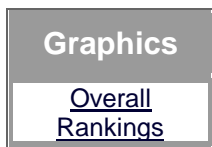


Chase is tops for global satisfaction

Richard Greensted - 5 Jun 2000

GCR survey shows GIS and Pictet once again out in front



So just who is the best custodian in the world? A lucrative industry has been spawned from that deceptively simple question. Only three weeks ago, Thomas Murray and Standard & Poor's launched their Global Custody Ratings, which assess the operational performance of global custodians.

The methodology of GCRs considers not only the business credentials and service capabilities of global custodians, but also the quality and the effectiveness of their operational infrastructure and their willingness and ability to protect their clients from operational losses.

GCRs are essentially putting a new spin on the well-established RFP (Request for Proposal) process, at which Thomas Murray has become so adept. But, while there may be some value in the ratings, there is no substitute for feedback from the custodians' clients. However well the consultants think they know and understand custodians, only clients can speak with true authority.



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Jeremy Jewitt,
Global Investor
Services

That is why the results of independent client surveys are so eagerly anticipated by the custodians. Earlier this year, R&M Consultants released its seventh annual survey of client satisfaction, which confirmed that Pictet, the Swiss private bank, is still the most highly regarded of all the global custodians. Last month, the Global Investor survey reached the same conclusion.

The big custodians have always found this a tad irritating, because they feel that the responses should be weighted to reflect the size of the relationship. Last year, Global Investor introduced weightings for the first time, with the result that Pictet was top-rated on the unweighted scale, with Chase winning the weighted section. This year saw the same winners, although their scores were slightly lower. Neither winner caused much of a surprise in an industry that is used to seeing these two custodians at the top of the pile.



Chase has good reason to be pleased with its showing in the Global Investor survey. In addition to its position as top global custodian overall for client satisfaction, it was also voted top custodian by institutional fund managers, the best European custodian, the best custodian for European institutional fund managers, and the best custodian in Asia Pacific. That is a pretty impressive showing for a custodian with \$5.7 trillion (€5.3 trillion) in assets under custody, of which \$1.6 trillion are cross-border assets.

Although Chase's Global Investor Services (GIS) business no longer publishes separate financials, the first quarter has been extremely good, according to Jeremy Jewitt, head of GIS for Europe, Africa and the Middle East.

'GIS experienced 17% growth in assets in the first quarter,' he says. 'We were particularly pleased that our cross-border asset base grew by 33%.' Jewitt says that, in Europe, GIS has picked up 10 significant new mandates this year, as well as taking on a lot of incremental business from existing clients.

It has also been highly successful at picking off valuable mandates from Lloyds TSB's client base. 'We targeted eight of their clients that we wanted to take on, and we've won six of them, with total assets of about £21bn (€33.6bn),' says Jewitt. Amongst these new clients are M&G and Schroders. Chase now acts as trustee and custodian for about a third of the UK's unit trust assets, and claims to have a 50% share of the OEICs market.

Brown Brothers Harriman put in another excellent performance, taking top spot in seven categories of the survey. Brown Brothers has recently announced European expansion plans, so it will be interesting too see whether it can translate its North American successes across the Atlantic.

The Global Investor survey shows once again that the largest custodians still have much to learn about service from their smaller competitors - Pictet, Brown Brothers, Royal Trust, Northern and even the tiny Investors Bank & Trust, which topped the North American weighted rankings. But there is little evidence to suggest that the gap will have closed significantly by the time the next round of surveys comes along.

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