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ISSUE 358 05 February 2025

WITHHOLDING NOTHING

Julia Bricker, global managing director at WTax, talks about the emerging trends impacting the withholding tax landscape

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Lead news story

UK Accelerated Settlement Taskforce proposes T+1 transition date

The UK Accelerated Settlement Taskforce (AST) has recommended a move to T+1 for securities on 11 October 2027.

This aligns the UK with the EU and Switzerland, both of which are aiming for the same implementation date for the migration to a faster securities settlement cycle.

Andrew Douglas, chairman of the AST, says: “We look forward to working with the EU team led by Giovanni Sabatini and the Swiss team led by Florentin Soliva, to harmonise our implementation schedules and, where appropriate, share common solutions.

“So, 2025 will be the year of planning and budgeting, 2026 building and implementing solutions, and 2027 testing and migrating.”

He adds that following the US shift to T+1 in May 2024, Europe will benefit from “second mover advantage”, learning the lessons of the US experience, in particular the benefits of automating processes.

The AST will publish its final recommendations and implementation plan at the start of February, with an online and in-person event for market participants being held on 20 February. ■

AST

Karl Loomes
Group editor
karlloomes@blackknightmedialtd.com

Carmella Haswell
Deputy editor
carmellahaswell@securitiesfinancetimes.com

Jack McRae
Reporter
jackmcrae@assetservicingtimes.com

Clelia Reka Frondaroli
Junior reporter
cleliarekafrondaroli@assetservicingtimes.com

Klea Neza
Junior reporter
kleaneza@blackknightmedialtd.com

James Hickman
Lead designer
jameshickman@blackknightmedialtd.com

John Savage
Associate publisher
johnsavage@assetservicingtimes.com

David Hancock
Associate publisher
davidhancock@assetservicingtimes.com

Andrew Hutchings
Associate publisher
andrewhutchings@assetservicingtimes.com

Justin Lawson
Publisher
justinlawson@blackknightmedialtd.com

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Interactive Brokers selects Pirum to automate corporate actions

Automated global electronic broker, Interactive Brokers, has adopted Pirum's CoacsConnect to automate corporate actions for its clients worldwide.

The offering provides a centralised solution for managing corporate actions, including income claims and voluntary corporate actions functionality.

CoacsConnect caters to individual requirements and technology stack, and currently processes on average US$3.8 billion of corporate actions daily, Pirum says.

Through the use of Pirum's solution, Interactive Brokers intends to streamline its operations, clean up receivables, reduce email traffic, and accelerate response times with counterparts.

Automated payments mean quicker payment times and reduced open claim balances, says Pirum.

The firm highlights that the centralised solution offers a valuable risk mitigant, with full audit trails, updates, and alerts to identify and notify of time-critical actions to be taken. ■

Ninety One joins Saphyre

Ninety One has joined Saphyre's platform for the onboarding and maintenance of its trading relationships with brokers and custodians.

The platform allows synchronisation which provides a real-time golden source of data to all permissioned external parties.

Stephen Roche, president and co-founder of Saphyre, says: "By deploying our technology Ninety One will maintain data integrity through the lifecycle of a fund providing Ninety One with speed in the pre-trade through post-trade processes not for just its firm, but also with Ninety One's broker and custodial counterparts." ■

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Regnology acquires BR-AG

Regnology has acquired BR-AG, a Polish provider of RegTech and SupTech solutions.

The acquisition will extend Regnology's product and service offerings in the SupTech space, where regulators will now be able to access tools for designing and sharing data point model (DPM) taxonomies, the firm says.

Regulators and banks will further be able to adopt and integrate new functionalities through BR-AG's technology, which will be made available on Regnology's platform.

The acquisition is also said to mark a milestone in Regnology's commitment to expanding upon its regulatory supervision hub (RSH) offerings and strengthening the company's international presence.

Linda Middleditch, chief product officer at Regnology, comments: "Beyond enhancing our RegTech expertise, BR-AG's impressive track record of partnering with regulators to set new industry benchmarks will enable us to enrich our RSH capabilities from semantic data modelling to data collection and AI-driven real-time data analysis." ■

Delta Capita partners with HSBC

Delta Capita has agreed to deliver post-trade OTC derivatives confirmation and settlement services for HSBC.

The multi-year agreement means Delta Capita has expanded its operational footprint by establishing hubs in Kuala Lumpur and Manila.

Karen Everingham, head of markets and securities services operations at HSBC, comments: "The agreement we have established with Delta Capita opens up new opportunities for us to enhance our derivative post-trade services for our valued clients." ■

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Evelyn Partners sells Fund Solutions business

Evelyn Partners Group has sold its fund solutions business, operated by Evelyn Partners Fund Solutions (EPFL), to Thesis.

EPFL, a provider of fund governance and fund administration services for UK-domiciled funds, will now become part of Thesis, a UK-based operator of funds. Evenly Partners staff that were originally part of the EPFL business will also now transfer across to Thesis.

The decision comes following a strategic review from Evelyn Partners, where the company intends to refocus on its core wealth management activities. The acquisition by Thesis is said to further enhance the firm's range of funds.

Group chief executive of Evelyn Partners Group, Paul Geddes, comments: "The sale of EPFL to Thesis, will further streamline Evelyn Partners so that we will be focused solely on wealth management. It will also provide new opportunities for our EPFL colleagues as part of a larger, specialist fund governance business."

David Tyerman, CEO of Thesis, adds: "I'm delighted to be welcoming the EPFL team to Thesis. Their reputation in the market is excellent and, like us, they have a culture founded in high-quality professional services. Having EPFL in the group increases choice for our sponsors, as well as introducing greater scale for Thesis." ■

image by anastasia/stock.adobe.com

Upvest selects Clearstream for third-party fund services

Upvest has selected Clearstream for third-party fund processing, execution, and distribution support services.

Upvest hopes that centralising their services through Clearstream's fund distribution platform will enhance operational efficiencies.

Jonathan Brander, chief operating officer of Upvest, says: "The collaboration with Clearstream will not only enable us to streamline Upvest's operational processes but also expand our clients' access to a diverse range of international funds and markets."

Neil Wise, chief commercial officer for Clearstream Fund Services, adds: "By partnering with Clearstream, Upvest gains an industrial digital infrastructure for cost-effective third-party funds processing, ensuring reliable processing at scale for all asset classes." ■

Eurex Clearing partners with HQLA^{X} on digital collateral mobilisation

Eurex Clearing has announced the launch of collateral mobilisation supported by distributed ledger technology (DLT) in Q2 2025.

The move aims to "set an example" for enabling digital mobilisation of collateral with the benefits of a secure CCP framework.

The flexibility, speed and efficiency of collateral transfers will be enhanced by mobilising collateral with the support of the HQLA^{X} digital ledger, says Eurex Clearing.

Through digital ledger, Eurex clients can mobilise margin collateral via custodians and central securities depositories (CSDs). Such collateral is being posted to Eurex Clearing as margin collateral at Clearstream Banking.

According to the firm, the goal is to ensure that securities collateral becomes easily accessible, independent of its physical location, and can be moved quickly and without incurring substantial costs. As a result, this should improve the immediate availability to meet the margin requirements set by CCPs. By achieving this, the process of fulfilling CCP margin requirements becomes even more efficient, the firm adds.

This initiative, which will see J.P. Morgan participate as the pilot clearing member, is a cornerstone of Eurex Clearing's collateral offering and digital services ambitions.

Helen Gordon, global head of Derivatives Clearing at J.P. Morgan, says: "J.P. Morgan early on identified the benefits of using traditional assets in digital form to move cleared derivatives collateral and is pleased to see this regulatory milestone achieved.

"We look forward to the next phase of implementation and realising the risk and optimisation benefits associated with improved collateral mobility for us and our clients." ■

BBH implements account-opening API with Clearstream

Brown Brothers Harriman (BBH) has implemented its account-opening API with Clearstream to enhance the investor onboarding process.

BBH's account opening API launched in 2024 and is designed to work across a range of platforms, banks, and transfer agents.

Manuel Dienhart, BBH's transfer agency product executive and global head of transfer agency, says: "By connecting Clearstream and BBH through our API, we're reducing siloed manual operations across transfer agents and platforms to give investors a less fragmented onboarding experience and a quicker time to market."

Neil Wise, member of the executive board at Clearstream Fund Centre, adds: "Being able to send account opening requests in an automated way is a fundamental building block for straight-through processing in the investor onboarding space." ■


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Nh1816 selects CACEIS as asset servicer

Nh1816 Verzekeringen, a Dutch cooperative insurer, has selected CACEIS as asset servicer.

CACEIS will provide custody, administration, performance measurement, compliance monitoring, execution, and regulatory reporting services for Nh1816.

Rinke Visser, deputy country managing director of CACEIS in the Netherlands, says: “Our two groups share a common view that puts business efficiency and client servicing at the heart of our offer, and this key partnership is focused on delivering long-term support that creates the conditions for the continued growth of the business.”

René van Gils, CEO of Nh1816, adds: “Our integration with CACEIS’s operational systems and relationship management structure was handled without interruption to our services, and we are delighted to have achieved such a smooth changeover in such a short time. CACEIS’s servicing model offers the transparency we need to carefully manage our business, providing key insight into our data and performance.” ■

SWIB implements SimCorp platform

The State of Wisconsin Investment Board (SWIB) will begin to use SimCorp’s platform to bring its investment book of record (IBOR) in-house. Retiring its outsourced IBOR will allow the company to access real-time data on its investment positions and exposures across the organisation, SWIB says. The company also intends to use SimCorp’s data management services to simplify market and reference data access for the platform’s users.

The firm says the implementation marks a milestone for SimCorp’s expansion within the North American pension sector.

Rochelle Klaskin, chief operating officer at SWIB, says: “Our strategic partnership with SimCorp will support our mission to deliver strong investment returns for the beneficiaries of the Wisconsin Retirement System.”

Managing director and head of Americas at SimCorp, Allen Zimmerman, adds: “We are thrilled to see SWIB go live as part of their strategic business transformation. This milestone demonstrates our commitment to delivering innovative solutions that meet the evolving needs of our clients.” ■

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SEC rescind SAB 121

The US Securities and Exchange Commission (SEC) has announced the withdrawal of its Staff Accounting Bulletin (SAB) 121.

The rule had required reporting entities that act as custodians for crypto assets to include safeguarding liabilities and the corresponding assets as footnotes to financial statements.

While President Biden had vetoed a bill to overturn the controversial rule, the inauguration of Donald Trump has brought a new approach towards regulation of the crypto custody markets.

The SEC had said that the bulletin adds guidance for entities “to consider when they have obligations to safeguard crypto-assets held for their platform users”.

The new directive, SAB 122, supersedes SAB 121 and allows financial institutions greater discretion in classifying held digital assets as liabilities.

The SEC explains: “An entity that has an obligation to safeguard crypto-assets for others should determine whether to recognise a liability related to the risk of loss under such an obligation, and if so, the measurement of such a liability, by applying the recognition and measurement requirements for liabilities arising from contingencies in Financial Accounting Standards Board Accounting Standards Codification.” ■

image by rudsaphon/stock.adobe.com

Crypto Finances attains MiCAR license for the EU

Crypto Finance (Germany), as part of Deutsche Börse, is now among the first digital asset providers to secure the Markets in Crypto Assets Regulation (MiCAR) license for European markets.

The license was granted by the Federal Financial Supervisory Authority (BaFin) and will enable the company to offer five services across Europe, including custody, exchange, and transfer services for crypto assets.

The company says that it will be also able to offer institutional clients with a more comprehensive range of crypto services and marks the firm’s expansion to key EU markets.

Eric Viohl, managing director of Crypto Finance (Germany), comments on the approval: “The MiCAR license creates even greater confidence in our services. Our future clients in Europe will benefit from a broader range of regulated crypto solutions, tailored to meet their institutional needs.” ■

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Withholding nothing

Julia Bricker, global managing director at WTax, talks to John Savage about the emerging trends and regulatory developments impacting the withholding tax landscape

How are advancements in AI and automation technologies reshaping the landscape of withholding tax compliance? What specific tasks within the withholding tax process are most amenable to automation, and what are the potential benefits and risks?

Advancements in AI and automation are transforming withholding tax functions by streamlining processes that were traditionally time-intensive and manual. Key tasks such as document processing, data validation, and claim submission are particularly suited to automation.

We have embraced these advancements by integrating automation into our processes, including direct connectivity with tax authority portals across multiple jurisdictions, with more underway. Supported by AI-powered optical character recognition (OCR), WTax's platform processes tens of thousands of documents within seconds, significantly reducing manual effort and enhancing accuracy. This approach reduces administrative workloads, accelerates recovery timelines, and ensures robust quality assurance through AI-driven validation.

However, automation carries risks, and we still approach all AI related output with caution, ensuring that our quality and compliance controls and standards are adhered to. Claims requiring nuanced legal analysis or discretionary rulings, such as those involving European Court of Justice (ECJ) cases must be approached carefully.

Relying solely on technology in such cases could result in errors or missed opportunities for optimal recovery. By combining advanced automation with the specialised knowledge of its lawyers, certified public accountants (CPAs) and tax experts, we mitigate this risk, ensuring even the most intricate claims are managed with precision and care.

As tax treaties continue to evolve, what are the key challenges faced by asset servicing firms in ensuring accurate withholding tax treatment across different jurisdictions? How can firms effectively monitor changes in tax treaty provisions and their implications for their clients' portfolios?

The diversity in how tax authorities interpret and apply treaties presents a significant challenge to ensuring accurate withholding tax treatment across jurisdictions. Variations in documentation requirements, filing deadlines, and procedural practices can also lead to inconsistencies that directly affect portfolio returns. Staying ahead of these complexities requires operational agility and access to accurate information.

Asset servicing firms often partner with specialists like WTax to address these challenges. Our proprietary tools, such as our rules engine, help firms navigate treaty complexities and other reclaim mechanisms by identifying optimal recovery paths. These tools are continuously updated to reflect the latest developments in tax practices. To stay informed, our technical team actively monitors tax legislation and procedural updates through trusted resources like IBFD and LexisNexis, engages in international tax forums, and leverages its strong relationships with tax authorities and over 150 custodians globally.

What are the essential features and functionalities of a robust tax technology solution for withholding tax compliance? How can firms effectively integrate tax technology into their existing operations to streamline processes and enhance data accuracy?

Managing withholding tax compliance requires technology that simplifies complexity. A robust solution must not only address immediate needs like document processing and claim submissions but also adapt to shifting regulations and data requirements across jurisdictions. WTax's technology exemplifies the essential features and functionalities of a robust tax technology solution for withholding tax compliance, leveraging advanced capabilities needed for modern tax recovery.

Our proprietary platform combines:

Precision: AI-powered tools ensure every claim is evaluated against jurisdiction-specific tax rules, maximising recovery opportunities.

Efficiency: Automation processes to reconcile documentation needed in the claim process.

Transparency: A customisable reporting portal allows stakeholders to monitor every stage of the process in real time.

Collaboration: Seamless integration with tax authority systems in multiple jurisdictions ensures compliance with evolving regulations, with further expansions underway.

Effective integration requires a deliberate approach. By working with an outsourced, technology-driven expert, firms can ensure a smooth adoption process, benefiting from tailored solutions that address specific operational challenges.

What are the key regulatory trends and developments that are impacting the withholding tax landscape? How are increased regulatory scrutiny and reporting requirements affecting the operational burden on asset servicing firms?

Tax authorities are increasingly scrutinising withholding tax claims, driven by global initiatives like the Organisation for Economic Co-operation and Development's (OECD's) Base Erosion and Profit Shifting (BEPS) project, which aims to enhance transparency and combat tax avoidance. This has led to a rise in queried claims, with jurisdictions like Switzerland now requesting further information for a significant proportion of reclaim applications. Tax offices often require detailed supporting documentation to validate reclaim entitlements, including proof of beneficial ownership and clarity on trading activities around dividend entitlement dates.

These developments have placed a significant operational burden on firms, requiring them to implement systems capable of efficiently managing documentation, addressing discrepancies, and responding to technical queries if they want to ensure that no reclaims are forfeited.

We address these challenges by offering a query management service that includes analysing rejection reasons, coordinating documentation, and drafting technical responses.

With active query cases in over 20 jurisdictions, WTax ensures that clients' claims are managed effectively and in compliance with local requirements.

Another key development is the European Commission's proposed Faster and Safer Tax Excess Refund (FASTER) Directive, which seeks to streamline withholding tax relief procedures across EU member states.

The directive was adopted by the Council of the EU on 10 December 2024, marking a significant step toward harmonising tax procedures within the EU. As it progresses toward implementation, firms must prepare to align with its digital requirements to take advantage of the efficiency gains it offers.

How are global economic trends, such as interest rate fluctuations and inflation, influencing withholding tax regimes? What are the potential implications of geopolitical tensions and trade disputes on cross-border tax flows?

Economic trends such as interest rate changes and inflation can influence the dynamics of withholding tax recovery.

Higher interest rates often correspond with increased bond yields and interest payments, affecting the volume and value of payments subject to withholding tax. Inflation may lead to fiscal policy adjustments, with some governments focusing more heavily on tax enforcement to protect revenue streams.

Geopolitical tensions, like the Russia-Ukraine conflict, add further complexity. The termination of the Russia-Ukraine tax treaty in 2023 is one example of how geopolitical events can disrupt established tax agreements, directly impacting withholding tax rates and recovery processes.

Navigating these challenges requires flexibility and adaptability to evolving economic and geopolitical conditions.

What are the emerging trends and challenges that are likely to shape the future of withholding tax? How can firms prepare for the increasing complexity of tax rules and regulations in a globalised economy?

The future of withholding tax will be shaped by trends such as regulatory harmonisation, digitalisation, as well as increased scrutiny. Initiatives like the EU's FASTER Directive aim to streamline cross-border tax processes, while tax authorities worldwide are increasingly adopting automated systems requiring electronic submissions, creating challenges for firms to adapt.

For example, Germany's transition to a digital portal in 2023 and the introduction of its bulk submission interface (DIP.KaFE) in 2024 illustrate how regulatory shifts can disrupt traditional processes. The initial shift caused significant delays across the industry, though WTax leveraged Robotic Process Automation (RPA) to ensure uninterrupted filings.

As one of the only providers to file continuously during this period, we set the benchmark for adapting to tax authority digitalisation.

As illustrated, the increasing complexity of tax rules and regulations in a globalised economy demand agility and precision. To address this, WTax has chosen to keep its technology development in-house.

Dr. Ashley Gritzman, WTax's chief technology officer, explains: "Maintaining full ownership of this critical aspect enables us to adapt rapidly to industry changes and maximise the benefits of emerging technologies like AI."

This strategy allows WTax to address jurisdiction-specific regulations and swiftly update our proprietary platform to meet the challenges of an evolving global tax landscape with precision and efficiency.

How can asset servicing firms ensure the accuracy and completeness of the data used for withholding tax calculations and reporting? What are the best practices for data governance and management in the context of withholding tax?

Ensuring the accuracy and completeness of data is critical for effective withholding tax calculations and reporting, especially under increasing scrutiny from tax authorities.

Asset servicing firms should implement robust data governance practices that focus on end-to-end validation, auditability, and adaptability to jurisdiction-specific requirements.

WTax addresses these challenges through a five-step quality assurance framework that balances automation and human oversight. This process includes three automated validation phases powered by AI to identify and resolve discrepancies, followed by two manual review stages conducted by data analysts to ensure compliance with local tax regulations.

By combining technology-driven efficiency with expert review, we ensure all claims are accurate, complete, and able to withstand regulatory scrutiny.

Adopting similar layered validation systems, maintaining detailed audit trails, and ensuring seamless data integration across workflows are essential best practices for firms managing withholding tax processes. These measures not only enhance compliance but also streamline reporting and improve overall operational efficiency.

How are ESG considerations influencing the design and implementation of withholding tax regimes? What are the potential tax implications of sustainable investing strategies and green finance initiatives?

ESG principles are increasingly shaping investment strategies, requiring institutional investors and asset managers to align their activities with governance, social, and environmental objectives. Reclaiming withholding tax is a critical element of ESG-aligned strategies, and efficient recovery maximizes portfolio returns while upholding fiduciary responsibilities, ensuring that no funds are forfeited unnecessarily.

Withholding tax recovery also reflects key governance principles by enhancing transparency and accountability — core components of ESG frameworks. By recovering funds efficiently, investors can reinvest into sustainable assets, directly contributing to ESG goals.

Firms must ensure that their tax recovery processes are robust and compliant with jurisdiction-specific requirements to maintain alignment with ESG objectives. WTax supports ESG-aligned asset management by streamlining tax recovery processes and ensuring governance standards are upheld throughout the recovery lifecycle. ■

Fintech fever

Clelia Frondaroli documents the rise of digital financial technologies in Southeast Asia, and what it means for financial inclusion in the region

It is not easy to overlook Southeast Asia. The region spans over 4.5 million square kilometres, containing 11 countries, five separate time zones, and countless languages and ethnic groups. Yet, although Singapore has been regarded as a highly developed centre for financial trading, other smaller ASEAN economies have been left to wait in its shadow.

However, with the emergence of fintech companies, and as innovations have flooded the region, Southeast Asian economies have experienced a surge in investments, funding, and growth. As more and more companies set their roots in Indonesia, Malaysia, and Vietnam (to name a few), how has this ‘fintech fever’ helped shape and change the region for the better, and what does this mean for the future of the industry?

Forces at play

“The start of rapid growth in the fintech industry in Southeast Asia can be attributed to a confluence of factors,” says Shadab Taiyabi, president of Singapore FinTech Association. Of these factors, he cites high rates of smartphone ownership and internet connectivity as some of the forces at play that have made Singapore, and on a wider level, Southeast Asia, the ideal hub for fintech innovation.

But why is this the case?

Financial technologies, such as electronic wallets and payments, offer better access to digital banking as well as encouraging a broader acceptance of cashless transactions. According to the Infocomm Media Development Authority (IMDA), smartphone penetration rates in Singapore are currently at 96 per cent, while the region as a whole is projected to reach 80 per cent this year.

Although estimates vary, when taking into account the global smartphone penetration rate of 67 per cent, Southeast Asia far exceeds the rest of the world. So why would fintechs not take advantage of this hyper-connected and tech-savvy population?

Taiyabi continues: “Additionally, Southeast Asia is seeing a rise in purchasing power from both corporations and individuals, driven by a growing middle class and rising incomes due to economic development.” This, coupled with what Nick Lauw, partner and head of Tech and IP, Asia at RPC, calls an “enabling regulatory environment” and increased funding support for start-ups, “it isn’t hard to see why the growth of the industry in Singapore in particular has been rapid.”

Yet, looking at the financial landscape, it is not possible to talk about the rise of fintechs without mentioning financial exclusion in the same breath. Despite overwhelmingly high smartphone and internet penetration rates, Macquarie’s 2022 report reveals that over 50 per cent of the Southeast Asian population remain unbanked with no access to traditional financial services.

“Financial exclusion perpetuates poverty,” explains Ben Goldin, founder and CEO of Plumery. “It inhibits economic participation as, without access to capital, individuals and micro-businesses struggle to start or expand operations, hindering entrepreneurship and local economic growth. An absence of financial services also leaves households vulnerable to economic shocks.”

With such a large portion of the population cut off from traditional means of banking, it is clear that fintech companies are changing the way in which people and small businesses can access financial services, with the hopes that it can effectively break the cycle of financial exclusion. Lauw puts it plainly: “From a consumer-facing standpoint, all you need to access many of these technologies is a mobile phone app. Digital fintech technologies can [therefore] give these users access to traditional financial products and services they did not previously have.”

Taiyabi agrees. Digital technologies, he emphasises, have also given rise to alternative lending solutions, such as peer-to-peer and micro lending, offering more opportunities to those typically denied access to loans due to a lack of credit history or collateral. This is a point that Goldin hones in on, making clear that “ultimately, these technologies empower communities to participate in the financial system without a need for extensive infrastructure or the intervention of formal financial institutions.”

Ecommerce = equality?

With new fintech innovations continuing to develop across the region, some claim that the industry has the potential to democratise commerce. However, is this really the case?

The answer may be both yes and no. As Lauw explains, “the industry definitely has the potential to lower barriers to entry, although whether there is ultimately a democratisation of commerce will also depend on the regulatory landscape.” He believes the regulatory landscape, especially within Singapore, is subject to change “if the government perceives that there is a need to protect consumers such as increased instances of fraud and criminal activity.”

> **“Fintech has the potential to democratise commerce in the region. However, innovation and solutions must be developed for practical, real-world scenarios”**
>
> **Shadab Taiyabi, Singapore FinTech Association**

Fraud also remains at the forefront of Taiyabi’s mind, where he is keen to stress: “With the increasing use of technology, cyber threats such as data breaches and online identity fraud have become major concerns. Implementing security measures to protect customer data privacy is crucial for fintechs in Southeast Asia to maintain their reputation.”

He continues: “Fintech has the potential to democratise commerce in the region. However, innovation and solutions must be developed for practical, real-world scenarios that address problems the community faces.”

Some of these problems include poor financial literacy among members of the underserved community, where a lack of financial education “makes individuals more vulnerable to predatory practices, such as loan sharks offering high-interest loans that trap borrowers in a cycle of debt,” says Goldin. The solution, he believes, may be found in financial literacy campaigns as well as “mobile apps and online platforms [that] can also be used to deliver interactive, localised educational content.”

Bryan Tan, partner at Reed Smith, looks at the industry through a different lens. Not only does he suggest that fintechs have already democratised commerce, he also predicts that with innovation, economic growth in the region “will be less akin to what you see in the West but more like what you see in South Asia, the Middle East, as well as Africa. It means that decades of progress may be accelerated in a fraction instead of waiting for the rollout of infrastructure.”

A promising future

However, as the saying goes, after every rise there is bound to be a fall. With fintech funding hitting a four-year low since its peak of US$6 billion in 2021, has the industry faced its final hurrah, or is there still room to grow?

Although Taiyabi agrees that funding levels have “moderated since the explosive growth in 2015 and acceleration from 2017 to 2022,” he remains optimistic that “companies with innovative solutions and strong fundamentals remain competitive.”

The industry, he believes, has instead evolved towards emerging technologies in AI and data, as well as innovations in sustainability, which he says act as driving forces for the industry to continue growing.

For Lauw, “the advancement never stops.” He clarifies: “Like any other part of the tech industry, there will always be a market for the best products out there.”

So with spirits remaining high for the continuation of this fintech frenzy that has engulfed the region, what new heights are firms setting their sights on?

“Firms are now working towards profitability through cost efficiency and sustainable pricing; focusing on existing markets; and enhancing product offerings and service efficiency through acquisitions,” says Taiyabi, going on to suggest that smaller banks may begin to integrate fintech solutions in their offerings to meet the changing demands of consumers.

He adds: “The population is also increasingly looking to GenAI and tech-enabled innovative solutions that new fintechs can provide, including AI-powered chatbots and robo-advisors.”

Tan also believes the industry is only just beginning to develop in ASEAN economies, where “big populations with increasing middle-income classes. Indonesia, Vietnam, Malaysia and Thailand [will become] lucrative in the coming years.”

Although Singapore remains at the forefront of fintech adoption, Indonesia, and Malaysia are already home to over 800 and 500 fintech companies, respectively, signalling a new age for the industry.

“The future of the fintech industry in Southeast Asia,” concludes Taiyabi, “is promising.” ■


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Shaking things up

After Joe Biden vetoed a Republican bill to overturn SAB 121 in the summer, Donald Trump's new administration is easing off on regulation

Rome was not built in a day, but could the crypto capital of the planet be built in a week? Donald Trump is certainly trying. Inaugurated back into the White House on 20 January, Trump sought to transform the cryptocurrency and digital asset markets immediately. As part of his presidential campaign he had ridden a wave of crypto-friendly promises that he claimed would transform the US into the "crypto capital of the planet".

But what has actually happened so far?

Squashing SAB 121

On 23 January, the US Securities and Exchange Commission (SEC) announced the introduction of a new directive Staff Accounting Bulletin (SAB) 122.

SAB 122 will allow financial institutions a greater level of discretion when it comes to classifying held digital assets as liabilities and supersedes the divisive SAB 121.

SAB 121 had required reporting entities that act as custodians for crypto assets to include safeguarding liabilities and the corresponding assets as footnotes to financial statements. The SEC had said that it added guidance for entities "to consider when they have obligations to safeguard crypto-assets held for their platform users".

Trump's predecessor Joe Biden had controversially vetoed a bill that would have overturned the directive, adding that it "would inappropriately constrain the SEC's ability to set forth appropriate guardrails and address future issues" and "jeopardise the well-being of consumers and investors."

But, with Biden's vice-president Kamala Harris beaten to the Oval Office by Trump and SAB 121 now essentially moot, the guardrails are off.

The news has been greeted with positivity from a number of large institutions looking to expand their influence within the digital asset space.

Donna Milrod, chief product officer and head of Digital Asset Solutions at State Street, described the former directive as "arbitrary" and welcomed that its removal, coupled with "leveraging the services and stability of well-regulated banks in the digital asset space is an important step forward for investors and capital markets."

image by daniela_photography/stock.adobe.com

Similarly, a spokesperson for BNY stated: “This is an important milestone in furthering the institutional adoption of digital assets. We support the development of a legal and regulatory framework that promotes a level playing field for all market participants.”

The return to office of Trump and the rescinding of SAB 121 has pleased one person in particular. Speaking with Asset Servicing Times in July, Republican Senator Cynthia Lummis, who tabled the unsuccessful bill to have the directive removed, accused Biden’s administration of possessing “a well-documented history of using the most mundane, in-the-weeds rulemaking processes to force its overbearing regulations down Americans’ throats.”

Trump, she said, would “ensure America remains in the driver’s seat for the management of digital assets.”

If Trump is the driver, Lummis has taken on the role of the navigating passenger.

Digital discussions

Lummis’ deep interest in the digital assets space has not gone unnoticed either. The senator has been selected as the first ever chair of the new Senate panel devoted to digital assets by the Senate Banking Committee Chair Tim Scott.

Scott explains that, “Blockchain technology and cryptocurrency have the potential to democratise the financial world – and there’s no better champion for the industry than my friend Cynthia Lummis.

“Since day one, Senator Lummis has been a leader on digital assets legislation, and I am proud to have her spearhead the Banking Committee’s efforts through our new Subcommittee on Digital Assets. Working with the Trump administration and our colleagues in the House, we will advance a commonsense regulatory framework to facilitate innovation here in the United States, not overseas.”

The subcommittee will aim to develop and pass digital asset legislation and conduct “robust oversight” over the federal financial regulators.

After describing digital assets as “the future”, Lummis added that she wishes Congress to “urgently pass bipartisan legislation establishing a comprehensive legal framework for digital assets and that strengthens the US dollar with a strategic bitcoin reserve.”

Donald’s directive

President Trump is not waiting around for bills to develop and pass through congress before he puts his mark down on the industry and country, wasting no time to exercise his powers and sign through a series of executive orders.

From signing an order to end gender transitions for people under the age of 19, to preparing a huge detention facility at Guantánamo Bay, to an order to have the US exit the World Health Organisation, Trump has been far from brazen in his orders.

He did, however, sign an order which establishes federal policy promoting and supporting the digital assets industry.

The order establishes a working group that, within 180 days, will propose a regulatory framework for governing digital assets as well as the creation of a national digital asset stockpile.

The SEC, led by its acting chairman Mark Uyeda, has also responded to the increased pressure on the industry from the executive branch by creating its own crypto task force.

Overseen by Commissioner Hester Peirce, the group will aim to produce a comprehensive and clear regulatory framework for crypto assets.

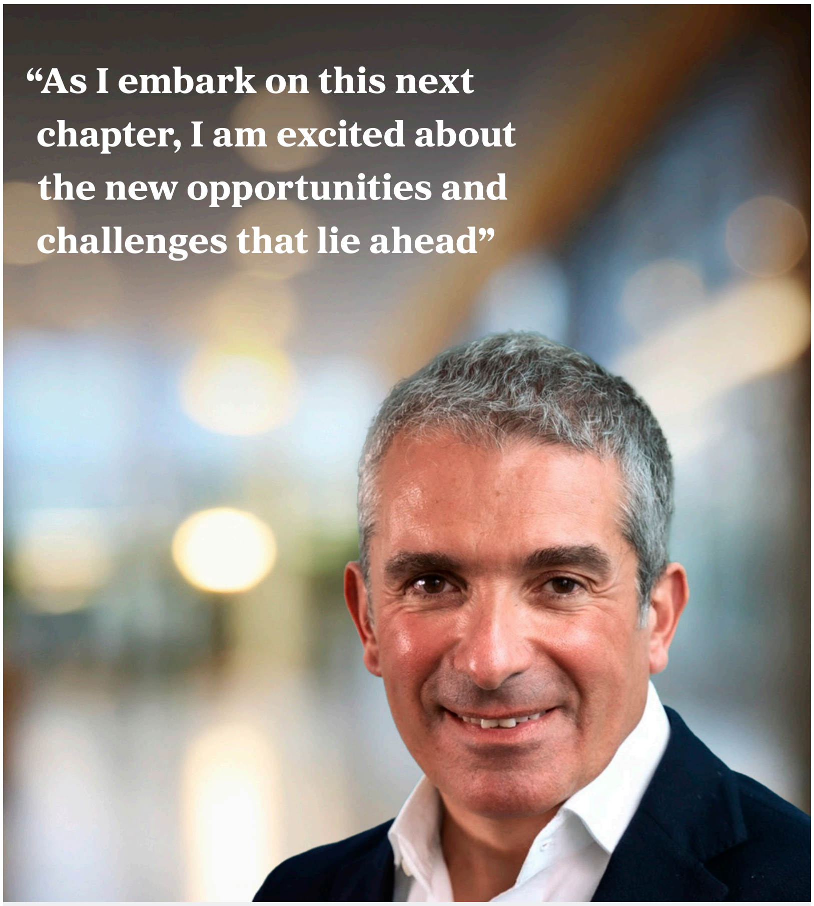
The SEC says that the regulation had been confusing and created “an environment hostile to innovation and conducive to fraud.”

Peirce has called for patience and collaboration. He said: “This undertaking will take time, patience, and much hard work.

“It will succeed only if the Task Force has input from a wide range of investors, industry participants, academics, and other interested parties. We look forward to working hand-in-hand with the public to foster a regulatory environment that protects investors, facilitates capital formation, fosters market integrity, and supports innovation.”

Within a week of being back in the Oval Office, Trump has unleashed a wave of changes to the crypto and digital asset markets.

The President has cut regulation back in the hope it will breed innovation and growth — whether this will be done in a fair, transparent way for investors, will remain to be seen.



Global Head of Securities Services Pekin leaves Citi

Okan Pekin has left his role as global head of securities services at Citi as he looks to pursue "new opportunities".

Pekin has spent the last 35 years at the firm in a variety of roles. He joined as a junior structurer in derivatives before working his way up to his current leadership role.

He also had spells as global co-head of equities and securities services as well as global head of investor services.

Announcing the news on LinkedIn, Pekin said: "As I embark on this next chapter, I am excited about the new opportunities and challenges that lie ahead.

"While I will no longer be at Citi, the lessons, relationships, and experiences I have gained here will stay with me as I move forward."

LCH Limited names de Verdelon as CEO

London Stock Exchange Group (LSEG) has appointed Susi de Verdelon as CEO of LCH Limited.

Assuming the role in February, de Verdelon takes over the position from Isabelle Girolami, who is set to leave the company after holding the position since November 2019.

She joined LCH Limited in 2017 as global chief operating officer for rates. Since then, de Verdelon has advanced to group head of SwapClear, Listed Rates, where she has been responsible for maintaining strong relationships with global clients and setting new strategic directions for the firm.

Daniel Maguire, group head of LSEG Markets, and CEO of LCH Group, says: "I'm delighted that Susi will be assuming the role of CEO at LCH Limited. As group head of LCH SwapClear & Listed Rates, she has driven growth and expansion into new markets. I look forward to continuing to work with Susi as we expand our multi-asset class offering."

Verdelon adds: "I am excited by the opportunity to become the CEO of LCH Limited. This role has tremendous responsibility, and I am committed to driving forward our strategic vision, fostering a culture of excellence, and strengthening our position as a market leader in risk management."

Gen II picks Bernacchia

Gen II has picked Massimo Bernacchia as the company's newest head of depositary services in Luxembourg.

The appointment comes after the firm announced its European expansion intentions, as well as the strengthening of their transatlantic service capabilities.

Bernacchia brings over 22 years' of experience in the financial services industry, with an expertise in investment funds and depository services. He joins the company from Credit Suisse, where he served as head of alternative funds. He also served six years at IQ-EQ as head of delivery, depository services, making him well positioned for his new role.

Commenting on Bernacchia's appointment, Michael Johnson, chief commercial officer, Europe, states: "Massimo will play an integral role in maintaining Gen II's reputation both in Luxembourg and globally as a provider of private capital administration services."

Richard Browne, head of client service, Luxembourg at Gen II, adds: "As demand for fund administration and management company services continues to grow in Luxembourg, it's fantastic to welcome Massimo to our experienced team. His deep knowledge and expertise in both alternatives and depositary services will be invaluable in helping to drive our growth in Europe."

O'Brien moves to Ocorian

Colm O'Brien has left BNP Paribas' Securities Services and joined Ocorian as head of EMEA sales in funds. He had been working as managing director, global head of sales for alternatives at BNP Paribas and previously held a senior business development director role at SS&C Fund Services.

O'Brien says: "This is an exciting time to be joining Ocorian as we look to build the premier global asset servicing business, and I look forward to working with our expert teams."

Frank Hattann, chief commercial officer at Ocorian, adds: "Colm's appointment highlights our focus on growth with funds at our core. He brings deep experience and expertise to Ocorian and is poised to make a major impact in his new role."

Salih joins State Street

Sarah Salih has been selected as executive vice president and head of North America for State Street's Investment Services business.

Based in Boston, Salih will be responsible for establishing a cohesive operating model with the aim of delivering a consistent experience for North American clients. This will include maintaining key client relationships, and honing in on the company's sales efforts.

Joining the company from HSBC Securities (USA), she most recently served as head of regional coverage, Americas. Salih holds a wealth of industry experience within the securities sector, having worked within a number of senior positions at Deutsche Bank Securities.

Joerg Ambrosius, executive vice president and president of Investment Services at State Street, says: "Sarah's more than three decades of deep industry knowledge and experience managing complex client relationships position her for success in this new role.

"I am confident she will help us further propel the successful execution of our strategy across North America." ■

Apex Group creates new advisory board in the Middle East

Apex Group has launched a new advisory board in a bid to transform the financial services sector in the Middle East. The board members hold a range of roles within regulatory, governmental, and hedge fund services, which the company says will help drive Apex Group's vision and strategy to grow in the Middle East.

Apex Groups UAE's board members include Huda Al-Lawati, founder and CEO of Aliph Capital, and Salvatore Lavallo, managing director of Middle East and Africa at Apeiron Investment Group.

Broadridge hires Limouzi as Global Head of Post-Trade

Broadridge Financial Solutions has expanded its global leadership team with the appointment of Quentin Limouzi, who will enter a new role as global head of Post-Trade. Based in New York, Limouzi brings two decades of leadership experience in the front office space and across enterprise transformation programmes.

He will be instrumental in supporting Broadridge's clients to navigate global regulatory mandates and extract value from new technologies to optimise their operations.

MarketAxess appoints Hoornweg to risk and finance committees

MarketAxess Holdings has elected Roberto Hoornweg to the risk and finance committees of its board of directors, effective 1 March.

Hoornweg brings global financial markets expertise, fixed-income knowledge, and leadership experience from several financial institutions to the post.

Since April 2024, he has been the co-head of corporate and investment banking at Standard Chartered, after serving as global head of financial markets for eight years. ■