

# Post-Trade Services - The Secret of Success

It used to be enough for a bank to have a reputation for excellent research, good pricing and leading trade execution tools – not any more. Clients are now demanding front-to-back client service excellence. Thus the focus on service excellence has expanded to include post-trade services. And banks that do not deliver will soon start to lose market share. What is driving this change in the industry and what can brokers do about it?

On the demand side (i.e. the buy-side) clients are more sensitive to measuring the operations service that they receive from their banks. This is due to a trend for clients to conduct Total Cost Analysis of trading with a partner in order to get a clear picture of the overall efficiency of trading with each bank. According to the most recent operations performance benchmarking surveys conducted by Z/Yen, 20% of FX clients and 25% of OTC Derivatives clients formally rank the operations performance of their banks – and many more rank “informally” (i.e. make judgments based on anecdotal service stories). Also, they are more aware of alternative providers than even 5 years ago. In 2001 only four banks made the top 100 most valuable brand list, by 2005 there were eight banks on the list (source: Interbrand, 100 Most Valuable Brands 2001 & 2005).

This combination of better knowledge/MIS on the relative service levels from each bank and greater awareness of alternative service providers has led clients to become more militant in terms of ‘punishing’ banks that don’t deliver the service they expect. Across OTC Derivative and FX products, approximately 33% of clients have temporarily or permanently suspended trading with banks in the last 18 months due to dissatisfaction with operations service levels (source: 2005



**Jonathan Dolby**  
*UBS Investment Bank,  
Zurich.*

OTC Derivatives Z/Yen OPB and 2006 FX Z/Yen OPB) .

On the supply side (i.e. the sell-side) three things have happened: First, banks have noticed the changing behaviour of their clients (as described in the above paragraph) Secondly, banks have become more aware generally of the value of customer loyalty and how it impacts the bottom line. From different segments of banking, evidence is emerging that supports this link between loyalty and profit. For example, a recent survey of more than 2,500 retail banking clients in Europe shows that loyalty leads to greater share of wallet and reduced churn (source: McKinsey Quarterly “How Europe’s banks can profit from loyal customers”).

Lastly, given the fact that most investment bank products are mature in the product life-cycle, banks all want and need to differentiate their service offerings. The one thing that banks all have in common is their response to com-

moditisation of their products: they all want to be perceived as different from one another.

What can banks do about this situation? The answer is simple: get ready to compete on front-to-back client service. This is good for clients and good for the industry as it will encourage a reduction in costs to clients and in risk levels within the whole market. UBS welcomes this development and is already responding to the challenge. Steve Briscoe, Global Head of UBS Post-Trade Services, comments, “It has been clear for a few years that poor Post-Trade Service incurred penalties. What is changing now is that good Post-Trade Service is becoming part of the offering at client acquisition”. In recognition of the importance of this area, FX Week has created post-trade services categories in their Best Bank and eFX award series. UBS is proud to support our clients with front-to-back service excellence and this is perhaps why have been selected as the current Best Bank for Post-Trade Services and Best Bank for eFX Services to Clients. If you would like to experience post-trade service excellence, talk to UBS.



**Jonathan Dolby is Head of Marketing and Communications Post-Trade Services, FI & FX/CCT Operations at UBS Investment Bank in Zurich.**

**Tel. +41 (44) 239 5916,  
[jonathan.dolby@ubs.com](mailto:jonathan.dolby@ubs.com)**

**For further information,  
please visit  
[www.ubs.com/b4b](http://www.ubs.com/b4b) or email  
[b4b@ubs.com](mailto:b4b@ubs.com) .**