



Information Paper

APAC Funds Processing Automation and Standardisation Report

Tracking industry progress

H2 2017 Report

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1 Background

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 second half of 2017, 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 made available on SWIFT and respective partner's official websites.

For the European region, SWIFT collaborates on a similar effort with the European Fund and Asset Management Association (EFAMA) to in 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 website.

2 Report Highlights

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

- **Survey coverage: 25 transfer agents (TAs)** contributed to the survey
 - a. **11 Hong Kong-based TAs**
 - b. **9 Taiwan-based TAs**
 - c. **5 Singapore-based TAs**
- **Total automation rate¹** of orders during H2 2017 reached **68.4%**.
- **ISO automation rate²** reached **32%** in H2 2017.
- **Proprietary FTP rate** reached **36.4%** in H2 2017
- The **order volumes** processed by the 25 survey contributors reached **3.4 million orders** in the second half of 2017.
- The **25 surveyed TAs manually processed 1.1 million orders in H2 2017**. Manual process rates reached 31.6% in H2 2017.

II. Automation and standardisation of fund orders in Hong Kong

- **H2 2017 survey coverage: 11 TAs contributed.**
- The **total automation rate of orders** processed by Hong Kong TAs reached **60%** during H2 2017.
- The **ISO automation rate** reached 22% in H2 2017. **The rate of proprietary FTP reached 38%** in H2 2017, and the manual orders reached 40% in H2 2017.
- The **order volumes** processed by Hong Kong TAs reached **1.7 million** during H2 2017.

III. Automation and standardisation of fund orders in Taiwan

- **H2 2017 survey coverage: 9 TAs contributed.**
- The **total automation rate** of orders processed by Taiwan TAs reached **81.1%** in H2 2017.
- The percentage of automated orders based on **ISO messaging standards** reached **45.7%** during H2 2017. The **rate of proprietary FTP orders reached 35.4%** in H2 2017. The manual orders reached 18.9% in H2 2017.
- The **order volumes** processed by Taiwan TAs reached **1.4 million** in H2 2017.

¹ 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.

² 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').

IV. Automation and standardisation of fund orders in Singapore

- **H2 2017 survey coverage: 5 TAs contributed.**
- The **total automation rate** of orders processed by Singapore TAs reached **59.4%** in H2 2017.
- The percentage of automated orders based on **ISO messaging standards** reached **28.2%** during H2 2017. The **rate of proprietary FTP orders** reached **31.2%** in H2 2017. The manual orders reached 40.6% in H2 2017.
- The **order volumes** processed by Singapore TAs reached **0.3 million** in H2 2017.

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

3.1 Total order volume evolution

During the second half of 2017, 3.4 million orders have been processed by the 25 survey contributors across Hong Kong, Taiwan and Singapore.³ This represents an average volume of 0.56 million orders per month.

| (in millions) | H2 2017 |
|------------------------|---------|
| Total number of orders | 3.4 |
| Monthly average | 0.56 |

Table 1 – Total order volume H2 2017

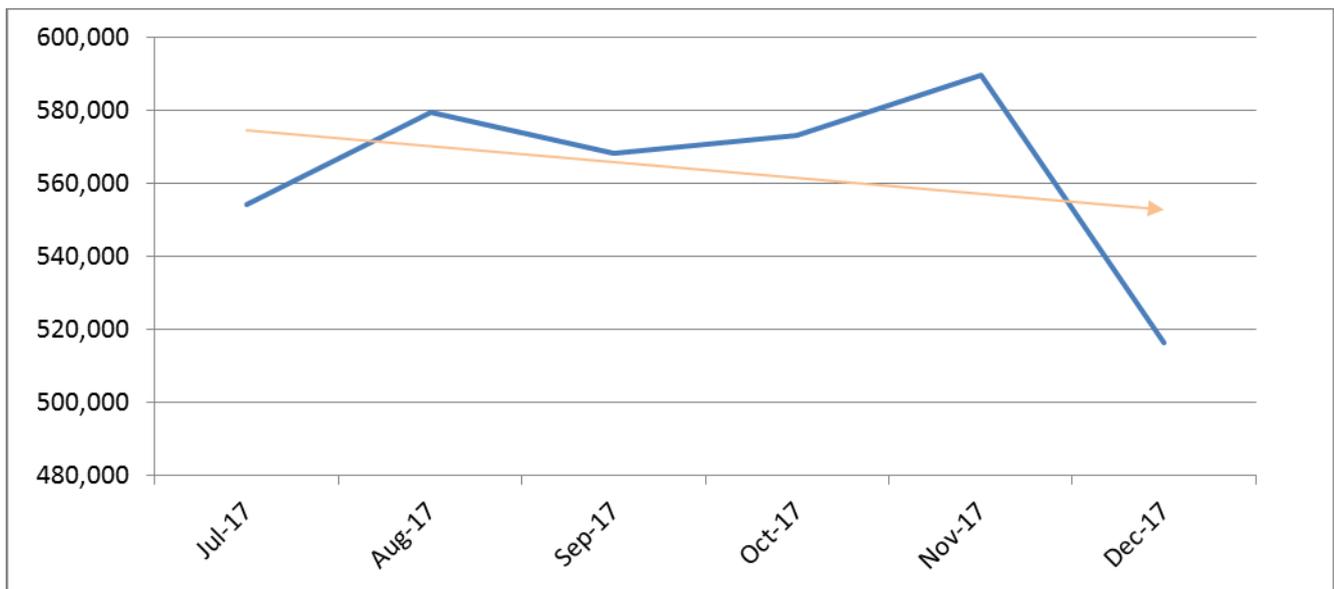


Figure 1 – Total order volume evolution H2 2017

³ 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.

3.2 Total automation and standardisation rates

Total automation rate

The total automation rate reached 68.4% in H2 2017.

| | Q3 2017 | Q4 2017 |
|------------------------------|---------|---------|
| Total automation rate | 67.3% | 69.4% |

Table 2 – Total automation rate evolution H2 2017 (by quarter)

Total standardisation rate

The use of the ISO messaging standard reached 32% in H2 2017.

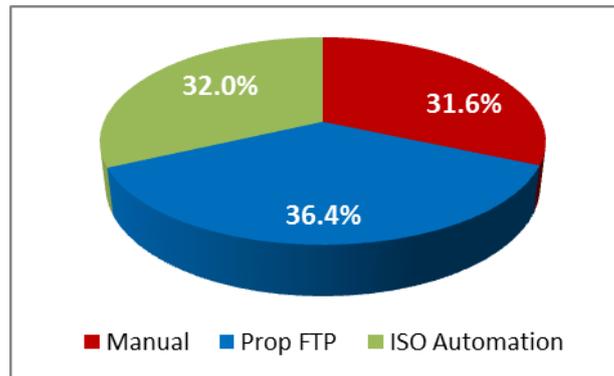


Figure 2 – Total fund order processing rates H2 2017

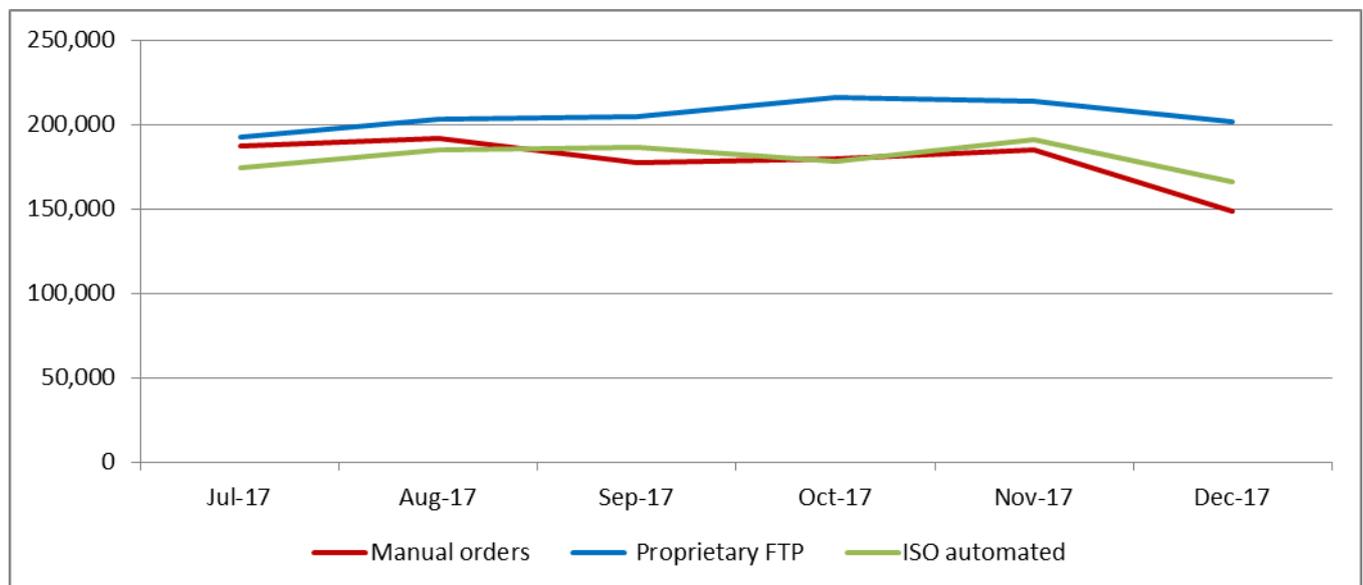


Figure 3 – Total fund order processing volume evolution H2 2017

The adoption of proprietary FTPs reached 36.4% in H2 2017, and the share of manual orders reached 31.6% during H2 2017.

The table below provides detailed rates per quarter.

| | Q3 2017 | Q4 2017 |
|-----------------------------|---------|---------|
| ISO automation rate | 32.0% | 31.9% |
| Proprietary FTP rate | 35.3% | 37.5% |
| Manual rate | 32.7% | 30.6% |

Table 3 – Total fund order processing rates evolution H2 2017 (by quarter)

4 Automation and Standardisation of Fund Orders in Hong Kong

4.1 Hong Kong Order Volume Evolution

In H2 2017, the 11 Hong Kong survey contributors processed 1.7 million orders. This represented a monthly average of 0.3 million orders.

| (in millions) | H2 2017 |
|-------------------------------|---------|
| Total number of orders | 1.7 |
| Monthly average | 0.3 |

Table 4 – Hong Kong order volume H2 2017

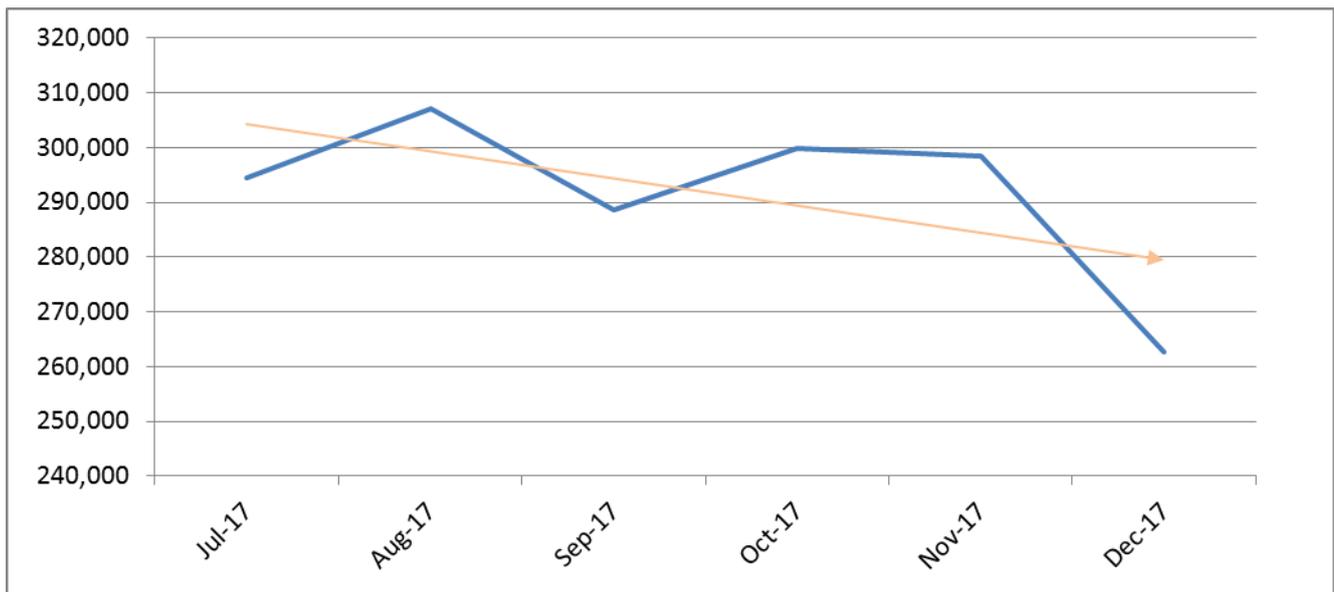


Figure 4 – Hong Kong order volume evolution H2 2017

4.2 Hong Kong Automation and Standardisation Rates

Hong Kong automation rate

The total automation rate reached 60% during H2 2017.

| | Q3 2017 | Q4 2017 |
|------------------------------|---------|---------|
| Total automation rate | 58.3% | 61.7% |

Table 5 – Kong Kong total automation rate evolution H2 2017 (by quarter)

Hong Kong standardisation rate

The use of ISO reached 22% in H2 2017, and the adoption of proprietary formats reached 38% during H2 2017. The share of manual orders was at 40% in H2 2017.

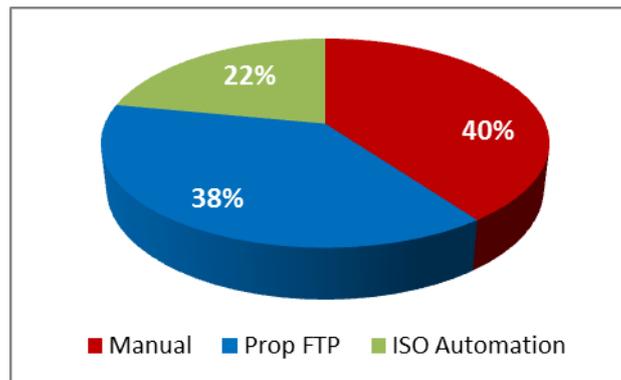


Figure 5 – Hong Kong fund order processing rates H2 2017

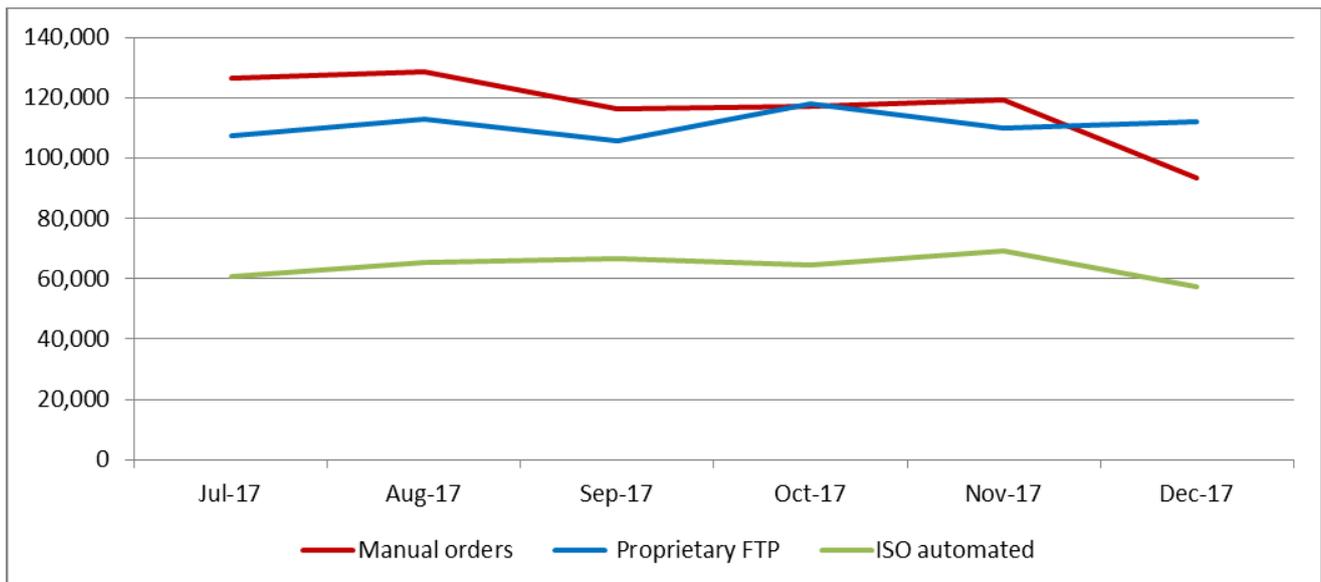


Figure 6 – Hong Kong total fund order processing volume evolution H2 2017

The table below provides detailed rates per quarter.

| | Q3 2017 | Q4 2017 |
|-----------------------------|---------|---------|
| ISO automation rate | 21.7% | 22.2% |
| Proprietary FTP rate | 36.6% | 39.5% |
| Manual rate | 41.7% | 38.3% |

Table 6 – Hong Kong total fund order processing rates evolution H2 2017 (by quarter)

5 Automation and Standardisation of Fund Orders in Taiwan

5.1 Taiwan order volume evolution

In H2 2017, the 9 Taiwan survey contributors processed 1.4 million orders. This represented a monthly average of 0.23 million orders.

| (in millions) | H2 2017 |
|-------------------------------|---------|
| Total number of orders | 1.4 |
| Monthly average | 0.23 |

Table 7 – Taiwan order volume H2 2017

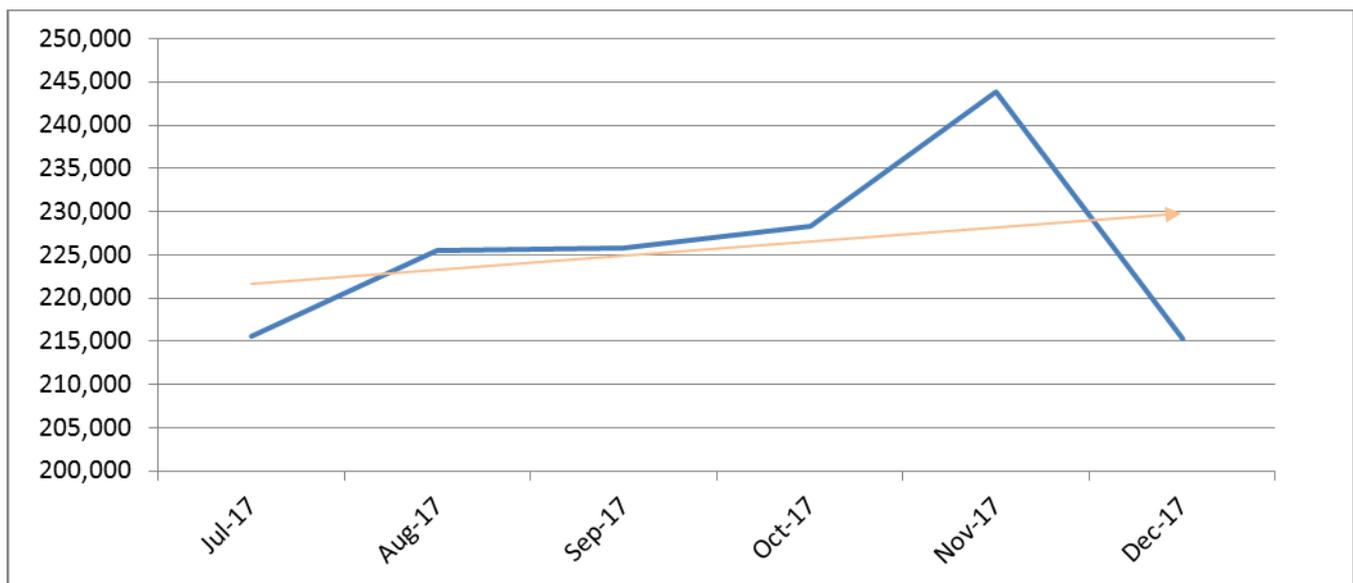


Figure 7 – Taiwan order volume evolution H2 2017

5.2 Taiwan automation and standardisation rates

Taiwan automation rate

The total automation rate reached 81.1% during H2 2017.⁴

⁴ 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).

| | Q3 2017 | Q4 2017 |
|------------------------------|---------|---------|
| Total automation rate | 80.5% | 81.7% |

Table 8 – Taiwan total automation rate evolution H2 2017 (by quarter)

Taiwan standardisation rate

The use of ISO reached 45.7% in H2 2017, and the adoption of proprietary formats reached 35.4% during H2 2017. The share of manual orders was at 18.9% in H2 2017.

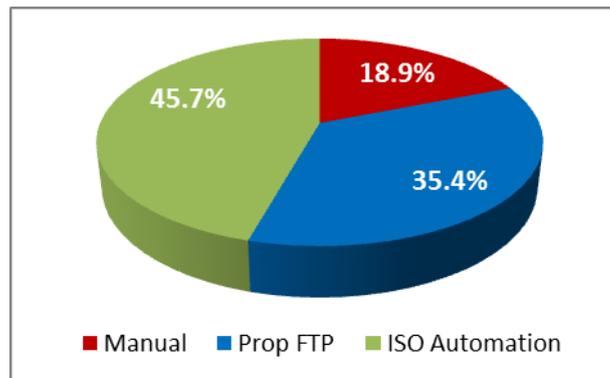


Figure 8 – Taiwan fund order processing rates H2 2017

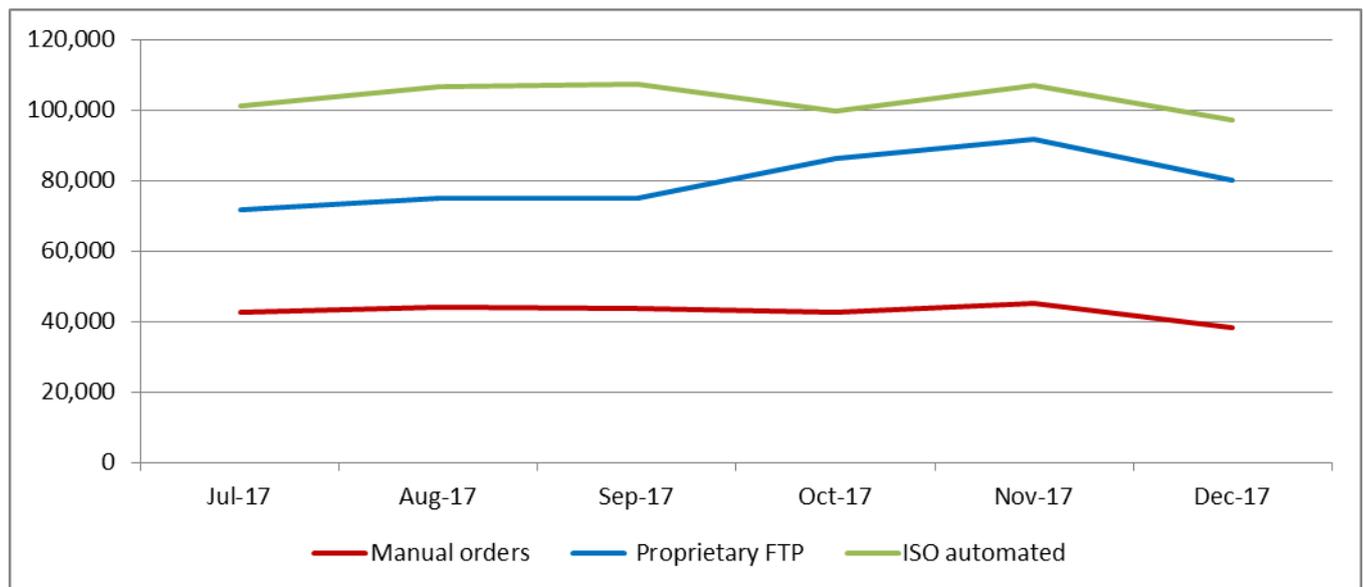


Figure 9 – Taiwan total fund order processing volume evolution H2 2017

The table below provides detailed rates per quarter.

| | Q3 2017 | Q4 2017 |
|-----------------------------|---------|---------|
| ISO automation rate | 47.3% | 44.2% |
| Proprietary FTP rate | 33.2% | 37.5% |
| Manual rate | 19.5% | 18.3% |

Table 9 – Taiwan total fund order processing rates evolution H2 2017 (by quarter)

6 Automation and Standardisation of Fund Orders in Singapore

6.1 Singapore order volume evolution

In H2 2017, the 5 Singapore survey contributors processed 0.3 million orders. This represented a monthly average of 0.046 million orders.

| (in millions) | H2 2017 |
|-------------------------------|---------|
| Total number of orders | 0.3 |
| Monthly average | 0.046 |

Table 10 – Singapore order volume H2 2017

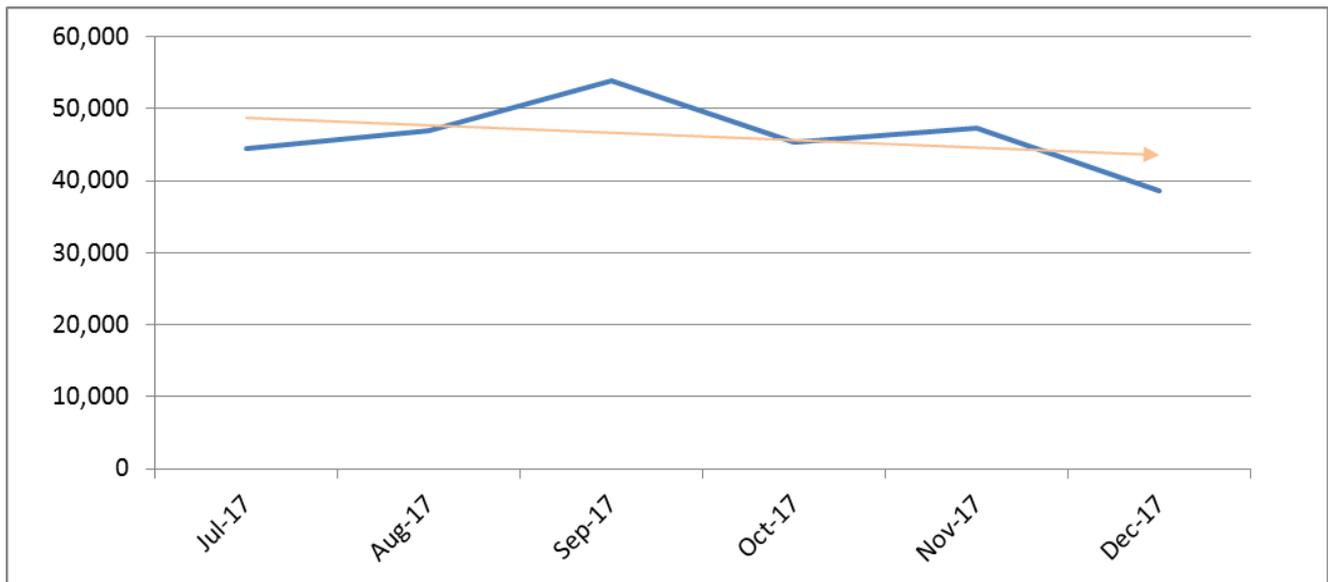


Figure 10 – Singapore order volume evolution H2 2017

6.2 Singapore automation and standardisation rates

Singapore automation rate

The total automation rate reached 59.4% during H2 2017.

| | Q3 2017 | Q4 2017 |
|------------------------------|---------|---------|
| Total automation rate | 62.4% | 56.2% |

Table 11 – Singapore total automation rate evolution H2 2017 (by quarter)

Singapore standardisation rate

The use of ISO reached 28.2% in H2 2017, and the adoption of proprietary formats reached 31.2% during H2 2017. The share of manual orders was at 40.6% in H2 2017.

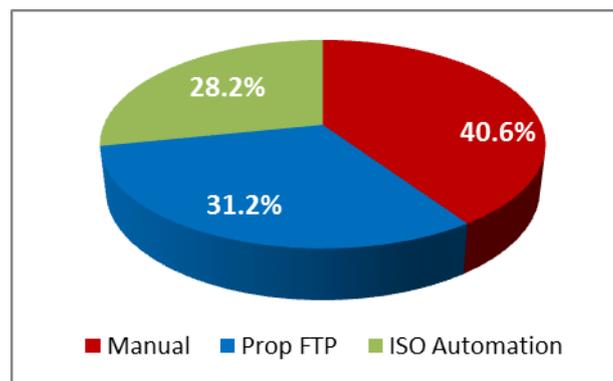


Figure 11 – Singapore fund order processing rates H2 2017

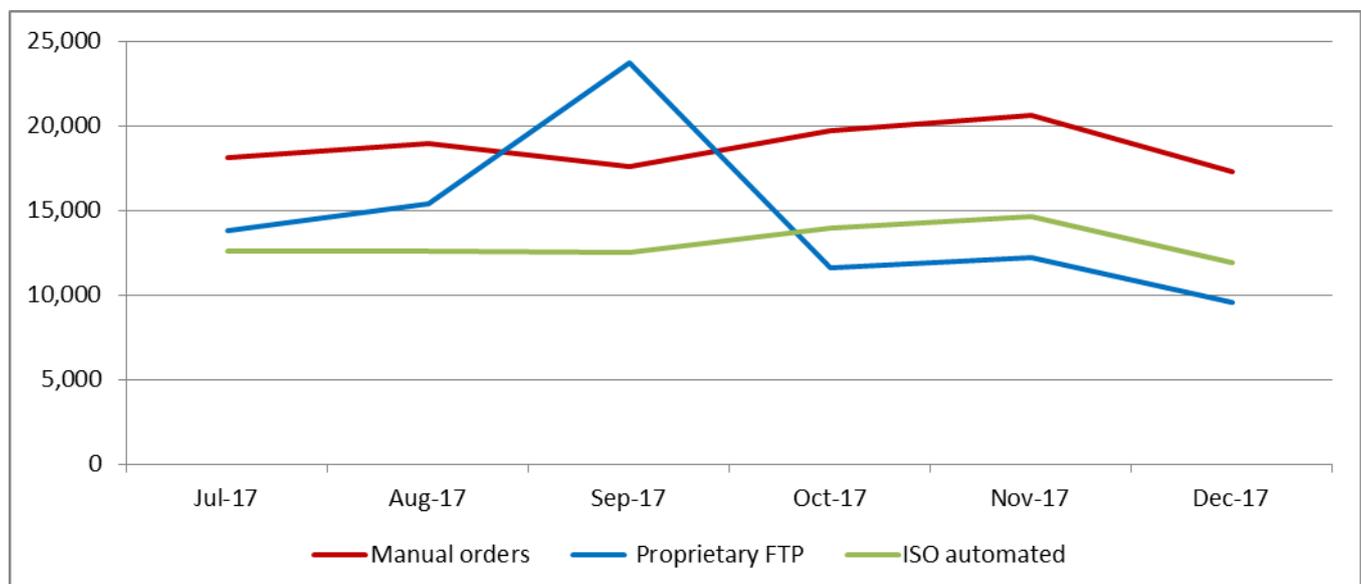


Figure 12 – Singapore total fund order processing volume evolution H2 2017

The table below provides detailed rates per quarter.

| | Q3 2017 | Q4 2017 |
|-----------------------------|----------------|----------------|
| ISO automation rate | 25.9% | 30.8% |
| Proprietary FTP rate | 36.5% | 25.4% |
| Manual rate | 37.6% | 43.8% |

Table 12 – Singapore total fund order processing rates evolution H2 2017 (by quarter)

7 Next report

The next joint SWIFT APAC Funds Processing Automation & Standardisation Report is planned for publication in Q4 2018 and will cover the January 2018 – June 2018 progress in standardisation rates across the three funds processing centres, Hong Kong, Taiwan and Singapore.

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.

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