



Information Paper

APAC Funds Processing Automation and Standardisation Report

Tracking industry progress
H1 2020 Report

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Over the past decade, the Asia Pacific region has observed impressive growth in the funds segments. Concurrently, there has been a strong demand to improve the levels of operational efficiency, particularly through the standardisation and automation in the funds processing space.

Recognising these drivers and trends, there has also been a call for greater harmonisation of financial standards and market practices. Along with the mandatory ISO20022 migration in near foreseeable future, it is important for the industry to be aware and focus on the fund processing standardisation and automation rates across APAC.

The main objective of the APAC Funds Processing Automation and Standardisation report is to provide periodic information on key funds markets in the region of the industry's progress towards increased levels of automation of fund orders and the use of ISO standards. Users of this report include market players involved in funds processing transaction flow, asset managers, regulators & policy makers and other interested stakeholders.

This report covers data for the first half of 2020, collected from transfer agents based in key APAC fund processing centres - Hong Kong, Taiwan and Singapore. The report combines the data across these markets into a single fund processing report providing the following views:

- An aggregated view on these 3 fund processing centres together;
- A detailed overview per fund processing centre (Hong Kong, Singapore and Taiwan separately); and
- A regional perspective of fund processing STP rates per fund processing centre.
- The scope of funds coverage are both domestic & cross border

This inaugural publication of the APAC Fund Processing Automation and Standardisation report was developed with the support of the Asia Funds Automation Consortium (AFAC), the Hong Kong Investment Funds Association (HKIFA), the Association of the Luxembourg Fund Industry (ALFI) and their members. SWIFT and its supporting partners plan to publish two reports per year, which will be available on SWIFT and respective partners' official websites.

For the European region, SWIFT collaborates on a similar effort with the European Fund and Asset Management Association (EFAMA) to publish reports on trends since 2009, in standardisation and automation rates of fund orders received by transfer agents (TAs) in Luxembourg and Ireland. The published bi-yearly reports showing the evolution of standardisation and automation of fund orders are available on both EFAMA and SWIFT official websites.

2. Report Highlights

2.1 Automation and standardisation of fund orders in Hong Kong, Taiwan and Singapore

- **Survey coverage: 24 transfer agents¹ (TAs)** contributed to the survey
 - a. 10 Hong Kong-based TAs**
 - b. 9 Taiwan-based TAs**
 - c. 5 Singapore-based TAs**
- **Total automation rate²** of orders reached **83.6% in Q2 2020** compared to 83.4% in Q4 2019.
- **ISO automation rate³** decreased to **37.4%** in Q2 2020 compared to 39.5% in Q4 2019.
- **Proprietary FTP rate** increased to **46.2%** in Q2 2020 compared to 43.9% in Q4 2019.
- The **order volumes** processed by the 24 survey contributors reached **4.8 million orders** in the first half of 2020.
- The **24 surveyed TAs manually processed 0.8 million orders in H1 2020**. Manual process rates remains quite stable at 16.4% in Q2 2020 compared to 16.6% in Q4 2019.

2.2 Automation and standardisation of fund orders in Hong Kong

- **H1 2020 survey coverage: 10 TAs contributed.**
- The **total automation rate of orders** processed by Hong Kong TAs reached **74.4%** in Q2 2020 compared to 75% in Q4 2019.

- The **ISO automation rate** decreased to 39.6% in Q2 2020 compared to 43.3% in Q4 2019. The rate of **proprietary FTP** increased to **34.8%** in Q2 2020 compared to 31.7% in Q4 2019, and the **manual orders** increased to **25.6%** in Q2 2020 compared to 25% in Q4 2019.
- The **order volumes** processed by Hong Kong TAs reached **2.1 million** during H1 2020.

2.3 Automation and standardisation of fund orders in Taiwan

- **H1 2020 survey coverage: 9 TAs contributed.**
- The **total automation rate** of orders processed by Taiwan TAs decreased to **91.6%** in Q2 2020 compared to 92.4% in Q4 2019.
- The percentage of automated orders based on **ISO messaging standards** increased to **37.2%** in Q2 2020 compared to 34.8% in Q4 2019. The rate of **proprietary FTP** orders decreased to **54.4%** in Q2 2020 from 57.6% in Q4 2019. The **manual orders** increased to **8.4%** in Q2 2020 compared to 7.6% in Q4 2019.
- The order volumes processed by Taiwan TAs remains at 2.2 million in H1 2020.

2.4 Automation and standardisation of fund orders in Singapore

- **H1 2020 survey coverage: 5 TAs contributed.**
- The **total automation rate** of orders processed by Singapore TAs increased to **86.5%** in Q2 2020 compared to 71.6% in Q4 2019.

- The percentage of automated orders based on **ISO messaging standards** reached 28.5% in Q2 2020 compared to 50.7% during Q4 2019. The rate of **proprietary FTP** orders increased to **58%** in Q2 2020 compared to 20.9% in Q4 2019. The **manual orders** decreased to **13.5%** in Q2 2020 compared to 28.4% in Q4 2019.
- The **order volumes** processed by Singapore TAs reached **0.5 million** in H1 2020.

¹ One transfer agent could not participate for this mid-year report.

² The 'total automation rate' is the sum of the 'ISO automation rate' + the 'proprietary formatted ftp' rate. This is based on combined figures of the surveyed markets.

³ The 'ISO automation rate' corresponds to the standardisation rate, i.e. the rate of automated orders using an ISO format (ISO 20022 or ISO 150222 'fund template').

3. Automation and Standardisation of Fund Orders in Hong Kong, Taiwan and Singapore

3.1 Total order volume evolution

During the first half of 2020, 4.8 million orders have been processed by the 24 survey contributors across Hong Kong, Taiwan and Singapore⁴. This represents an average volume of 0.79 million orders per month.

(in millions)	H1 2020
Total number of orders	4.8
Monthly average	0.79

Table 1 – Total order volume H1 2020

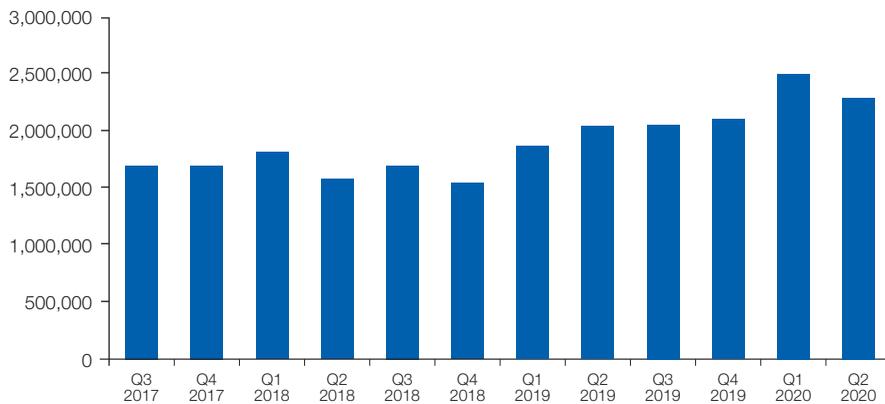


Figure 1 – Total order volume evolution 2017 - 2020

⁴ Survey data collected are based on voluntary contributions by participating entities. Estimated market coverage is currently not available in this edition of the report publication.

3. Automation and Standardisation of Fund Orders in Hong Kong, Taiwan and Singapore

3.2 Total automation and standardisation rates

Total automation rate

The total automation rate reached 83.6% in Q2 2020 compared to 83.4% in Q4 2019.

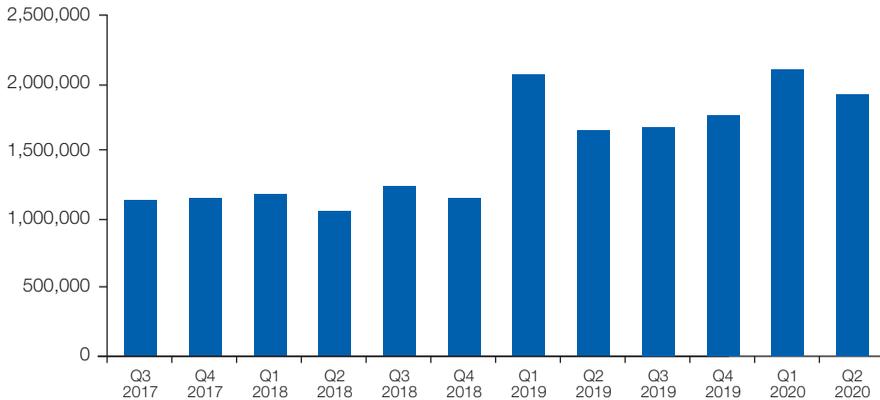


Figure 2 – Total automation order volume evolution 2017 - 2020

Total standardisation rate

The use of the ISO messaging standard decreased to 37.4% in Q2 2020 compared to 39.5% in Q4 2019. The adoption of proprietary FTPs increased to 46.2% in Q2 2020 compared to 43.9% in Q4 2019, and the share of manual orders reached 16.4% in Q2 2020 compared to 16.6% in Q4 2019.

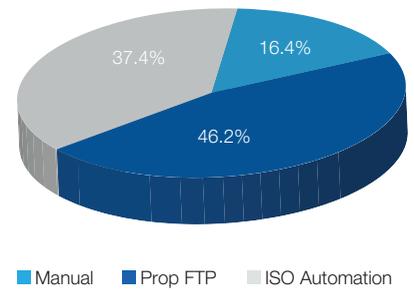


Figure 3 – Total fund order processing rates Q2 2020

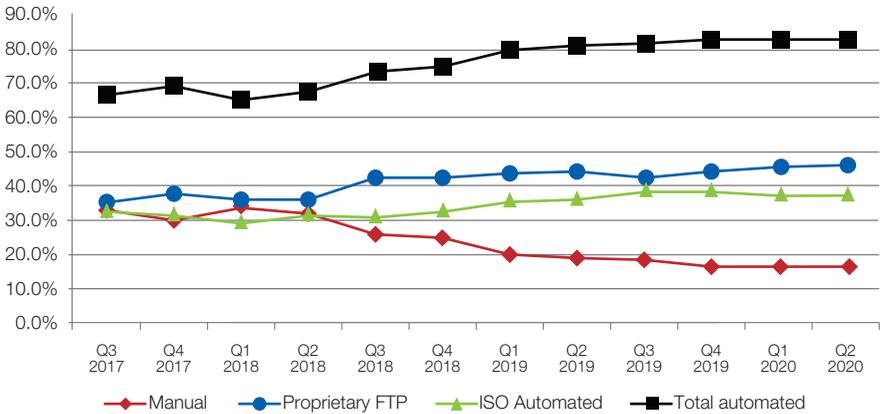


Figure 4 – Total fund order processing volume evolution 2017 - 2020

4. Automation and Standardisation of Fund Orders in Hong Kong

4.1 Hong Kong Order Volume Evolution

In H1 2020, the 10 Hong Kong survey contributors processed 2.1 million orders. This represented a monthly average of 0.35 million orders

(in millions)	H1 2020
Total number of orders	2.1
Monthly average	0.35

Table 2 – Hong Kong order volume H1 2020

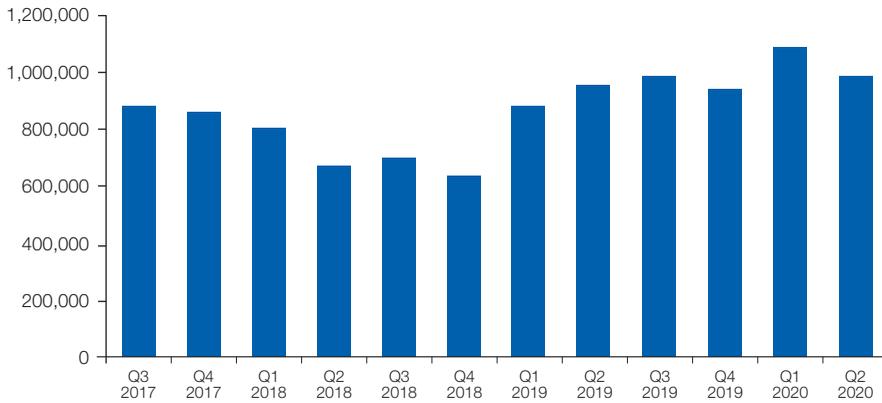


Figure 5 – Hong Kong order volume evolution 2017 - 2020

4. Automation and Standardisation of Fund Orders in Hong Kong

4.2 Hong Kong Automation and Standardisation Rates

Hong Kong automation rate

The total automation rate decreased to 74.4% in Q2 2020 compared to 75% in Q4 2019.

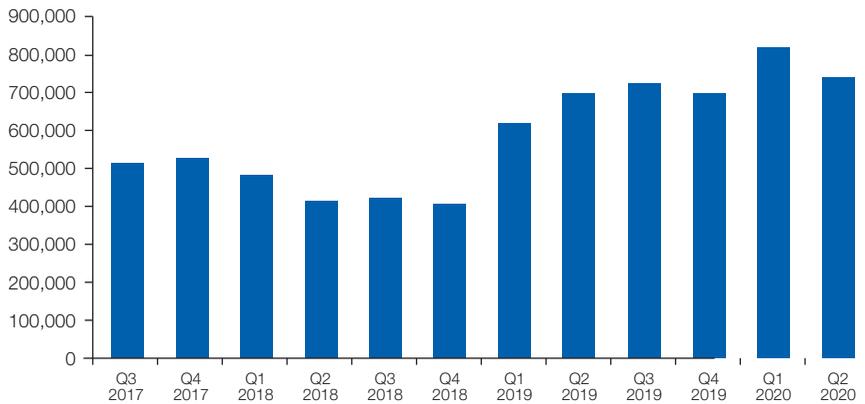


Figure 6 – Hong Kong total automation order volume evolution 2017 - 2020

Hong Kong standardisation rate

The use of ISO decreased to 39.6% in Q2 2020 compared to 43.3% in Q4 2019, and the adoption of proprietary formats increased to 34.8% in Q2 2020 compared to 31.7% in Q4 2019. The share of manual orders increased to 25.6% in Q2 2020 compared to 25% in Q4 2019.

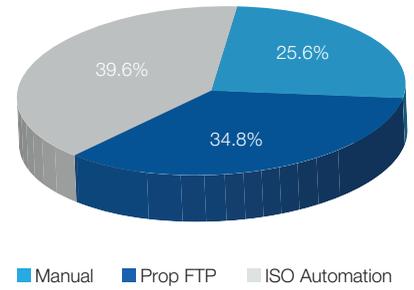


Figure 7 – Hong Kong fund order processing rates Q2 2020

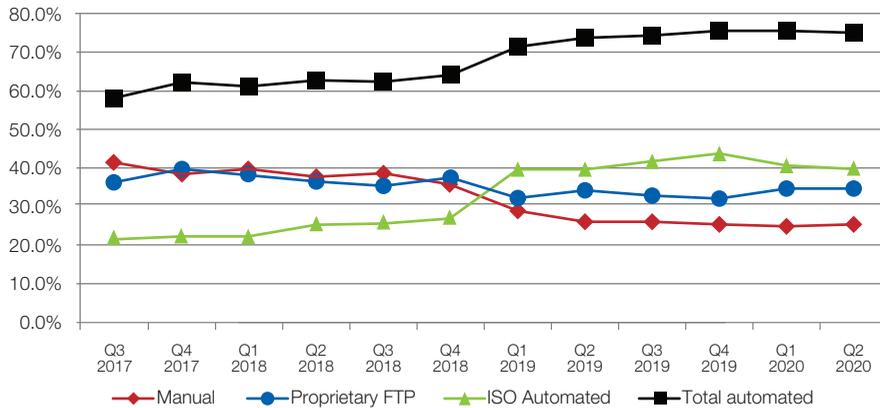


Figure 8 – Hong Kong total fund order processing volume evolution 2017 - 2020

5. Automation and Standardisation of Fund Orders in Taiwan

5.1 Taiwan order volume evolution

In H1 2020, the 9 Taiwan survey contributors processed 2.2 million orders. This represented a monthly average of 0.36 million orders.

(in millions)	H1 2020
Total number of orders	2.2
Monthly average	0.36

Table 3 – Taiwan order volume H1 2020

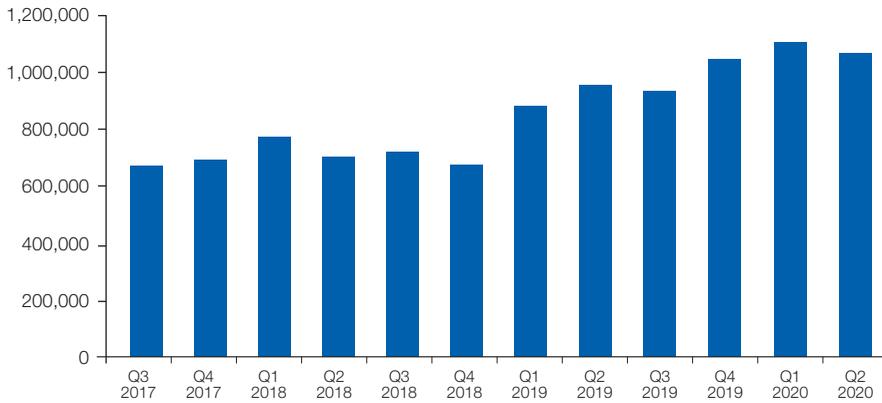


Figure 9 – Taiwan order volume evolution 2017 - 2020

5. Automation and Standardisation of Fund Orders in Taiwan

5.2 Taiwan automation and standardisation rates

Taiwan automation rate

The total automation rate decreased to 91.6% in Q2 2020 compared to 92.4% in Q4 2019⁵.

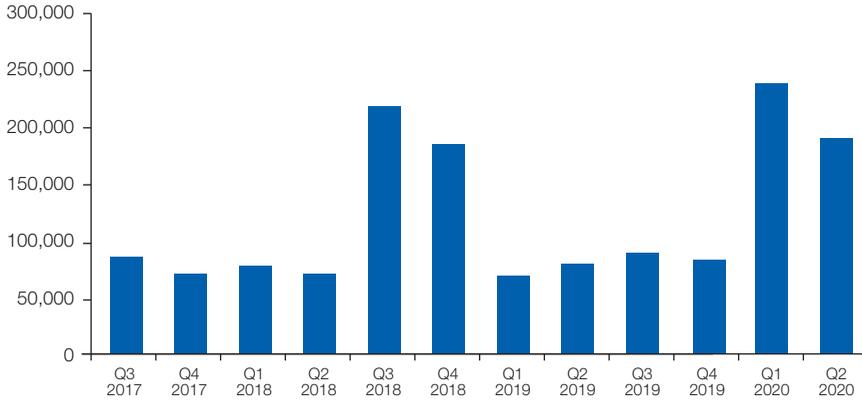


Figure 10 – Taiwan total automation order volume evolution 2017 - 2020

The use of ISO reached 37.2% in Q2 2020 compared to 34.8% in Q4 2019, and the adoption of proprietary formats decreased to 54.4% in Q2 2020 compared to 57.6% in Q4 2019. The share of manual orders increased to 8.4% in Q2 2020 compared to 7.6% in Q4 2019.

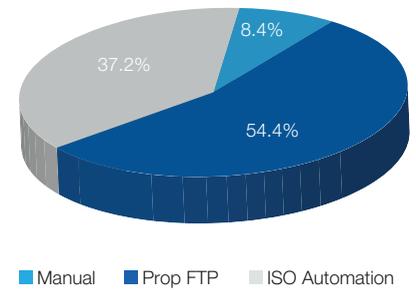


Figure 11 – Taiwan fund order processing rates Q2 2020

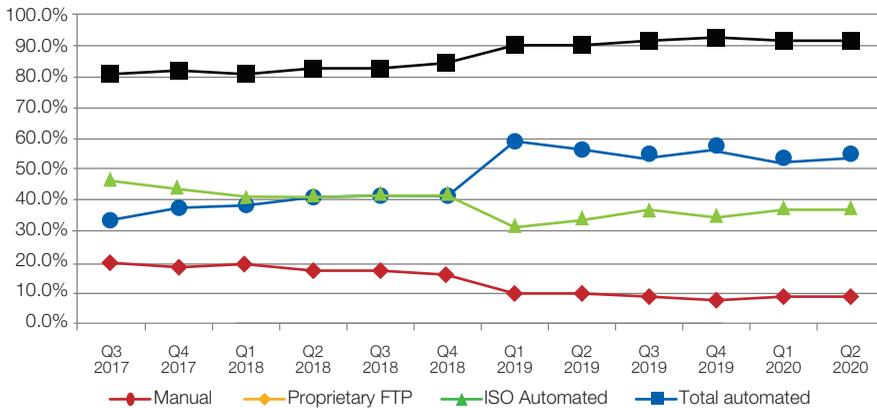


Figure 12 – Taiwan total fund order processing volume evolution 2017 - 2020

⁵ The percentage of total automation rate recorded for Taiwan is likely due to the automated funds order service offered by the Taiwan Depository & Clearing Corporation (TDCC).

6. Automation and Standardisation of Fund Orders in Singapore

6.1 Singapore order volume evolution

In H1 2020, the 5 Singapore survey contributors processed 0.5 million orders. This represented a monthly average of 0.08 million orders.

(in millions)	H1 2020
Total number of orders	0.5
Monthly average	0.08

Table 4 – Singapore order volume H1 2020

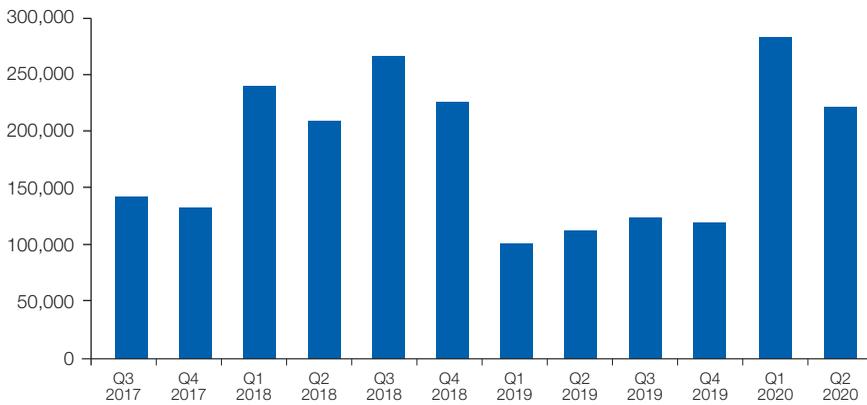


Figure 13 – Singapore order volume evolution 2017 - 2020

6. Automation and Standardisation of Fund Orders in Singapore

6.2 Singapore automation and standardisation rates

Singapore automation rate

The total automation rate increased to 86.5% in Q2 2020 compared to 71.6% in Q4 2019.

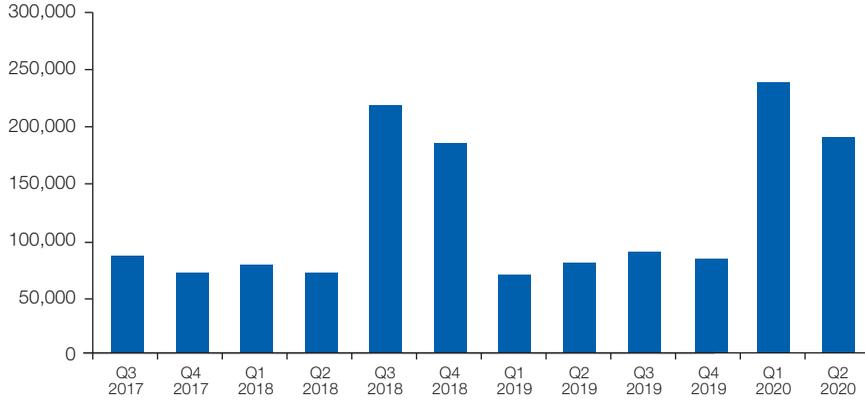


Figure 14 – Singapore total automation order volume evolution 2017 - 2020

Singapore standardisation rate

The use of ISO decreased to 28.5% in Q2 2020 compared to 50.7% in Q4 2019, and the adoption of proprietary formats raise to 58% in Q2 2020 compared to 20.9% in Q4 2019. The share of manual orders decreased to 13.5% in Q2 2020 compared to 28.4% in Q4 2019.

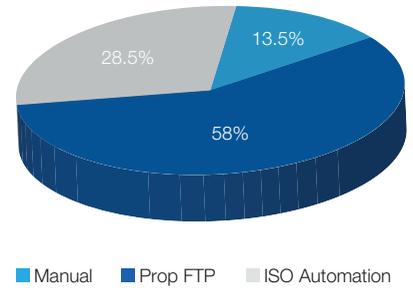


Figure 15 – Singapore fund order processing rates Q2 2020

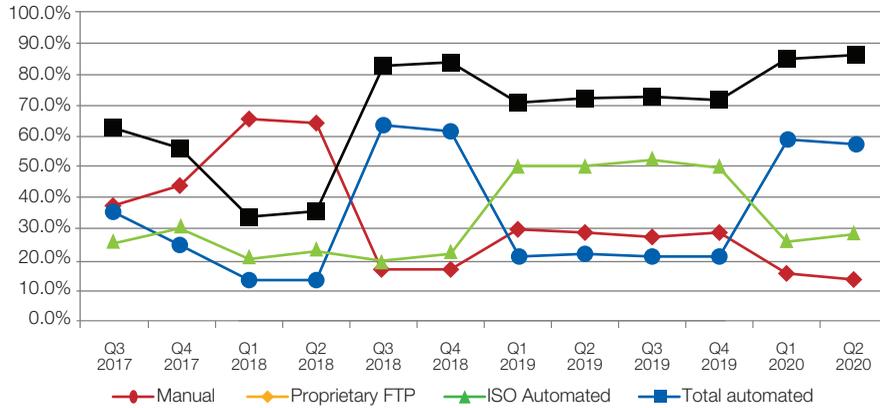


Figure 16 – Singapore total fund order processing volume evolution 2017 - 2020



About SWIFT

SWIFT is a global member-owned cooperative and the world's leading provider of secure financial messaging services. We provide our community with a platform for messaging, standards for communicating and we offer products and services to facilitate access and integration; identification, analysis and financial crime compliance. Our messaging platform, products and services connect more than 11,000 banking and securities organisations, market infrastructures and corporate customers in more than 200 countries and territories, enabling them to communicate securely and exchange standardised financial messages in a reliable way. As their trusted provider, we facilitate global and local financial flows, support trade and commerce all around the world; we relentlessly pursue operational excellence and continually seek ways to lower costs, reduce risks and eliminate operational inefficiencies.

Headquartered in Belgium, SWIFT's international governance and oversight reinforces the neutral, global character of its cooperative structure. SWIFT's global office network ensures an active presence in all the major financial centres.

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