

RBC I&TS pushes for “digital” evolution



Royal Bank of Canada's Investor and Treasury Services (RBC I&TS) is on a digital journey, moving from what Francis Jackson, CEO of Investor Services (above), called "the conversion from analogue to digital". -

In an interview with Global Investor, Jackson said: "I looked at the long-term prospects of our Australian business, which is primarily dominated by superfunds and outside of Canada, that's not where RBC I&TS is focused.

"Once we made that decision, it allowed us to really focus on those markets where we could double down and differentiate."

This infrastructure investment accelerated RBC I&TS' technological transformation by digitising aggressively and relying on technology to support its clients in the 21st century and beyond, and comes after the bank dropped its Australia business at the end of last year.

"My view going forward is that the industry will be highly integrated and more interoperable. The industry has made great strides around core custody but it really has not tackled the issues around funds administration.

"For instance, imagine our approach to servicing clients was 50/50 people to technology, but going forward, that will transition to 80% technology, 20% serviced by experts," added Jackson.

The bank now has a whole range of application programming interfaces (APIs) that its clients can draw

on. Jackson noted that with some of its larger and more sophisticated clients, the bank developed interfaces into their own infrastructures to deliver data precisely into that infrastructure.

Furthermore, clients will benefit from a series of visualisations to help monitor their activities at the bank.

"It will be a series of visualisations where clients can monitor us in terms of services we provide to them on an exceptional basis, and they can also monitor themselves, which in turn will make them more efficient, but also allow them to monitor other third parties," said Jackson.

Having these visualisations would help clients simplify their operating model by adding more value from the bank but the ultimate benefit is a reduction in cost, said Jackson.

In its decision to restructure the division, the bank created a product and client experience function, which has a couple hundred employees on that team. Joanna Meager was promoted to run that new function and David Cyr, a technology expert who has been at the bank since 2007, was promoted to lead client operations.

In terms of the bank's long-term plans, Jackson said it wants to be the number one provider and market leader in Canada, while simultaneously continue growing in Europe with its "sweet spot" being managers that have an end-to-end operating model. The bank's typical client has roughly \$100 billion (£78.8 billion) in assets, noted Jackson.

Looking ahead, RBC I&TS wants to continue developing services that might have previously been executed in-house.

"We already provide middle-office services for a number of our clients but we deliver those services through what I call selective outsourcing.

"That's how we'll grow our revenue and market share, as our intention is to focus on areas that will make our clients more successful – not to be all things to everybody," concluded Jackson.

RBC I&TS reported strong figures at the end of the second quarter, with a 49.7% rise in net income for the division to CAD\$226 million (£133 million) from CAD\$151 million for the same period last year, while net income also rose by 58% compared to the first quarter. ■

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