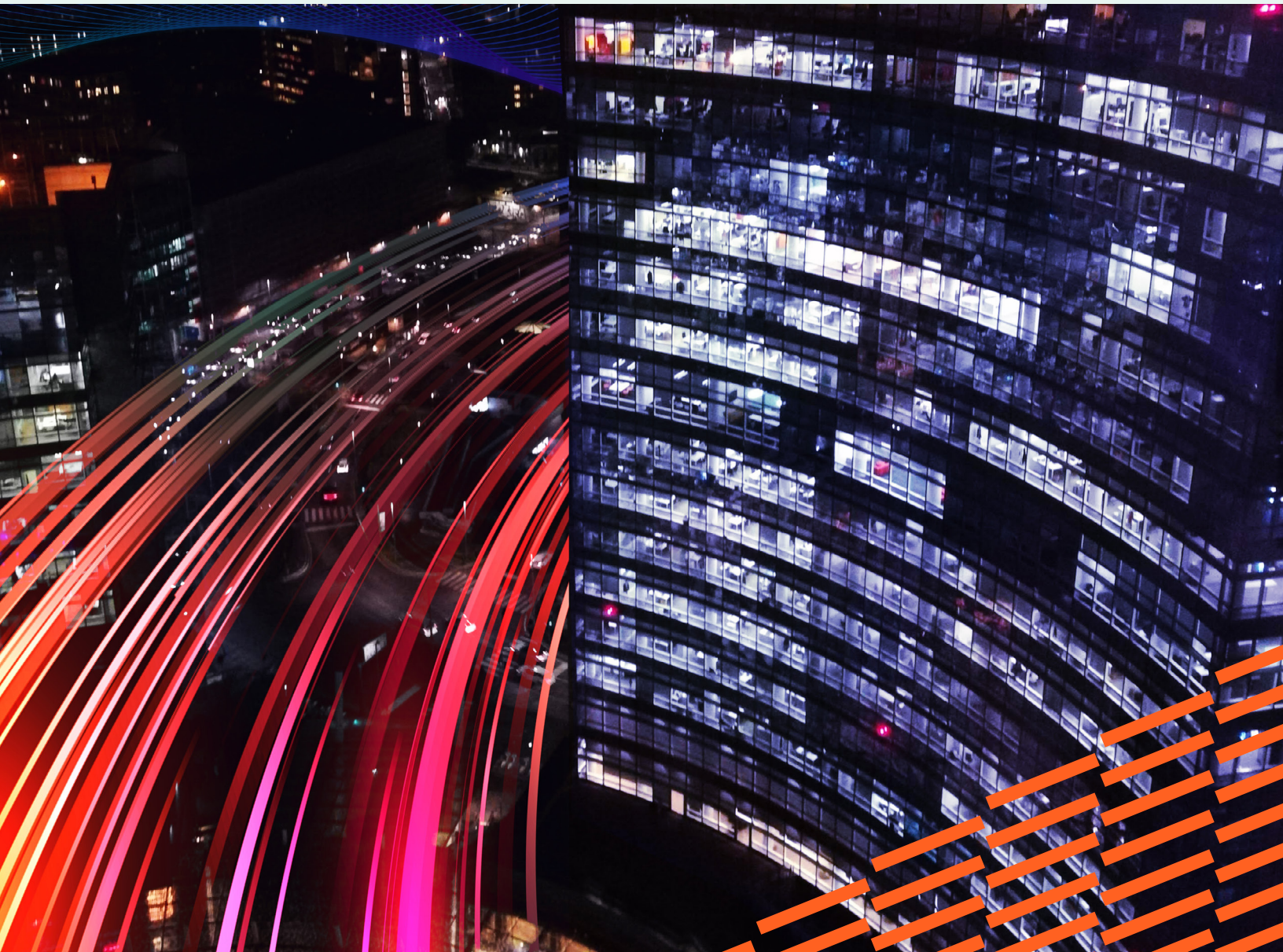


CIBC MELLON

CRACKING THE CODE: HOW DATA IS RESHAPING CANADA'S ASSET SERVICING LANDSCAPE

Leveraging Advanced Data Analytics and Cloud-Native
Platforms for Enhanced Investment Strategies

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Cracking the code

CIBC Mellon's Mel Cullen outlines how leveraging advanced data is enhancing Canada's asset servicing landscape

The road to success

AccessFintech's Roy Seaton discusses how the company has grown a community

Advent of change

SSAC Advent's Karen Geiger on the company's modern approach to operations



CIBC Mellon
16

"As we continue to bring clients onto BNY Mellon's global custody platform, we are unlocking possibilities and enabling opportunities"



With billions of dollars of capital locked up per day in late settling trades, our challenge was to predict the probability of a trade settling late so we could help increase market efficiency and enable our clients to save themselves time and extra expenses.

We trained our predictive AI engine to uncover patterns and settlement predictions 24 hours before the intended settlement date, so our clients have the necessary time to resolve any issues. By determining which trades are at risk, this patent pending technology prevents loss of time and revenue and holds the potential to unlock billions of dollars of capital daily.

Digitalisation, data management and analytics lie at the heart of institutional investors' efforts to reengineer operational and other components. The practical implications of these imperatives is that many of our clients need to focus on creating resilience and agility in their organisations. As the market continues to move quickly, we are investing in long term technology capabilities to Canada, to better support our clients' needs.

The automation and standardisation of core services and processes will deliver greater stability, operational efficiencies and cost savings to clients, boosting service quality and enabling custodians to respond quickly to future needs.

Custody digital enhancements offer vital benefits and drive operational gains by significantly increasing operating efficiency and streamlining processes. With a specific focus on cost reduction, automation is expected to eliminate manual tasks, leaving valuable time and resources. Moreover, leveraging analytics enables the identification of operational risks that generate tangible costs, allowing businesses to make informed decisions and optimise their operations. The emphasis on operational risk and resiliency brings forth differentiated technology solutions, enabling sustainable growth through data and analytics-based approaches. Adopting an agile approach to operational oversight empowers businesses to remain resilient in a constantly evolving landscape, while anomaly detection shifts the focus from reactive to proactive exception management.

Transformation across the front, middle and back office

The promise of new technologies, the value of better data management and the need for resilience gives institutions further reasons to reengineer how their front, middle and back offices operate.



MAL CULLEN
Chief Executive Officer

Mal Cullen is Chief Executive Officer of CIBC Mellon, a Canadian leader in asset servicing. He is responsible for the overall strategy and performance of CIBC Mellon. Mal has more than 30 years of financial services and technology experience, including previously serving as Head of Digital Services at BNY Mellon, overseeing the deployment of all BNY Mellon Asset Servicing digital and data products and capabilities, as well as previously serving as CEO of Eagle Investment Systems.

In a world driven by data, where information is the currency of innovation, the industry is faced with unprecedented opportunities to transform operations, empower their teams, and shape the future.

Canadian institutional investors have evolving needs and in turn have looked to data as a critical asset. Leveraging advanced data analytics, artificial intelligence, and machine learning has become a game-changer for the industry, providing valuable insights to optimize investment strategies and risk management.

As we have seen over the past few years, market disruptions, longstanding challenges and emerging unknowns continue to increase the demands on institutional investors, even as innovative data solutions and strategies have the potential to equip them to rise to meet the current moment. During critical events, organizations depend on immediate access to timely and relevant data in order to thoroughly screen influencing factors and respond to urgent needs.

Canada boasts abundant natural resources, a diverse economy, and robust financial stability. As an emerging force behind the country's innovative nature and growing appeal to global investors, data transformation has come to the forefront. Canadian pension plans and asset managers are harnessing data's power to make well-informed decisions, identify emerging trends, and seize opportunities in the market.



EXPLORE WITH US

We would be pleased to discuss these themes further, including exploring them in the context of our ongoing Canadian and global research efforts. Please don't hesitate to contact your relationship manager to arrange a discussion.

“ Clients are at various stages of their transformation journeys, but the consensus is clear – data is increasingly in focus, and there is a growing need to do more with it.



The future of asset servicing in Canada is undergoing a transformative tech revolution, with predictive analytics, AI, machine learning and other digital tools unlocking operational data, enhanced processes and client experience enhancements.

CANADA: A LEADER IN DATA TRANSFORMATION

In the global context, Canada stands at the forefront of leading innovations. While other markets have made significant strides in cloud adoption and technical engagement, Canada stands out for its sophistication in investment strategies - for example, Canadian pension asset managers continue set a high standard for performance, innovation and resilience, including investing into less liquid and diversified assets to enhance risk-adjusted returns.

Canada is also known for its thoughtful approach, recognizing the complexity of its regulatory environment that can make any technology change more challenging. BNY Mellon conducted a global study of 200 asset managers and their views on data transformation. Pulling out a Canadian subset of respondents identified a few national differences; for example, more Canadian respondents cited challenges related to the obsolescence of their data management platforms.

In Canada and globally, respondents said they are prioritizing more established proven technologies as they continue or embark upon their digitalization initiatives. Technologies that bring additional enhancements to clients' experiences and their investment returns also rank high on the list of digital imperatives for Canadian asset managers within the next three years. **These technologies include:**



Effective deployment of these advanced tools will be essential for asset managers to remain competitive in an increasingly complex market.

Cloud computing has been noted to dominate today's digital imperatives. Across all regions almost all (96%) respondents said they are currently leveraging cloud computing to drive digital and operational transformation. Cloud computing has become universal to the point that the role it plays is also evolving. Using specific cloud-based applications, such as customer relationship management platforms, has become a matter of course.



Respondents currently leveraging cloud computing to drive digital and operational transformation.

The industry is now moving to using cloud as more than a way to access specific feature sets and save costs. Cloud infrastructure provides the building blocks for the adoption of advanced digital technologies, it allows managers to bring new digital services, products and experiences to clients. It delivers advantages in business agility, allowing asset managers to work more seamlessly internally as well as with service providers and other third parties.

FUTURE-PROOFING WITH DATA-CENTRIC MODELS

To position for success, future-proofing the industry requires a data-centric operating model. BNY Mellon, with its long history of innovation, and CIBC Mellon, leveraging its strategic capabilities, have been actively supporting some of Canada's largest asset managers in their transformative efforts. The key lies in empowering teams with accessible tools, self-service capabilities, and cloud-native platforms, enabling them to focus on analytics and better use their talent.

A well-executed data management strategy and framework can be a game-changer for the industry. By streamlining operations, simplifying models, and providing real-time information, the industry can deliver superior client service and identify new opportunities that were previously out of reach.

Tectonic plates underpinning the business and market dynamics are indeed shifting, compounded by the impact of rising interest rates. The emergence of Generative AI is reshaping how clients plan and rationalize their technology changes. While there was a surge in investment during the pandemic to digitize processes rapidly, businesses now face the challenge of resetting their expectations. As the pace of change intensifies, companies are recalibrating their technology strategies to align with the changing landscape.

There is an indispensable link between innovation and data, underscoring the need to create new products and services tailored to client's strengths and expand reach. With clients demanding greater nimbleness, we have prioritized simplifying data access, allowing teams to generate insights and capitalize on the cloud's flexibility and scalability.

FOCUSING ON CORE COMPETENCIES

Business strategy has to drive tech strategy. Clients must continue to optimize their human and financial resources, reinforcing and empowering core differentiators while outsourcing non-core activities to higher scale providers with greater expertise and focus. Not all vendors are equal, however. Clients want to break free from insufficiently adaptable legacy technologies, but they must also avoid being constrained by insufficiently flexible vendors imposing monolithic technology operations that fail to account for client diversity. While institutional investors often have parallel or overlapping goals, each client has their own nuances. In many cases, clients will be best served by selecting the right offerings from a continuum of solutions and expertise rather than an "off the shelf" single operating model. More open architecture provides the flexibility to choose best-in-class systems for investment activities and capture insights from a wide variety of data sources.



Digitalization, data management and analytics lie at the heart of institutional investors' efforts to navigate operational and other complexities.

UNLOCKING OPERATIONAL DATA TO ACCELERATE ANALYTICAL INSIGHTS

The future of asset servicing in Canada is undergoing a transformative tech revolution, with predictive analytics, AI, machine learning and other digital tools unlocking operational data, enhanced processes and client experience enhancements. Digitization offers a host of opportunities, such as expanding and enabling core services on a global scale, simplifying counterparty relationships and streamlining market infrastructure. For clients, the opportunities afforded by faster integration of real-time information include more seamless onboarding processes, refining the timeliness of execution, and financial optimization opportunities such as improving cash forecasting to help reduce overdraft fees while maximizing utilization.

Artificial intelligence (AI) has applications across the spectrum of these functions and enables organizations to deliver optimal experiences for their clients. While the use of AI in the financial services industry is still in its early stages, the technology in combination with traditional data sources has the potential to provide invaluable insights to inform and accelerate human decision-making and enterprise-wide growth.

CIBC Mellon and our global enterprise continue to make significant investments in technological capabilities to bring additional efficiency, flexibility and choice to our clients as they operate from and invest into Canada. For example, as we continue to bring clients on to BNY Mellon's global custody platform, we are unlocking possibilities and enabling opportunities such as predictive trade analytics.

Our global enterprise settles upwards of 100 million trades a year. Despite best efforts, trades sometimes end up settling late. Late settlement causes problems not only for our clients but for the market as a whole: the seller's funding of securities is inefficient, buyers don't have the securities they expected to be able to utilize, and market participants can face higher costs. With billions of dollars of capital locked up per day in late settling trades, our challenge was to predict the probability of a trade settling late so we could help increase market efficiency and enable our clients to save themselves time and extra expenses.

We trained our predictive AI engine to uncover patterns and settlement predictions 24 hours before the intended settlement date so our clients have the necessary time to resolve any issues. By determining which trades are at risk, this patent-pending technology prevents loss of time and revenue and holds the potential to unlock billions of dollars of capital daily.

Digitalization, data management and analytics lie at the heart of institutional investors' efforts to navigate operational and other complexities. The practical implication of these imperatives is that many of our clients need to focus on creating resiliency and agility in their organizations. As the market continues to move quickly, we are investing to bring new technology capabilities to Canada to better support our clients' needs.

The automation and standardization of core services and processes will deliver greater visibility, operational efficiencies and cost savings to clients, boosting service quality and enabling custodians to respond quickly to future needs. Custody digital enhancements offer vital benefits, driving operational alpha by significantly increasing operating efficiency and streamlining processes. With a specific focus on cost takeout, automation is injected to eliminate manual tasks, saving valuable time and resources. Moreover, leveraging analytics enables the identification of operational risks that generate tangible costs, allowing businesses to make informed decisions and optimize their operations. The emphasis on operational risk and resiliency brings forth differentiated technology solutions, enabling scalable growth through data and analytics-based approaches. Adopting an agile approach to operational oversight empowers businesses to remain resilient in a constantly evolving landscape, while anomaly detection shifts the focus from reactive to proactive exception management.

TRANSFORMATION ACROSS THE FRONT, MIDDLE AND BACK OFFICE

The promise of new technologies, the value of better data management and the need for resiliency gives institutions further reasons to reimagine how their front, middle and back offices operate.

For example, unlocking data can facilitate enhanced decision-making and empower front office teams. The value of investment process intelligence lies in empowering portfolio managers with actionable insights without altering their established methodologies. Process intelligence can promote transparency and help portfolio managers deliver alpha by giving them access to data that helps them move more rapidly on market opportunities, make better-informed decisions amid disruption, and drive success in an ever-changing market environment.



To modernize and embrace the future, organizations must address the critical question: How can we update our systems to meet the demands of the digital age while ensuring seamless continuity

ASKING THE RIGHT QUESTIONS

As organizations look to the future of technology and ask, “What next?” and “Where to start?” on their digital transformation journey, having a trusted provider can act as a guiding force.

To modernize and embrace the future, organizations must address the critical question: How can we update our systems to meet the demands of the digital age while ensuring seamless continuity?

To begin this transformative process, it’s useful to conduct a health check to assess your current position accurately. Engaging an outside team or a trusted consultant brings fresh eyes to the challenge. A comprehensive evaluation allows for an in-depth analysis of an organization’s strengths and areas for improvement, and in turn helping further benchmark progress against industry peers.

We encourage our clients to ask themselves questions, such as:

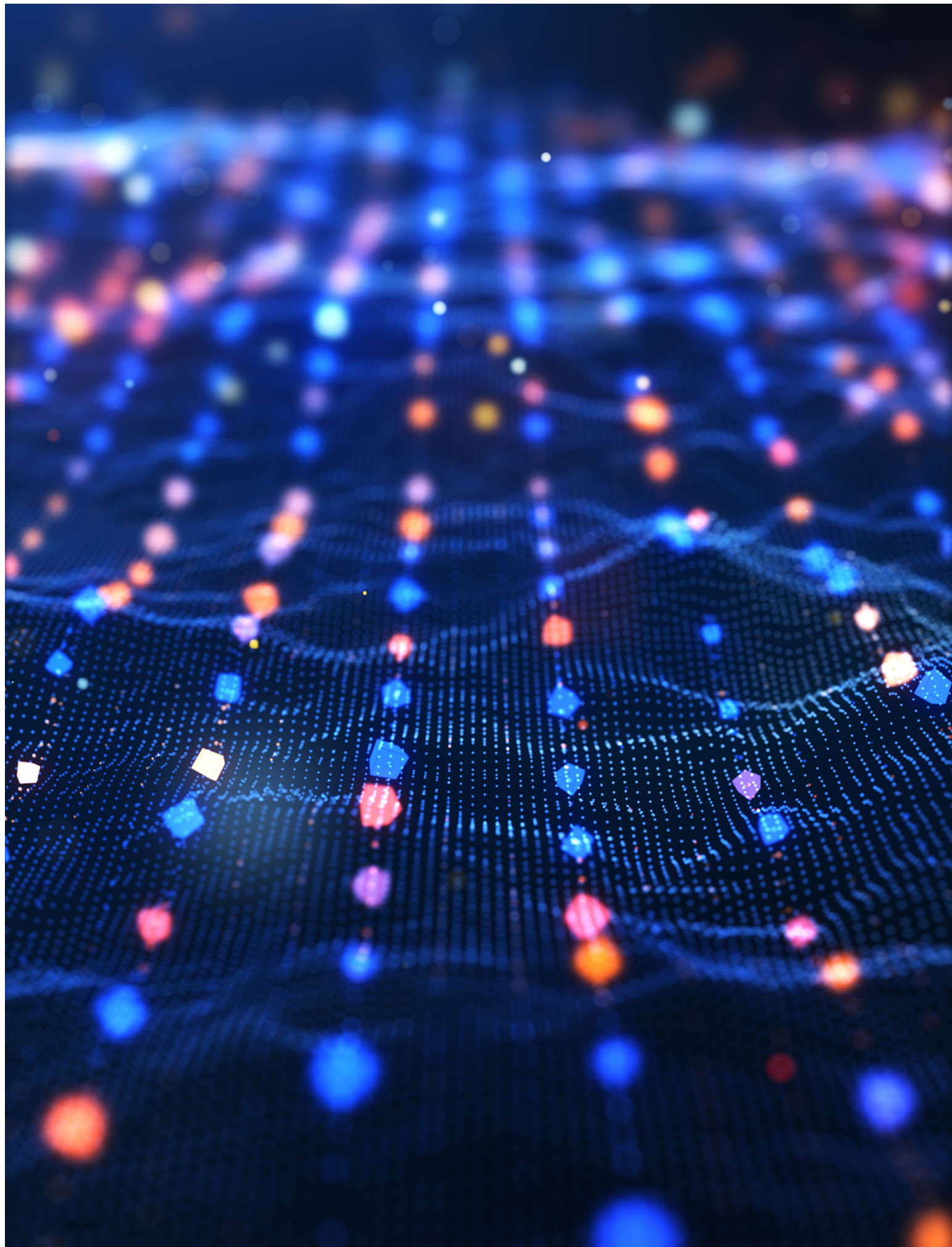
- How can we optimize our operations to stay competitive in a fast-paced digital landscape?
- What technologies and tools will best align with our business objectives and enable us to meet the evolving needs of our clients?
- How can we ensure data security and compliance while making information accessible to authorized personnel?
- Are we focusing our internal expertise on capabilities that differentiate our business?
- How do your firm’s key priorities inform how you choose between foundational transformation, or strategically transforming components of your business model?
- The ability to implement new and transformative technologies has enabled creation of new business; how are you adapting to these business models?

CONCLUSION

As Canada's asset servicing landscape undergoes a tech revolution, data transformation emerges as a critical driver of success. With advanced data analytics, artificial intelligence, and cloud-native platforms, asset managers and pension plans can unlock unprecedented opportunities for growth and innovation. By investing in a data-centric operating model and embracing the power of data, Canada can remain a global leader in investment management and drive superior outcomes for its clients.

The future is promising, and the industry's ability to leverage data will drive its continued success.





FOR MORE INFORMATION

CIBC Mellon is pleased to engage with clients on this front and continue the conversation. Please contact your Relationship Manager if you would like more information.



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