

The key for banks to lift efficiencies and cut costs

SmartStream addresses the challenges faced by financial institutions through a wide range of services.

In this increasingly interconnected world thanks to globalisation and technology, business and economic transactions are not anymore constrained by geographic barriers. This integration and interconnection is happening across economic sectors and countries, with companies like SmartStream banking on the reality that firms and institutions will need to keep up with this rapid change.

Founded in 2000, SmartStream welcomes the challenges faced by financial institutions by providing a broad range of solutions and managed services that cover the entire post-trade lifecycle, for more efficient, streamlined, and cost-effective front, middle, and back office operations. These solutions enable their clients to gain a lower cost per transaction whilst reducing operational risk, aiding compliance, and improving customer service levels.

The right partner

This innovative spirit in SmartStream is evident throughout the organisation's structure. Nick Smith, SmartStream's global head of managed services explained that the company is designed to provide services that are timely and evolving to firms and institutions and the environment they are operating in.

"SmartStream is the right partner to develop the future for you," said Smith, noting SmartStream's comprehensive suite of services including the provision of software, information technology infrastructure, and other on-demand services. "But we don't just offer the infrastructure to run the software; we also offer managed service or formally known as BPO, or business process outsourcing," he added. "This means it's not only the infrastructure that we provide, but the people actually doing the work."

A particular focus for SmartStream are financial institutions, providing them Transaction Lifecycle Management (TLM) solutions and Managed Services to dramatically transform their middle and back-office operations. Over 1,500 clients, including more than 70 of the world's top 100 banks, 8 of the top 10 asset managers, and 8 of the top 10 custodians rely on SmartStream's solutions. In a nutshell, SmartStream delivers greater efficiency,

automation, and control to critical post-trade operations including reference data operations, trade process management, confirmations and reconciliation management, corporate actions processing, fees and invoice management, collateral management, cash and liquidity management, and compliance solutions.

Solutions and new technologies

Looking to the future, Smith said that cost efficiencies through technology, particularly artificial intelligence and automation, will be key. He reckoned that there would be another flavour of outsourcing and getting the kind of services from professionals outside of banks and financial institutions, which is the automation of their processes, particularly in applying new technologies.

"The overall topic is the same: decreasing costs and increasing efficiencies. But the way we achieve the next big step in doing that is definitely applying artificial intelligence methods. We're working on that already," he said.

Smith added that emerging markets in Asia are already following the footsteps of the developed ones when it comes to this topic. "In Asia, we have very developed countries but also emerging markets. The cost pressure, the efficiency pressure we see in the more developed countries is reaching out to the more emerging markets, too," he said.

But there is also the issue of differing local regulations and contexts in these countries where financial institutions operate in. Smith said that there are common themes across all financial institutions globally, with increased regulation globally, regionally, and locally. Part of SmartStream's solutions include Liquidity Management, which is already a focus for institutions from Japan, all the way down to Australia.

"With Liquidity Management with BCBS 248, you have localised focus on this, such as APS 210 in Australia," Smith noted. "Organisations even in Asia have been affected with the regulatory requirements of the MiFID II." This means that regulations



Nick Smith, global head of managed services, SmartStream

in other parts of the world will still have an effect on organisations headquartered in Asia-Pacific. Smith added that regulation and compliance has been at the forefront of financial institutions in the past couple of years—something that should be a priority, rather than an alternative.

SmartStream describes that at the heart of its success is the ability to react to client, market, and regulatory changes through innovative solutions. That is why at the end of the day, it is all about being able to provide a comprehensive suite of solutions to its clients and making their operations better and more efficient.

"Large financial institutions still have separated silos, maybe two or more similar solutions performing similar functions. Being able to drive these into true shared services allows a bank to reduce their total cost of ownership, and reduce the cost per transaction," Smith concluded. "Providing managed services helps organisations reduce their cost, and we can provide faster time to market as we run the platform and provide the expertise in these areas."

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