

GLOBAL CUSTODIAN

Davis International Banking Consultants

Doyen is the only word which properly describes Simon Thomas, now perhaps the leading custody consultant in Europe. After graduating from the University of Wales and qualifying as an accountant with Coopers & Lybrand, he had spells at both SG Warburg and KPMG Management Consulting before joining Davis International Banking Consultants (DIBC) in 1991 (see "Redoubtable Thomas," *Global Custodian*, June 1991) and helping to put the Cinderella business of global custody firmly on the consultancy map. It was in his first year at DIBC that Thomas published *Global Custody: Strategic Issues and Implications*, the first serious attempt to analyze the custody industry in book form. A second volume, *Excellence in Global Securities Services*, is three quarters written.

Hiring Thomas was one of the smartest moves ever made by ex-Morgan and Bankers Trust executive Steven Davis, who founded DIBC in 1980. Revenues from custody consultancy doubled in the first year as a host of blue chip names—Baring, Warburg, Morgan Grenfell, Julius Baer, State Street, Citibank, Barclays, Lloyd's, Chase, Royal Bank of Scotland, and Bank of Ireland—sought his assistance. Custody now accounts for between a third and two-fifths of the firm's revenues, or more than \$1 million last year. Seminars, and now an informal global securities services forum, have flourished

on the back of the consultancy business. A one-man band has expanded into a team of four. Jeff Herman, a chartered accountant and software expert, and Melanie Claisse, a Cambridge economics graduate and ex-Bank of England analyst, both joined from Thomas's alma mater KPMG Management Consultants. Simon Murray, a management graduate from Warwick University, worked in banking consultancy at both PA Consulting and Coopers & Lybrand before switching to DIBC in July. A fifth member of the team is based in Zurich.

While DIBC helps both banks and institutional investors select and rationalize their custodial, sub-custodial, and trustee relationships, its main strength lies in research, a priority highlighted in marketing material by its position at the center of a chart shaped like a large egg, around which other functions such as business planning and risk management merely cluster. DIBC has prepared primary research material on the banking and insurance markets for securities houses like Salomon, Smith Barney, and Morgan Grenfell for some years, but global custody has provided an equally rich vein of original material. "Research is at the heart of everything we do. It keeps coming back to who we know and what we know. The funny thing in this business is that so



Simon Thomas and team: "Research is at the heart of everything we do."

little is published. Our work is virtually all primary research," explains Thomas. The results are used to help banks formulate new strategies. Anglo-Saxon banks looking to penetrate the European pension business—which is expected to blossom as state-funded pay-as-you-go systems become increasingly unaffordable—are already benefiting from it, as DIBC gathers data on the markets in Italy, France, and Germany. "Few other consultancies have as close a focus on custody and investment management," says Simon Murray. "They tend to lump it together with other financial services." This means that the changing nature of the DIBC client base, which is shifting from banks towards pension funds and asset managers, is probably the best indicator of underlying trends in the industry.