Expanding in Asia

The region could soon account for nearly a third of the flows in Clearstream’s investment funds division. The company is expanding across the continent, with collateral management and other value-added services complementing its settlement and custody activities, explains Philippe Seyll, head of investment fund services and executive board member.
Singapore is a key market. It is a big private banking market and, historically, we have tended to do well in places where private banking dominates.

"Taiwan is an important market," says Seyll. "There is growth there, and it is a market we are developing in future."

Clearstream is also hoping to build its business in Australia and Seyll has ambitions to bring Australian funds onto the Clearstream network, increasing the total number from its current level of about 120,000. Australia is a substantially domestic funds market with a lot of flow and room for greater automation. Seyll is convinced that the success of Clearstream’s funds platform relies on giving clients access to as many funds as possible.

"Australia is a large institutional market, very concentrated," he says. "It is one we are looking at very closely."

Clearstream has been active elsewhere in Asia too. Last year, the company launched a settlement link to allow institutional investors to access securities in the Philippines. The development allowed Clearstream customers to build post-trade solutions for the Philippine market using Clearstream as their sole point of access.

Asia is exciting for Clearstream, and other financial services companies, because it is a region that is developing fast. However, the needs of clients in Asian markets do not differ significantly from those elsewhere.

Clients are looking to Clearstream to realise efficiency gains through automation, by providing the structure to allow delivery-versus-payment settlement, for instance.

Clearstream can also play a role in helping clients move away from phone calls and faxes to more efficient, electronic means of processing fund transactions.

choice
Funds can play a useful role for investors in Asia, says Seyll, because they can provide exposure to other markets in a cost effective way. The concept of some form of Asian fund passport emerging in the near future opens up a greater choice of cross border investment opportunities.

"Funds are also a good way to get access to multiple currencies," he says. "This is one of many reasons we expect fund flows to increase in Asia."

However, Seyll sees Clearstream as providing something more than just efficiency and automation. He says clients are increasingly looking to the company to bolster the security of the financial infrastructure, a task at which he and his colleagues have been working with increased effort in recent years.