STEADFAST SUCCESS:

BNP Paribas' securities services chief talks integration benefits, considered growth and tech milestones

Patrick Colle, head of securities services at BNP Paribas, details the successes of the custodian since its integration with the wider bank, tech launches and the importance of considered decision-making.

Growth has come at every turn for BNP Paribas' securities services division over the last 12 months. Double-digit revenue rises, significant mandate wins and numerous technology upgrades and rollouts have placed the unit at the forefront of innovation in the industry.

Leading that charge is industry stalwart Patrick Colle, who has been at the helm of the organisation for over 13 years. When quizzed on the story behind the success, Colle points to the bank's commitment to the end client.

"Everything we do and the core of our strategy is really to support the needs of our clients globally – across various businesses and across asset classes," he says, adding that the merger between the securities services unit with its parent company, BNP Paribas SA, has enabled the next stage of growth for the business.

"It's at the centre of everything we do. It's the core of the bank's strategy – which can be described as deploying our integrated banking model everywhere we can. In addition to simplifying governance, the key benefits are around improving client experience."

Prior to the integration, Colle explains that there was an increased administrative burden on both the business and its clients. For instance, onboarding new clients often meant up to three different contracts had to be signed, adding more layers and reducing the efficiency of the whole process.

"Clients do not like to be onboarded twice, so it's a way of making more business and making it easier for our clients to deal with us. It's also making it easier for us to assemble solutions across business lines, without the hindrance of different legal entities and everything that entails.

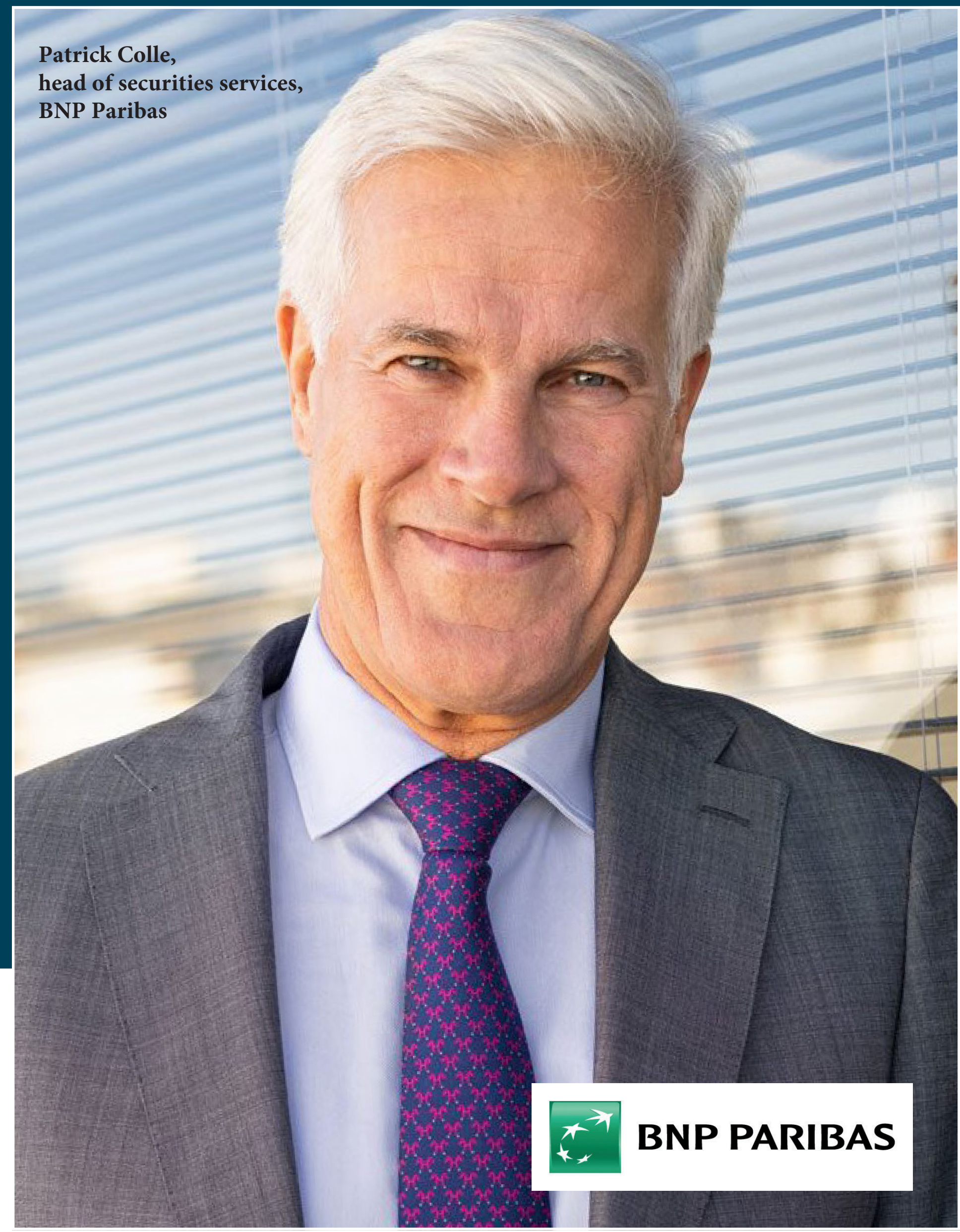
"By merging the global markets and securities services groups, we now come to clients as one, leveraging the advantages of both sides into one solution. Then we monitor the business and the good thing is we're seeing plenty of new deals in all the compartments of the business – financing, FX, collateral management, execution to custody. We have at least one new deal a month, if not more.

"In a nutshell – we are very, very pleased with the benefits of this project. It was bigger than we realised from the outset, but it was well worth it."

The three pillars

Behind the custodian's approach to its clients is an equal commitment to being at the forefront of technological innovation in the market. Over the last year, the bank has rolled out upgrades to its client portal, launched a digital alternative funds platform, expanded its tech partnership with SimCorp, unveiled its Noa AI virtual assistant, to name a few.

The strategy behind this, says Colle, is based on three pillars. The first of which is to improve core legacy technology – becoming a multichannel servicer and improving the base client experience. The second is around integrating fintech-led technology across the bank's processes – something that's been seen throughout the firm's proxy voting, settlement workflow management and collateral management platforms. Finally, Colle is eager for the bank to explore the benefits of blockchain for the business through experiments, "with the view being that we'll focus only on tokenised assets, no crypto".



Patrick Colle, head of securities services, BNP Paribas

Colle is particularly proud of the deployment of AI within BNP Paribas' service offering. "The embedding of Noa into our client portal NeoLink is phenomenal," he says. "It's super visible and it's the next generation of tech-enabled AI integration. We are also deploying AI into some of our background platforms, particularly in the field of depositary banking – which is very exciting."

Manaos, BNP Paribas' investment data management platform launched four years ago, has also been a success story for the bank. To really harness the new wave of technological innovation, Colle explains that the unit was set up with a fintech mindset.

"By design, we wanted it to be structured as a fully-owned startup. We created a subsidiary, we gave it capital and we put a young team in a different building. It's managed differently to the regular business, and we also gave it an entirely new technology stack – which is all cloud-based. Everything is brand new and part of the brief for the business was to experiment with the latest technology, front-to-back, end-to-end. And it's progressing extremely well."

The platform now collects fund inventory data from over 100 asset managers, covering roughly€5 trillion in assets – with growth continuing to gain pace. "We're starting to make a bit of money from Manaos – of course, we would like to make more, but the adoption is fast. The objective right now is to give it scale – and the great thing is that it is not limited to just BNP Paribas clients. That's the beauty of it – the whole world is a potential market."

Continuing momentum

A consequence of success is the expectation of its continuation, but that's not something that concerns Colle, who sees the value in recognising the right opportunities and striking at the right time.

"We have not grown without being extremely focused and targeted, and oftentimes saying no to business opportunities. It's really in our DNA to manage risk well and being risk averse in this business. Growing is one thing – but it's not growth at any cost. It's growth while managing risk the best we can. This is an important element of our decision making."

Geographic expansion certainly seems to be on the radar for BNP Paribas' securities services unit, but any new market must meet the group's overall business agenda – linking back to its integrated business model.

"We're considering additional markets from an expansion perspective, but we won't do anything that will not be aligned with the rest of the group," explains Colle. "We could not go into a market where, for instance, our global markets business would not be present, because we would not be able to deploy the full model. Market launches, new activity launches, they have to be synergetic across the group – so we know that we're going to have a real impact."