Head - Banking & Capital Markets Group
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Contents

Preface
From the Editors Desk

04 Business Challenges and Technology Priorities for Wealth Management
Ashok Vemuri

10 Integrated Advisor Workstation – A Roadmap
Merlyn Mitra | Anand Bhushan

19 Case Study: NextGen Client Data Aggregation and Reporting
Ashwin Roongta

23 The Role of Open Architecture
Emmanuel Chesnais

27 Managed Products - A Strategic Transformation Framework
Mak Datar | Sanjay Taneja | Rajeev Nayar

34 Holistic Wealth Management and the Unified Household
Alois Pirker

39 Achieving Client Centricity via Customer Data Integration
Sai Kishan Alapati | Ashwin Roongta

45 Product Repository: The Foundation for Successful Open Product Architecture
Sai Kishan Alapati | Anita Stephen

49 Removing Glitches in On-Boarding the Wealthy
Muthukumar Krishnan | Sujata Banerjee | Bharat Rao

55 KYC Compliance - A Strategic Approach
Rajesh Menon

59 Analyst Perspectives - Q&A with TowerGroup
Matthew Bienfang
The wealth management industry is changing rapidly to meet the evolving needs of its participants. This is one area where true financial services convergence seems to be happening as trust & private banks, brokerages and retirement planning focused companies are all trying to get a bigger slice of the action.

Opportunities in new geographies and asset classes are driving a lot of the change in the industry today. These will lead to increased investments in the core processing platforms, as well as the need to tie the various platforms together. The need to bring systems together is very important to financial services firms from a financial planning & advice, customer data, client service and a Business Intelligence (BI) & reporting perspective. Open architecture is another very important consideration that is driving changes to the way the banks service clients. Further, the need to offer clients a wide bouquet of products is driving consolidation of information across the different products and asset classes. Changes in banker and advisor team structures as well as client segmentation for servicing will lead to better cost structures.

All of the above have technology implications for banks. Technology will need to be aligned with business to meet the needs of an agile organization that can respond rapidly to changing business circumstances. Technology itself is evolving rapidly and can sometimes drive changes in the organization through the ability to deliver more than what was hitherto considered possible. Information Technology (IT) organizations that are able to plan and react early, and then execute well on these changes are the ones that will succeed in meeting the needs of their business.

We are happy that this book addresses some of the biggest business challenges and technology implications addressing wealth management firms today. The debate on some of these topics is very timely. We hope that the journal will inform you and enable you to formulate a response to the many challenges facing our industry. We look forward to your feedback.

Happy Reading!

Balaji Yellavalli & Manish Jha
Editors
The client is a very large private bank with a global presence. As the bank expanded its client base and product offerings, it intended to provide clients an industry leading reporting platform with superior analytics and insight, and improve front office productivity by equipping bankers and servicing team with consistent and comprehensive client information. These objectives were successfully accomplished via a multi-year, global program which involved designing and implementing a global ‘Client Data Aggregation and Reporting Platform’.

Ashwin Roongta
Senior Principal
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Client Overview
The client is the private banking division of one of the largest financial services conglomerates. The Private Bank operates globally, offering a wide range of investment & banking services to high-net-worth individuals and families via investment centers in the United States, Latin America, Europe, Middle East and Asia Pacific.

As the Private Bank expanded its client base and product offerings globally, it intended to meet two key strategic objectives:

• Provide clients an industry leading reporting platform with superior analytics and insight
• Improve front office productivity by equipping bankers and servicing team with consistent and comprehensive client information.

Business Need
To stay ahead of competition, the Private Bank wanted to offer its clients state-of-the-art reporting services via the website, and monthly print reports.

The objective was to provide a consolidated, comprehensive and consistent view of each customer's wealth combining basic information such as portfolio balances and transactions with insightful analysis and performance details.

The Private Bank faced unique challenges in achieving this:

• Lack of mechanisms to uniquely identify customers across various systems
• Need to consolidate customer and portfolio information maintained in over 25 transaction processing systems globally
• Aggressive timeframes defined for roll-out of the client reporting services.

As business expanded rapidly, the Private Bank wanted to improve front office productivity by providing a 360\degree view of client information to its private bankers and servicing teams.

Private bankers were spending significant effort on routine administrative tasks including analysis of client & portfolio data. Time saved on this front could be redeployed towards value-added client servicing tasks.

There was a need to ensure consistency between the internal (banker) view and external (client) view of client information.

The Infosys Solution
Infosys took a holistic approach to the program and worked closely with the client's IT, business and user teams to design and implement a global ‘Client Data Aggregation and Reporting Platform’.

A customer data integration platform based on an Operational Data Store (ODS) was designed as the ‘center-piece’ to the solution. The platform's key objectives were to:

• Build a 360\degree view of the clients' accounts across the firm
• Facilitate flexible and consistent internal and external reporting
• Assure data quality and availability
• Serve as a source of standardized client data for down-stream applications & processes in the firm
• Administer and distribute entitlements & visibility information to down-stream applications
• Facilitate addition of new data sources and large data conversion efforts.

The platform was implemented in a phased manner delivering tangible business benefits at the end of each phase.

Phase 1 – US Customer Data Hub Implementation
Phase 1 of the program focused on building 360\degree view of clients and their accounts to help bankers gain a full picture of their client relationships in the US market.

• Client master information (member, relationships, roles and addresses) were sourced into the ODS from the existing CRM system
• Details of accounts held by clients (account numbers, titles, addresses etc) were sourced into the ODS from over 25 transaction processing systems
• Client accounts were linked to client master records based on pre-determined matching rules, after automated data cleansing
• Workflows & screens were implemented for manual resolution of linkage exceptions. The screens facilitate manual linkage of accounts to clients
• An ‘internal website’ was rolled-out for bankers and servicing teams to view and maintain theirs client relationships & accounts
• Bankers were offered features on the ‘internal website’ to define custom reporting groups & preferences for their clients.
Phase 2 – Private Banker Desktop & Client Reporting Implementation

Phase 2 of the program focused on adding account financial information into the ODS, in order to facilitate client reporting as well as reporting for Private Bankers in the US market.

- Account financial data (positions, transactions, tax lots, security master) sourced from transaction processing systems was loaded into the ODS on a daily basis after transformation.
- A standard ‘asset classification’ structure was defined, and used in the data transformation process.
- A Data Quality solution was implemented to monitor and resolve data exceptions.
- Monthly Relationship Reports were generated for clients leveraging the transformed financial data in the ODS.
- An ‘Internal Website’ (providing a holistic view of client financials) was implemented for Private Bankers – this application ensured consistency between client reporting & internal reporting.
- A Report Rendition process was implemented to facilitate Quality Control activities prior to dispatch of Relationship Reports to clients.

Phase 3 – Business Intelligence & Client Website Implementation

Phase 3 of the program focused on implementing a performance measurement solution, a Business Intelligence solution and making client data available via the ‘client website’ in the US market.

- Account financial data in the ODS was leveraged to compute performance returns on a time-weighted basis.
- An external performance calculation engine was leveraged for computing returns on a monthly basis.
- Group-level performance returns were computed and incorporated in client reports.
- ODS data was leveraged to implement a ‘Business Intelligence’ application for internal strategic reporting needs.
- Interfaces were built from the ODS to distribute client data to various downstream applications in the Private Bank.

Phase 4 – Global Rollout

Phase 4 of the program expanded the scope of the solution to the Private Bank’s clients in Asia and Europe.

- The ODS and functionality mentioned in phases above were rolled out in Asia and Europe.
- The regional ODS instances were inter-connected to exchange client information.
- The inter-connected multi-ODS architecture supports both the ‘Investment Center’ view as well as ‘Client view’.

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Fig 1: Client Data Aggregation & Reporting Platform Solution Overview.
• Functionality to support complex visibility and entitlement requirements as per Asian & European regulations were implemented.
• In addition to Monthly Relationship Reports, client legal statements and transaction confirmations were implemented on the ODS - this helped retire legacy statement applications.

Phase 5 – Investment Suitability & Portfolio Attribution Implementation
• The ODS was enhanced to capture & maintain client investment suitability parameters. Client investment suitability is used for financial planning as well as post-trade surveillance activities.
• Portfolio performance attribution was measured via sophisticated Investment Performance Reports built on the ODS.

Benefits
• High net worth clients of the Private Bank today have a consolidated view of their accounts across product lines and regions with in-depth analysis and reporting functionality.
• Private bankers, servicing teams and top management have a unified view of clients and their holdings, enhancing their ability to up-sell and cross-sell.
• The platform assures data quality and makes available consistent data for various downstream applications across the enterprise.
• The solution also enabled older platforms to retire, thus saving costs and making the application portfolio more manageable.
• The platform provided a robust foundation for implementation of various strategic business intelligence initiatives.

Infosys was involved in all life-cycle stages of the project, including requirements and architecture definition, design, development, testing, global roll out and subsequently, production support. Infosys leveraged its global delivery model to support implementations in the US, Asia and Europe.