



ABCs of innovation

Michael Tae of Broadridge discusses how technology transformation is dramatically altering how financial service firms operate

Becky Butcher reports

What trends are you currently seeing around technology innovation?

Our industry is currently facing the challenge of increased cost pressures, and transitioning technologies. Adapting to and

leveraging these next-generation technologies is an essential part of our clients' forward-looking strategies.

This technology transformation is dramatically altering how financial service firms operate, acutely apparent in rapidly changing end-customer preferences. Broadridge is committed to driving the innovation roadmap in relation to next-generation technologies, to

allow our clients to get ahead of today's challenges and capitalise on tomorrow's opportunities.

There are four technologies that we're particularly focused on right now on behalf of our clients, and we call these the "ABCDs of innovation"—artificial intelligence (AI), blockchain, cloud and digital. We see the ABCDs as propelling growth in the industry, and we will be an on-ramp to these new-generation technologies for our clients.

In general, the potential benefits that can be achieved through the ABCDs are in improved operational efficiencies, reduced risks, and an improved end-user experience.

Within capital markets we are leveraging our deep expertise in post-trade and shareholder communication, our significant scale across our network of clients, and unique view of industry data to assess where the ABCDs can be applied to derive significant operational and financial benefits, and have piloted and deployed a number of successful use cases in areas such as securities finance and proxy voting.

Can you tell me how your new asset servicing solution works?

We identify pain-points for clients, helping them to find the problems and questioning, "what can we do to find the best technologies and the best operations to fix them?"

There are \$2 to \$10 billion dollars in direct and indirect losses related to corporate action events that occur as a result of underlying industry inefficiencies. We view that as an opportunity to solve some of those inefficiencies. A big part of the challenge is about data management. It's a subject that comes up quite frequently in our industry. We already support a global bank across 16 legal entities on the platform and we are integrating a second one successfully, facilitating the consolidation of 15 entities globally. It's an automated end-to-end lifecycle solution for global asset servicing, for all types of dividend, coupon, and corporate action (ReOrg) events—from announcement capture and cleansing through to settlement of the entitlements.

One of the highlights around what we've got is the data cleansing part—doing that in a consistent format. The data comes in all sorts of different forms from multiple sources, and so we have real-time data scrubbing functionality, which is highly advanced and aids the quality of all other areas through a golden record.

What opportunities can the solution provide your clients?

It brings increased efficiency and reduced complexity through standardised and highly automated real-time business support, backed by exception-based workflow automation throughout the lifecycle.

We talk about end-to-end because the solution also takes into account the front-office too, including elements that other offerings do not necessarily have.

It is able to support complex investment bank trading models across multiple business lines and asset classes and is optimised to support front office opportunities in areas such as tax, financing and inventory management through a unified view of global inventory.

Being able to view an event in light of the long, short, on-loan and hedge positions is a capability we believe is highly unique.

What are the biggest challenges around technology innovation?

It varies based on the area of technology. For example, over recent years and off the back of the financial crisis, there has been an increase in regulation and margin pressures, causing more firms to seek a move to cloud-based shared service solutions to lessen their non-differentiated activities and focus on the core competence areas.

However, to be effective, migrating to the cloud requires a clear roadmap to avoid a cumbersome and excessively complex process. In response to this, we offer a common migration framework and architecture across clients, and a mutualised approach to ongoing investments to leverage technology innovation and reduce the overhead of ongoing market and regulatory change.

What else is Broadridge currently working on in the asset servicing space?

We'll be concentrating on responding to the interest we're receiving for our new asset servicing solution which we formally announced at this year's Sibos conference in Sydney—we're obviously committed to our clients' requirements and the solution's broader market take-up.

We recently released a white paper 'Shareholder Rights Directive—everything you need to know' calling for a proactive industry response to shape common guidelines and implementation standards around the revised Shareholder Rights Directive, set to come into force through national laws by 3 September 2020 across European member states.

The report explains the opportunity to advance corporate governance and the core areas of change for firms involved in the proxy voting lifecycle, while highlighting the need for harmonisation across national jurisdictions.

It focuses on three key themes: shareholder identification, agenda distribution and voting by intermediaries, and vote confirmation. We'll be talking more about that, moving into 2019. **AST**