

# R&M SURVEYS

## R&M INVESTOR SERVICES SURVEY 2016

The industry's largest survey by far

Do you ever ask yourself "why am I filling out this survey?" or even "why should I fill out this survey?" It seems whenever you contact a service provider by phone or via a website you are constantly being asked to fill out their (sometimes annoyingly inept) questionnaires about your "service experience". The phone rings you back after a conversation with your bank asking you to use the keypad to score your recent telephonic experience. The website you are on pops up with a series of questions in a new browser window. The exit to the airport lounge has cartoon faces on buttons for you to push indicating whether your experience was good or bad. Everybody is desperate to get your opinion and to measure their performance.

Let's face it whole web businesses such as TripAdvisor are built around customer feedback. So why do we do it? Well, perhaps in

many cases we don't, but there are times when one is motivated to do it. If you are asked nicely it helps. If it is a survey you do regularly, it's probably because you too get something out of it. Sometimes it can be a useful way to compliment when you get good service, other times it's a way of feeding back when things are not so good. For this, our regular investor services survey, which has been running since 1993, we like to think we have some brand loyalty. People fill out the survey because they know we are independent, providing them with impartial reviews based on client feedback. It is also a useful tool to measure how well a complex service is being delivered. Service providers take note (or at least most of them do!). Service users get the benefit of being able to compare their experience of different providers with that of their peers.

### THE RESULTS

#### Top 200 Asset Managers

Overall Ranking	2016
1 Northern Trust	5.49
2 HSBC	5.35
3 JP Morgan	5.34
4 BNP Paribas	5.27
5 BNY Mellon	5.25
6 State Street	4.98

This year we have received 132 responses from Investment Managers ranked within the top 200 in the world by AUM by IPE magazine in June 2015. This is alongside the hundreds of other responses received globally from smaller investment managers, asset owners, sovereign wealth funds, insurance companies and family offices. We thought it would be interesting to break out their scores and see what they think of the top service providers.

#### The Experts

##### Managers responding on multiple providers

Overall Ranking	2016	2015	Change (16/15)
1 HSBC	5.17		
2 BNY Mellon (1)	5.07	5.59	-0.52
3 State Street (2)	5.00	5.38	-0.38
=4 JP Morgan (5)	4.98	5.21	-0.23
=4 RBC (3)	4.98	5.31	-0.33
=6 BNP Paribas (7)	4.90	4.87	0.03
=6 Northern Trust (4)	4.90	5.26	-0.36
Average	4.99	5.26	-0.27

#### Overall Score

Overall Score	2016	2015	Change (16/15)
=1 Pictet (1)	6.29	6.31	-0.02
=1 RBC (2)	6.29	6.30	-0.01
3 Northern Trust (4)	5.87	5.83	0.04
4 JP Morgan (3)	5.69	5.91	-0.22
5 BNY Mellon (5)	5.65	5.80	-0.15
6 BNP Paribas (6)	5.64	5.58	0.06
7 HSBC	5.59		
8 State Street (7)	5.15	5.27	-0.12
Average	5.85	5.92	-0.07

### TOP 200 ASSET MANAGERS

#### Northern Trust head the pack

In this new table Northern Trust outperforms the others to grab the top spot followed by HSBC and JP Morgan close together. "From my experience, Northern Trust is a highly rated custodian and financial services provider. I would very much like to continue our partnership and further build upon this and I would definitely promote NT to all my peers," was the comment of one continental European fund manager. "HSBC bank worked to strengthen their cooperation and understanding of our business needs during 2015," one UK manager informed us. Another UK manager said of JP Morgan "Custody service has remained consistent both operationally and at the Client Service and Relationship Management level. There have been changes to the Client Service team locations in EMEA & US which has had some impact on service levels. Thought leadership with respect to UCITS V, credit facilities, money market reform, potential Grexit and OMGEO GC Direct have been outstanding."

#### State Street struggles again

The poorest performer in this table was State Street, an organisation that failed to make the most of this survey. Because we do not weight the responses in any way based upon the size of assets under custody, their results do not get puffed up as happens elsewhere. It is our view that service quality should be the same regardless of how small or large your account is. Asked what they would like to see change in the next 12 months one Irish based client of State Street commented "Improve quality of staff and data provided via the accounting reporting platform." Another US based manager said "Improve responsiveness to emails. Also, they need to advise of coverage changes proactively."



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## THE EXPERTS

### HSBC loved by the Experts

In fairness to State Street, they perform much better in our "Experts" table coming in third place behind HSBC and BNY Mellon. "Experts" are institutions who have responded on five or more service providers and who therefore have a broad perspective and are well placed to compare service levels between one provider and another. "The Custody offering (from State Street) remains strong, supported by experienced Client Service teams and Relationship Management team," reports a UK manager. "HSBC bank worked to strengthen their cooperation and understanding of our business needs during 2015," wrote a different UK manager.

## OVERALL SCORE

### RBC and Pictet win the survey

In the table showing the overall results from all respondents we have a very unusual outcome – a tie for first place between Pictet and RBC Investor & Treasury Services. Last year there was only 0.01 point between them, this year that gap has disappeared. From the remaining providers Northern Trust comes top of the list, improving its position from 4th to 3rd, nudging JP Morgan down into 4th.

Overall scores were down compared to 2015, only BNP Paribas and Northern Trust managed to increase theirs, the others all recording a downturn. One UK manager, in summarising his view of the industry; gives us a pointer as to what the cause may be. "More emphasis should be placed on training client service staff on ensuring that an internal response is what we are after before simply sending through. There have been too many occasions across the majority of the providers where secondary questions have had to be asked as the response received does not answer the questions asked." It is quite clear that, regardless of the gains in technology that have been made over the years this survey has been running, client service is still of paramount importance. The providers that do well in this survey offer a high level of client service, those that do not do well don't.

### Citibank misses the mark

One absentee from our table this year is Citibank who presumably actively discouraged clients to respond as we had a miserable 10 responses, seven of which were from Top 200 asset managers. The average score from all 10 was 4.99, which, if they had qualified for inclusion, would have saved State Street the embarrassment of coming last. "Focus is required amongst the Client Services and Relationship management areas. Queries remain unanswered for months, despite regular chasers, and no notification is communicated when primary RMs are due to be out of the office for extensive periods of time (3/4 months)", was the verdict of one UK manager. "Where Citi struggle is to manage and resolve those issues that fall outside of the day to day processing or where it crosses functions / business areas," said another.

## MOST IMPROVED

### Most Improved

	Overall Score	2016	2015	Change (16/15)
1	BNP Paribas (7)	5.64	5.58	0.06
2	Northern Trust (2)	5.87	5.83	0.04
3	RBC (4)	6.29	6.30	-0.01
4	Pictet (5)	6.29	6.31	-0.02
5	State Street (6)	5.15	5.27	-0.12
6	BNY Mellon (3)	5.65	5.80	-0.15
7	JP Morgan (1)	5.69	5.91	-0.22

### Positions reversed for BNP & JPM

Last year BNP was at the bottom of the "Most Improved" table and JP Morgan were at the top. This year it is the other way round. Scores generally declined with BNP Paribas and Northern Trust bucking the trend. Over the years we have observed that declining scores can often be linked to declining stock markets but this time round the feeling is that is more likely caused by the effects of years of belt tightening by the banks as revenues from asset servicing get squeezed and other areas of the banks' activities absorb huge quantities of cash to pay fines and bolster capital. What suffers as a result? Client service. Which two banks have not paid out lots in fines? RBC and Pictet. Who came first? RBC and Pictet. There you have it.

### Year on year change in service level

	Responses	Improved	Stayed the same	Declined	No comment
BNP Paribas	36	36%	50%	6%	8%
BNY Mellon	80	23%	63%	5%	10%
HSBC	25	40%	36%	8%	16%
Credit Suisse	37	35%	57%	0%	8%
JP Morgan	70	44%	41%	7%	7%
Northern Trust	76	38%	46%	7%	9%
Pictet	85	27%	62%	2%	8%
RBC	56	36%	57%	4%	4%
State Street	31	26%	39%	16%	19%
UBS	36	39%	53%	0%	8%
(Other)	25	12%	56%	4%	28%

### Mixed messages

Oddly, despite the drop on overall scores, not many respondents felt that service levels had actually declined, the largest percentage being State Street's 16%, all the others recorded percentages in single figures. Between a quarter and a half of respondents, depending on which bank you look at, indicated that service levels had improved but the statistics do not support this. There is a gap between perception and actual scoring.

## CLIENT TYPES

### Asset Managers Direct

	2016	2015	Change (16/15)
1 RBC (2)	6.22	6.36	-0.14
2 HSBC	6.06		
3 Northern Trust (4)	5.96	6.00	-0.04
4 JP Morgan (3)	5.75	6.05	-0.30
5 BNY Mellon (6)	5.63	5.72	-0.09
6 BNP Paribas (5)	5.52	5.80	-0.28
Average	5.86	6.13	-0.27

### Asset Managers Indirect / Both

	2016	2015	Change (16/15)
=1 Credit Suisse (1)	6.80	6.81	-0.01
=1 UBS	6.80		
3 Pictet (2)	6.29	6.25	0.04
4 RBC (3)	6.07	6.02	0.05
5 Northern Trust	5.51		
6 JP Morgan (5)	5.49	5.57	-0.08
7 BNY Mellon (4)	5.43	5.75	-0.32
8 BNP Paribas (6)	5.40	5.33	0.07
9 State Street (7)	5.23	5.21	0.02
Average	5.86	5.82	0.04

### Asset Owners

	2016	2015	Change (16/15)
1 Credit Suisse (1)	6.85	6.89	-0.04
2 UBS (2)	6.78	6.76	0.02
3 Pictet (4)	6.33	6.32	0.01
4 Northern Trust (7)	6.07	5.89	0.18
5 JP Morgan (5)	5.93	6.18	-0.25
6 BNY Mellon (6)	5.72	5.95	-0.23
Average	6.25	6.25	0.00

### Family Offices

	2016	2015	Change (16/15)
1 UBS (=1)	6.78	6.80	-0.02
2 Pictet (=1)	6.51	6.80	-0.29
Average	6.65	6.80	-0.15

### Banks

	2016	2015	Change (16/15)
1 BNY Mellon (2)	6.47	5.84	0.63
2 JP Morgan (1)	5.55	6.16	-0.61
Average	6.12	5.88	0.24

## GEOGRAPHICAL ANALYSIS

### Regional Average Score

	2016	2015	Change (16/15)
1 Europe (1)	6.26	6.23	0.03
2 N. America (2)	6.10	6.14	-0.04
3 ROW (3)	6.06	5.98	0.08
4 UK (4)	5.64	5.61	0.03

Every year the UK is revealed to be the lowest scoring region, quite why remains a mystery. Perhaps it is a cultural thing, Brits never being entirely happy with their lot. It is unlikely to be because Investor Services are so much worse there, given that there is so much expertise concentrated in one country

as well as many of the world's largest fund managers using those services. Indeed, perhaps it is the very fact that there are so many providers to choose from in one relatively confined geography that makes users super critical of what is on offer. Across the water in Continental Europe approximately 50% of the responses came from Switzerland, reflecting the large Swiss banks involvement in this survey.

### UK

	2016	2015	Change (16/15)
1 Pictet (1)	6.14	6.01	0.13
2 RBC (2)	5.89	5.92	-0.03
3 Northern Trust (3)	5.74	5.81	-0.07
=4 BNP Paribas (6)	5.62	5.32	0.30
=4 HSBC	5.62		
6 JP Morgan (4)	5.46	5.59	-0.13
7 BNY Mellon (5)	5.28	5.36	-0.08
8 State Street (7)	5.19	5.00	0.19
Average	5.64	5.61	0.03

### Europe excl. UK

	2016	2015	Change (16/15)
=1 Credit Suisse (1)	6.82	6.85	-0.03
=1 UBS (2)	6.82	6.84	-0.02
3 RBC (3)	6.45	6.34	0.11
4 Pictet (4)	6.08	6.25	-0.17
5 Northern Trust (7)	5.93	5.81	0.12
6 JP Morgan (5)	5.86	5.96	-0.10
7 BNP Paribas (6)	5.76	5.89	-0.13
8 BNY Mellon (8)	5.52	5.46	0.06
Average	6.26	6.23	0.03

### Switzerland

	2016	2015	Change (16/15)
=1 Credit Suisse (1)	6.82	6.85	-0.03
=1 UBS (2)	6.82	6.83	-0.01
3 Pictet (3)	6.15	6.25	-0.10
Average	6.63	6.64	-0.01

### N. America

	2016	2015	Change (16/15)
1 Pictet (2)	6.58	6.55	0.03
2 RBC (1)	6.54	6.59	-0.05
3 Northern Trust (5)	6.07	5.94	0.13
4 BNY Mellon (4)	5.93	6.04	-0.11
5 JP Morgan (3)	5.82	6.14	-0.32
6 State Street (6)	5.32	5.45	-0.13
Average	6.10	6.14	-0.04

### USA

	2016	2015	Change (16/15)
1 Pictet (1)	6.58	6.55	0.03
2 Northern Trust (3)	6.07	5.93	0.14
3 BNY Mellon (4)	5.98	5.87	0.11
4 JP Morgan (2)	5.82	6.14	-0.32
Average	6.12	6.04	-0.08

### ROW

	2016	2015	Change (16/15)
1 Pictet (2)	6.67	6.54	0.13
=2 BNY Mellon (5)	6.33	5.91	0.42
=2 RBC (3)	6.33	6.52	-0.19
4 Northern Trust (6)	5.90	5.67	0.23
5 JP Morgan (4)	5.58	5.98	-0.40
6 HSBC	5.54		
Average	6.06	5.98	0.08





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## PROVIDER PROFILES

### BNP Paribas

	Score	vs 15	Rank
Overall	5.64	▲	6/8
Experts	4.90	▲	=6/7
Top 200 Asset Managers	5.27	n/a	4/6
UK	5.62	▲	=4/8
Europe	5.76	▼	7/8
Asset Managers	5.45	▼	9/10

#### Client comments:

"Over the next 12 months they should invest in technology to keep up with market developments; commit to development (people and systems) required to remain relevant as a value proposition."

"BNPP process significant volumes of trades, the majority of which go through STP, with late settled trades generally due to Broker Shorts. BNPP's contractual settlement offering is very comprehensive."

### BNY Mellon

	Score	vs 15	Rank
Overall	5.65	▼	5/8
Experts	5.07	▼	2/7
Top 200 Asset Managers	5.25	n/a	5/6
N. America	5.93	▼	4/6
UK	5.28	▼	7/8
Europe	5.52	▲	8/8
ROW	6.33	▲	=2/6
Asset Owners	5.72	▼	6/6
Asset Managers	5.52	▼	8/10
Banks	6.47	▲	1/2

#### Client comments:

"Some service components are improved last year, but due to some internal changes other service components aren't improved."

"Generally we are happy with the overall service although the migration to the new platform was an extremely painful experience and often feels like the reporting has gotten worse as a result of the move."

### Credit Suisse

	Score	vs 15	Rank
Europe	6.82	▼	=1/8
Asset Owners	6.85	▼	1/6
Asset Managers	6.81	=	1/10

#### Client comments:

"A great service which is provided by a highly trained and informed team!"

"Very competent partner. Credit Suisse provides us, amongst all vendors, with the best range in the Investor Services."

### HSBC

	Score	vs 15	Rank
Overall	5.59	*	7/8
Experts	5.17	*	1/7
Top 200 Asset Managers	5.35	n/a	2/6
UK	5.62	*	=4/8
ROW	5.54	▼	6/6

\* didn't qualify last year

#### Client comments:

"The service received from HSBC has been good, and this is broadly in line with the previous year. In our experience HSBC compare favourably with their peers."

"Everyone we deal or have dealt with at HSBC are very professional and have a very good knowledge in all areas."

### JP Morgan

	Score	vs 15	Rank
Overall	5.69	▼	4/8
Experts	4.98	▼	=4/7
Top 200 Asset Managers	5.34	n/a	3/6
N. America	5.82	▼	5/6
UK	5.46	▼	6/8
Europe	5.86	▼	6/8
ROW	5.58	▼	5/6
Asset Owners	5.93	▼	5/6
Asset Managers	5.61	▼	7/10
Banks	5.55	▼	2/2

#### Client comments:

"A pleasure to work with. The Relationship Team is great and always seems to be in the loop on every item going on each day. They provide guidance and assistance in helping us grow our business. The best Team we deal with by far."

"There was a middle office change made by JPMorgan earlier in the year. We were made aware of this move after changes already took place. For these types of changes, it would be appropriate if this notification was delivered to their clients in a more timely fashion."

### Northern Trust

	Score	vs 15	Rank
Overall	5.87	▲	3/8
Experts	4.90	▼	=6/7
Top 200 Asset Managers	5.49	n/a	1/6
N. America	6.07	▲	3/6
UK	5.74	▼	3/8
Europe	5.93	▲	5/8
ROW	5.90	▲	4/6
Asset Owners	6.07	▲	4/6
Asset Managers	5.64	▼	6/10

#### Client comments:

"Northern Trust is a well organised service provider with high quality staff and client orientated service."

"Overall we feel that although the fees are reasonable, the quality of services is reflective of that. So relatively fair all around."

### Pictet

	Score	vs 15	Rank
Overall	6.29	▼	=1/8
N. America	6.58	▲	1/6
UK	6.14	▲	1/8
Europe	6.08	▼	4/8
ROW	6.67	▲	1/6
Asset Owners	6.33	▲	3/6
Asset Managers	6.25	=	3/10
Family Offices	6.51	▼	2/2

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**Client comments:**

"Pictet provides a top class service and support. The relationship team is very knowledgeable and supports us very well to all our questions. The only potential improvement I could see concerns the online reporting."

"We work with Pictet on one global equity relationship. We find the individuals with whom we work to be of the highest quality and the service level is exceptionally good. We have worked with Pictet for over 5 years now and are very happy with the team and the Firm."

**RBC**

	Score	vs 15	Rank
Overall	6.29	▼	=1/8
Experts	4.98	▼	=4/7
N. America	6.54	▼	2/6
UK	5.89	▼	2/8
Europe	6.45	▲	3/8
ROW	6.33	▼	=2/6
Asset Managers	6.16	▼	4/10

**Client comments:**

"In general, we have found RBC to have a very broad based platform that is truly global. This compares to others that are NOT truly global. In spite of the complexity inherent in Global operations, RBC with its focus on technology, timely dissemination of information and staff that has an approach to truly solving problems on a timely basis makes them an excellent choice."

"We work with different service providers in Germany, Switzerland and Luxembourg. Compared to these other providers, the services provided by RBC IS are of a consistently high quality."

**State Street**

	Score	vs 15	Rank
Overall	5.15	▼	8/8
Experts	5.00	▼	3/7
N. America	5.32	▼	6/6
UK	5.19	▲	8/8
Top 200 Asset Managers	4.98	n/a	6/6
Asset Managers	5.15	▼	10/10

**Client comments:**

"The day to day contacts at State Street lack the knowledge and experience therefore straight forward queries may need to be escalated to the RM."

"We rated Canada as a 6 however Boston is a 2 so they averaged 4's. The new central email system at Boston has not improved their timeliness."

**UBS**

	Score	vs 15	Rank
Europe	6.82	▼	=1/8
Asset Managers	6.77	▼	2/10
Asset Owners	6.78	▲	2/6
Family Offices	6.78	▼	1/2

**Client comments:**

"We are very satisfied with the service we receive. UBS is clearly focused on a long term goal and is making sure that every effort is being made to achieve this. Overall we have an excellent relationship."

"A professional customer caring custodian who is willing to go an extra mile to understand the client needs and ensuring a high level of service which is always delivered within the agreed deadlines."

**R&M SURVEYS**

Richard Hogsflesh, Research Director  
richard@clientalkback.com +44 (0)333 800 5501

Fiona Larwood, Surveys Manager  
fiona@clientalkback.com +44 (0)333 800 5502

Please feel free to contact us if you wish to discuss the results further.

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