



## **SWIFT MasterClass Boosts Dialogue with the Singapore Funds Industry**

*Investment Management Association of Singapore and Nanyang Polytechnic releases first-ever joint study on challenges facing Singapore Fund Houses*

**Singapore, 7 October, 2008** – SWIFT, the global provider of secure financial messaging services, today hosted its 4<sup>th</sup> annual SWIFT MasterClass event in Singapore to discuss challenges facing the Singapore funds industry in the area of fund distribution and operation. The event was attended by 180 people from the funds industry, with key speakers and panelists from AllianceBernstein Holding LP, Investment Management Association of Singapore (IMAS), Nanyang Polytechnic, Citigroup, Schroders Investment Management Ltd and United Overseas Bank.

According to the Monetary Authority of Singapore's "2007 Singapore Asset Management Industry Survey", total assets under fund management has consistently experienced double-digit growth and had further increased by 32 percent to S\$1.173 trillion in 2007.

The SWIFT MasterClass also announced the first-ever joint study between Nanyang Polytechnic and IMAS. The study titled "*Fund Operations and Automation in Singapore*" focused on the state of automation in Singapore's fund administration sector, and level of interest and challenges to automation.

Based on the feedback from 20 fund managers with operations in Singapore, the joint study identified one of the major operational problems to be the risk exposure and error costs due to manual processing. Other challenges also include talent retention of experienced staff and the lack of a common format.

"Through this joint study, we have found human errors, quality of staff, and the lack of common format to be the often-cited problems experienced during work. These problem areas, if not properly addressed, can prove to be detrimental to the funds industry in the long run," said Mr Michael Lim, Deputy Director of Investment Management Association of Singapore.

"In terms of the main challenges to automation, survey respondents felt that the initial high cost of automating and lack of industry standards would be significant factors. The high costs aspect obviously has to be taken into consideration with the fact that the funds industry will inevitably be growing and proper infrastructure has to be in place for individual firms to be competitive," Mr Lim added.

The study recommends increasing the awareness and benefits of automation through market practice working groups, collaborating with key solution providers, and adopting global industry standards.

"There is much to gain from automation. Automation will significantly reduce human errors and this will result in improvement in terms of time savings and increased productivity," said Mr Raymond Wong, School of Business Management, Nanyang Polytechnic.

Also reported in the joint study was the rising trend in the outsourcing of operations to third-party transfer agents, where the support for automation as part of the offering plays a crucial role.

"BNP Paribas in Europe already has experiences with funds automation, and we are currently in the midst of launching a similar TA service in Singapore," said Mr Marcel Weicker, Head of Location, BNP Paribas Securities Services. "We are committed to ISO 20022 messaging and will commence with the implementation in the near future so that our clients can fully benefit from the perks of funds automation."

"The automation of Asia's fund business is vital so as to support its continued growth in this region. We are pleased that both Citi and AllianceBernstein in Singapore have gone live on ISO 20022 standards for automation of their fund subscriptions and redemptions since Q3 2008," said Mr Eric Chua, Regional Head, Fund Solutions for SWIFT. "With the current market volatility, automation should deserve an even higher priority for the industry. With unexpected increases in order volume coupled with price volatility of mutual funds, it would inevitably mean a higher cost for repairing any processing mistakes than usual."

"Through the MasterClass event, SWIFT hopes to advance the dialogue within the funds industry and bring to everyone's attention the challenges, and more importantly, the solutions available to take the industry to the next level," said Mr Charles LeGrand, Head of South Asia for SWIFT.

"SWIFT actively supports the Asian fund automation efforts and we have live users in Singapore, Hong Kong, Taiwan and working groups in Australia, Japan and Korea. We are also very excited with emerging markets like India and will be running our first Fund MasterClass event there later this year," added Mr Legrand.

SWIFT is working closely with the Asian fund industry with the signing of a Memorandum of Understanding (MoU) to support Singapore's 2010 vision to create a first class operational environment and Asian hub for the fund industry; and supporting the Straight Through Processing initiative with the Asian Fund Automation Consortium (AFAC), represented by the top 10 global fund managers based in Hong Kong.

## **About SWIFT**

SWIFT is a member-owned cooperative that provides the communications platform, products and services to connect over 8,300 banking organisations, securities institutions and corporate customers in more than 208 countries. SWIFT enables its users to exchange automated, standardised financial information securely and reliably, thereby lowering costs, reducing operational risk and eliminating operational inefficiencies. SWIFT also brings the financial community together to work collaboratively to shape market practice, define standards and debate issues of mutual interest.

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