

Servicing Nordic investors: the personal touch



Madeleine Senior
Managing
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Northern Trust

Northern Trust has been active in the Nordics market since 1991 and now has a team of more than 30 servicing clients in Sweden, Norway, Denmark and Finland.

An understanding of the regional nuances has been key to Northern Trust's well established Nordics business which offers both asset servicing and asset management to a roster of clients that covers the whole spectrum of investor types and sizes from large pension funds to small charities.

"The Nordic market should not be treated as one region. Each country is very different with its own currency, language and regulations," says Madeleine Senior, Managing Director, Nordics Business.

In September 2009, Northern Trust underlined its commitment to the region by opening its first office in Stockholm. "We had been considering this move for some time. After the financial crisis, a lot of our clients began to evaluate their core businesses and needed Northern Trust near to help them." says Senior.

Technology – key to meeting expectations

"Many of our clients manage their own money and tend to have very efficient (but very lean) operations. Hence they are more dependent on us to provide them with efficient technology solutions and to meet any new requirements when they need them," says Senior. Northern Trust is committing US\$1.8 billion

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to technology development over the next 3 years. It is this commitment, that has enabled it to develop its Passport web portal solution that gives individual managers all the front, middle and back office information they need on their desktop.

"Clients are also expending more effort evaluating risk and they want to be more informed about the risk/reward equation. Our online system Passport enables them to monitor all of their trading information on an intraday basis and make better informed decisions without having to invest in new infrastructure or new software," says Senior.

Increasingly, clients are looking to us as a strategic partner

Local technology solutions include interfaces with regional vendors such as SimCorp Dimension and Wall Street Systems ensuring clients receive increased operational efficiency.

"Increasingly, clients are looking to us as a strategic partner providing direct access to expertise and tailored technology. For example, in the area of derivatives and alternatives we have sophisticated tools to meet the demand from managers and investors for greater transparency and enhanced governance. These range from new solutions to manage liquidity more effectively for private equity and hedge funds to enhanced exposure reporting tools covering counterparties for OTC derivatives." explains Senior.

Post-crises, some clients have been faced with a much higher compliance burden along with a reduction in returns leading them to consider just what aspects of their business are core and what can be outsourced to a third-party provider such as Northern Trust. "We are able to tailor solutions to each individual client, whether the focus is on pre or post trade compliance or socially responsible investment monitoring."

Adding value

In addition to reducing their clients' overheads, Northern Trust is also adding to their returns as clients look to outsource more of their asset management functions, says Senior. "We are seeing a lot of alpha/beta separation in the market as managers and investors look to see where they can generate returns. Increasingly our clients are asking us take control of their passive management. As we are one of the top ten passive managers in the world, with over US\$600bn under management, we have pedigree in this space and are a trusted partner. We also run AAA rated money market funds which offer clients diversification and capital preservation, which is particularly attractive for clients with large cash balance sheets."



Northern Trust has been aided in its Nordic efforts by a long-standing partnership with Swedish bank, Handelsbanken. "It is a unique partnership and one of the few that has stood the test of time." says Senior. Through this alliance Northern Trust became the first global provider to offer custody services to Nordic mutual funds. "Our international status means that we are able to offer global custody as well as pan-Nordic custody so that clients can see all of their investments via one portal and get the full benefits of straight-through processing from both their custodian and trustee."

The Nordic financial community is built on long-standing, personal relationships

With the establishment of its Stockholm office, Northern Trust is well positioned both geographically and strategically to capitalise on the future growth opportunities of the Nordic market. "The Nordic financial community is built on long-standing, personal relationships so it is important for any provider to understand the business culture and to build these relationships," says Senior. "The fact that we have made this effort and that we have people available on the ground is very much appreciated by our clients because they want to know the people as much as they want to know the products."

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