

The
2023 GC

AGENT BANKS IN FRONTIER MARKETS **SURVEY**

“When the going gets tough, the tough get going” does not apply to investment in frontier markets. Frontiers are by definition at the edge of things. Whether in individual markets or in the global economic climate, when the weather gets turbulent, foreign investors tend to seek shelter in stability.

In the past year, the world has offered plenty of reasons to seek that shelter. It is therefore not surprising that volumes of activity in the ABFM markets – loosely drawn from the MSCI and S&P frontier market cohorts – have been muted.

Whether because of, or in spite of this, operationally, these markets have shown a similar resilience to their larger peers. Looking at Table 1, which ranks markets by average score, it is

SLOW, BUT STEADY

Frontier markets tend not to benefit from global political turmoil, but this year’s ABFM survey shows that with light volumes they have held their own operationally.

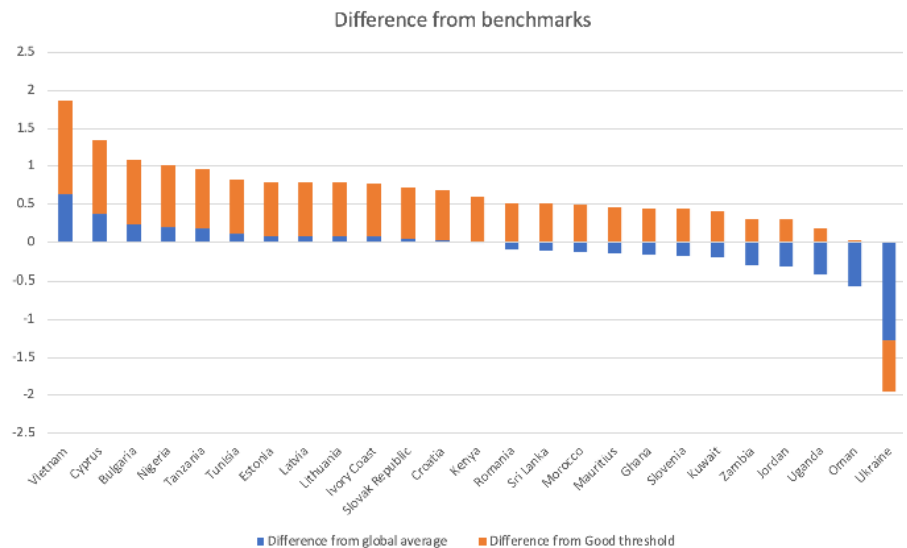
Market leaderboard		
Rank	Market	Score
1	Vietnam	6.24
2	Cyprus	5.98
3	Bulgaria	5.85
4	Nigeria	5.81
5	Tanzania	5.79
6	Tunisia	5.72
7	Estonia	5.70
8	Latvia	5.70
9	Lithuania	5.70
10	Ivory Coast	5.69
11	Slovak Republic	5.67
12	Croatia	5.65
13	Kenya	5.60
14	Romania	5.52
15	Sri Lanka	5.51
16	Morocco	5.49
17	Mauritius	5.47
18	Ghana	5.45
19	Slovenia	5.44
20	Kuwait	5.42
21	Zambia	5.31
22	Jordan	5.30
23	Uganda	5.19
24	Oman	5.04
25	Ukraine	4.33

clear that assessments of service provider performance are now in similar range to what institutions might expect in jurisdictions with which they are more familiar. Scores also seem to be in a fairly narrow range with few outliers. As a quick recap, a “4” in GC survey terms means “Satisfactory”, a “6” means “Very Good” and a “7”, meaning “Excellent”, is the highest possible score.

Even more encouraging, providers in these markets can take heart from the fact, as Table 2 shows, that all markets

in this year’s survey are seen overall as Good (5) or better, with the understandable exception of Ukraine. (For more information, see the individual market write ups on the following pages.)

At a category level, Pricing, as usual is the laggard in the ratings, but is joined this year by Technology. This may reflect the fact that with numerous upgrade programmes in progress, clients are experiencing technical disturbance without yet seeing the tangible benefits.





Methodology

Global Custodian’s agent bank surveys measure cross-border clients’ perception of the service received from sub-custodians in each market. They have been conducted annually since 1989.

Service providers are given controlled access to a back-end system to allow them to validate that the ratings they have received come from bona fide clients. Any responses submitted by institutions that were not clients of the rated provider in the 12 months under review are removed. At the end of the collection process, Global Custodian does its own check to filter out duplicates.

The response pool is drawn from two sources. Those respondents who completed the survey in the previous year are invited to do so again, while service providers in the markets concerned are

invited either to submit client lists for invitation or to approach those clients themselves.

Bearing in mind the more limited activity in these markets, the ABFM questionnaire is a shorter version of the ABMM and ABEM questionnaire. Completed online, it includes nine service categories. A scorecard allows respondents to rate each category on a seven-point scale from Unacceptable to Excellent.

Responses to the rating questions are converted by the survey system into numbers. Space is available for survey participants to add supportive comment to their ratings for each category, if they wish to do so. While we encourage additional comment to add colour to the ratings, it remains optional. Service providers are also invited to complete a short questionnaire, aimed at allowing us

to better understand market and provider changes that might impact results.

The published results rate each service provider category plus their overall average in each market on a scale of 1-7. Given the lower levels of activity in frontier markets in general, the threshold for a write-up of any service provider is five responses.

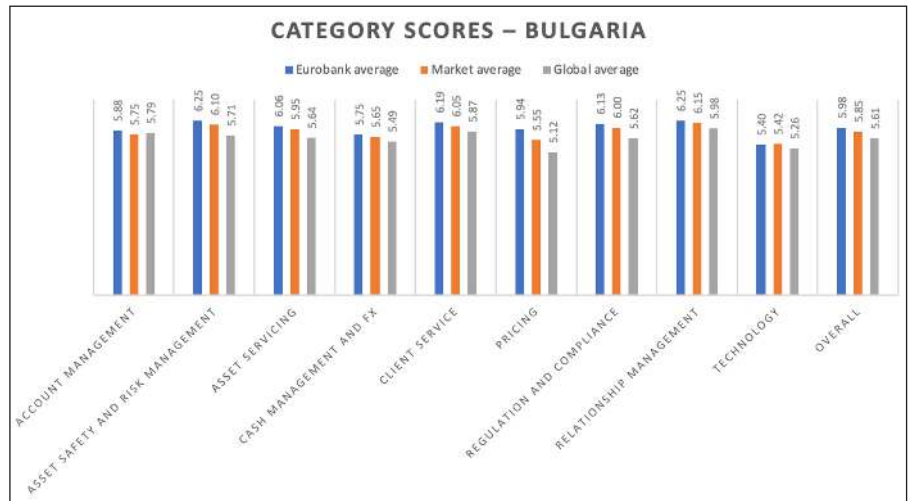
Global Custodian offers official digital accreditation for outperformance at a global, market or category level, based on the published results. Those providers wishing to understand their performance in more granular detail than is available through our published survey results can order data reports from our Research Plus range. For more information on these, please contact **matt.aldred@globalcustodian.com** or **beenish.hussain@globalcustodian.com**.

Bulgaria

The past year has seen the start of the process of Bulgaria joining the T2S project with euro adoption on its heels. Bulgaria plans to join T2S in September 2023, with possible dates mooted for Euro adoption being the middle of 2024 or January 2025.

Eurobank Bulgaria

Eurobank Bulgaria dominated the response base for this market, drawn primarily from brokers and asset managers based in Grece and Cyprus. It outperforms the market in all areas bar technology where it is more or less at the market average. It also records category scores well above the global average. Asset Safety and Risk Management and Relationship Management were, at 6.25, its highest scores. “Long standing successful relationship. The team is highly experienced and very close to our business goals and priorities,” says one insurance company client.



With T2S in mind, Eurobank has completed full implementation of CSDR Settlement discipline, SRDII and has launched a large project to digitalise its custody services.

“The relationship is excellent and we are going to expand it in the future,” says one Greek client. “We totally recommend this provider for business.”

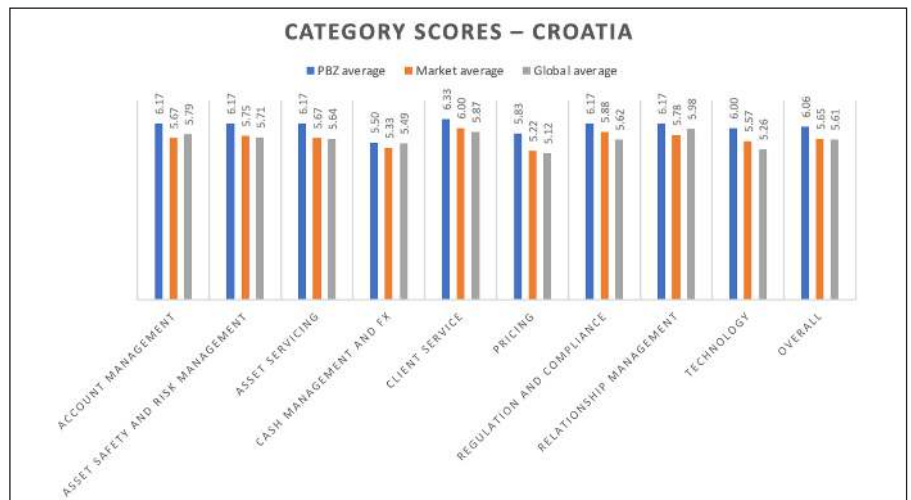
Croatia

Croatia adopted the euro as legal tender on 1 January 2023, becoming the 20th member state of the eurozone. The local CSD has signed the European Central Bank’s T2S Framework Agreement with a target date for joining T2S as 11 September 2023.

PBZ

PBZ has recorded a very solid set of results this year, outperforming all market and global averages. The majority of its category scores are in Very Good range (6.00-6.99), which is unusual for frontier markets. The bank’s bests result – 6.33 – is for Client Service and even its lowest score – 5.50 for Cash Management and FX – is more than respectable.

One bank client from within the region notes: “We appreciate the knowledge and insight they’ve earned through experience as well as their connection to the market (infrastructures) they service.”



As key developments in their service offering, PBZ cites the bank’s ongoing digital transformation “with the aim of increasing our service quality and using our resources more efficiently”.

Looking to the year ahead, PBZ highlights ISO 20022 migration to the new SWIFT standard for payment messages and system adjustments connected with CSD joining TARGET2-Securities.

Cyprus

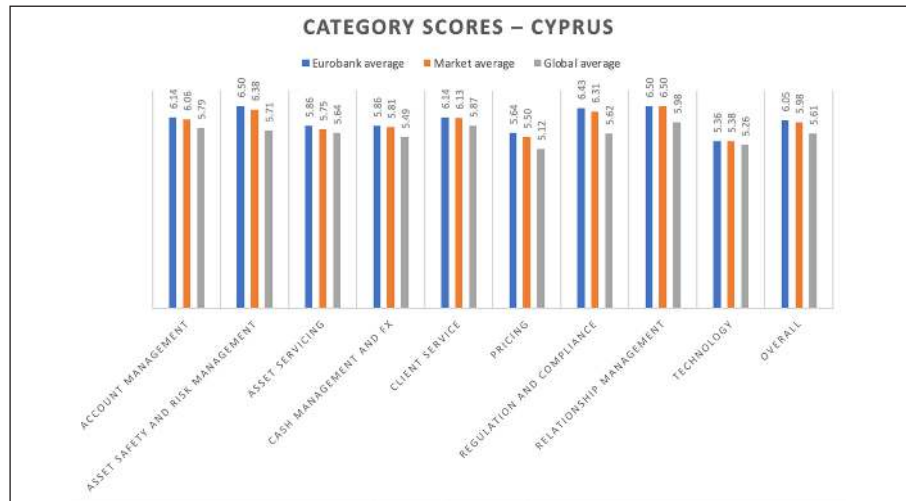
Key developments in the Cyprus market have been driven by regulatory changes, including the implementation of CSDR and SRD II.

The Central Securities Depository and Central Registry (CDCR) now adheres to the European Central Securities Depositories Association (ECSDA) framework with penalties for settlement failure and late matching. The CSD is also working on making the Account Operator settlement model available in the market.

The Cyprus Stock Exchange is meanwhile planning to introduce SWIFT connectivity in accordance with SRD requirements for certain types of messages, notably those relating to corporate actions.

Eurobank

Eurobank accounts for the bulk of responses for the Cyprus market. It is one of the top-rated providers in this year’s ABFM survey with over half of its individual category scores in Very Good



range (6.00-6.99). It exceeds all global category averages and all market averages bar Technology, in which it hovers close. Standouts are Relationship Management and Asset Safety and Risk Management (both 6.50).

“We believe that Eurobank is our best partner; flexible and very quick when we require something new – either a new functionality or a slight change in the pricing due to our volumes,” says one Greek broker client.

Estonia

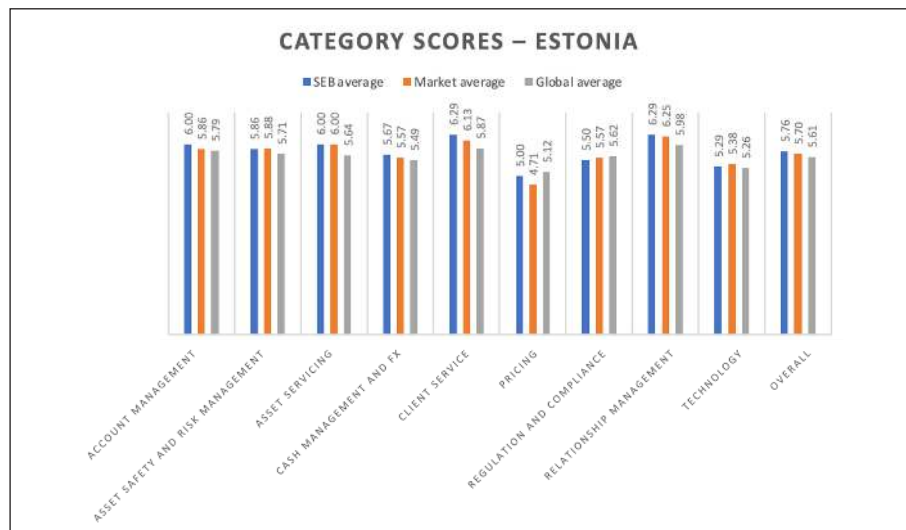
The three Baltic markets of Estonia, Latvia and Lithuania are closely interlinked in terms of both infrastructure and service provision. All three have the euro as a trading currency and SRD II and CSDR have recently been implemented across the region.

SCoRE (the Single Collateral Management Rulebook for Europe) and CBPR+ (ISO 20022 for cross-border payments and reporting) are - according to SEB - about to be implemented.

SEB

SEB is the dominant provider in Estonia, Latvia and Lithuania. “SEB’s units in the Baltics are all subsidiaries but working very closely together with the sub-custody family in the Nordics,” says the bank.

The three market sub-custody is built on close cooperation across the markets and the central sub-custody unit with client service and relationship officers on the ground.



Though one UK broker suggests that “users struggle to use the GUI”, the bank outperforms both the market and global average overall with its best scores being for Relationship Management and Client

Service (6.29).

“For the Estonian market, the process at our end is manual,” says one Asia-based client, “The SEB team has always supported and ensured timely settlement.”

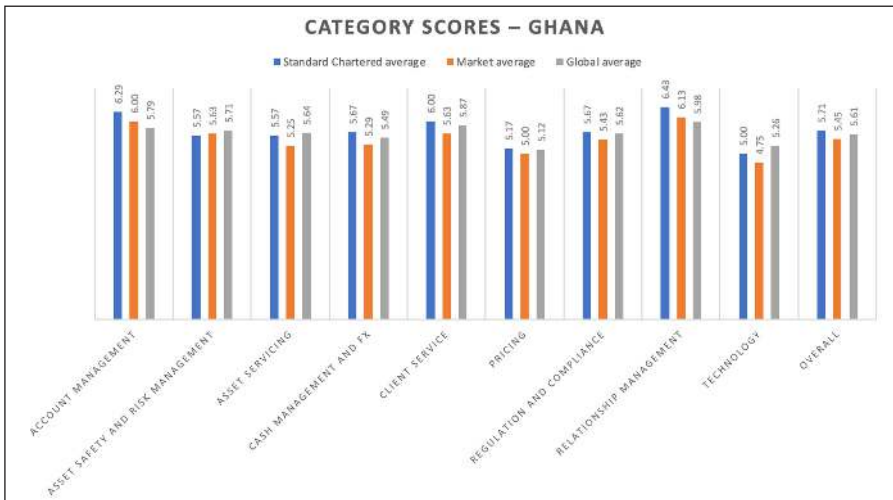
Ghana

The Ghanaian market is set to undergo substantial infrastructural reform. The Central Securities Depository (GH) Limited is to replace its depository, clearing and settlement, registrar, IPO and auction systems.

The CSD envisages a new integrated infrastructure that allows for the introduction of new services and trade in new asset classes as well as promoting regulatory compliance.

Ghana Stock Exchange (GSE) meanwhile plans to demutualise its operations and become a publicly listed entity.

Standard Chartered Bank and Standard Bank/Stanbic, among others, offer custody services in Ghana though only the former has reached the requisite threshold of five responses for its scores to be presented. More can be found on Standard Bank in the multimarket section of the survey.



Standard Chartered Bank

Standard Chartered has recorded results above the market and global averages overall and should be pleased with category scores ranging from 6.43 for Relationship Management at the top end to 5.00 for Technology at the lower end.

Although client comments to add additional colour are scarce, one South African client notes: “Unquestionably my first choice for Africa markets. I love their friendliness, professionalism and willingness to work with clients.”

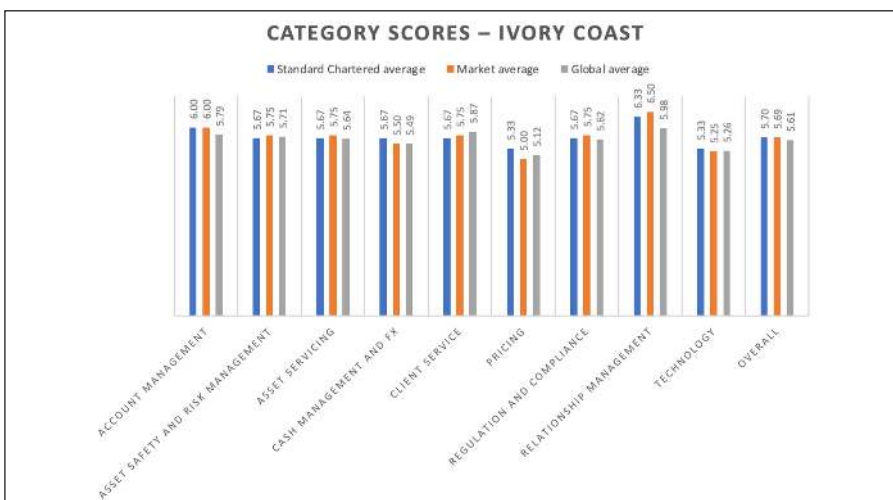
Ivory Coast

The Bourse Régionale des Valeurs Mobilières (BRVM), based in Abijan, is the regional stock market for the eight member states of the West African Economic and Monetary Union (WAEMU): Benin, Burkina Faso, Côte d’Ivoire, Guinea-Bissau, Mali, Niger, Senegal and Togo.

A new online stock exchange platform allows clients to directly place orders and access their portfolio and other services online.

The CSD is planning to shorten the settlement cycle from T+3 to T+2 and to implement a market for derivatives in the coming years. It is also planning to enable segregated accounts at CSD level.

A number of banks offer sub-custody in the market. Only Standard Chartered reaches the response threshold for individual analysis, though Societe Generale Securities Services (SGSS) counts several global custodians among its client base for this market. One offshore client says of the latter: “Relationship with Soc Gen,



in particular with Marie-Antoinette N’Zebo is excellent, need to keep it up.”

Standard Chartered Bank

Standard Chartered has recorded an impressive average of 5.70 and is above

global category averages in three quarters of cases. It is best appreciated for Relationship Management (6.33). Even its lowest scores are comfortably within Good range (5.00-5.99).

Jordan

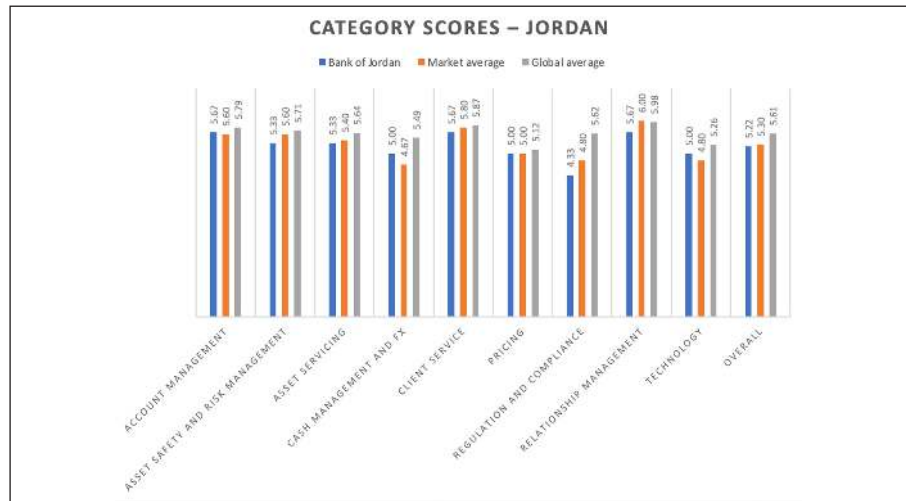
The Jordanian securities market could be characterised as steady in the face of surrounding turmoil. Amman Stock Exchange has not experienced any significant market developments over the past 12 months, nor does it have any operational advances or legislation in the pipeline.

HSBC sold its Jordanian business almost a decade ago and Standard Chartered has recently announced that it is doing the same (selling to Arab Jordan Investment Bank) as part of a plan to exit seven markets in Africa and the Middle East.

From a survey perspective, Bank of Jordan is the only provider garnering sufficient responses for a separate listing.

Bank of Jordan

Offering custody since 2014, Bank of Jordan counts several global custodians among its client base. It is now looking to expand its custody services to cover



more markets in the Middle East.

Its scores this year suggest overall satisfaction with service received in most categories, in particular, Account Management, Client Service and Relationship Management, but with room for im-

provement in Technology, and Regulation and Compliance.

“Responses to queries are prompt and proper guidance is provided by the CS team on queries/issues that are raised from time to time,” says one client.

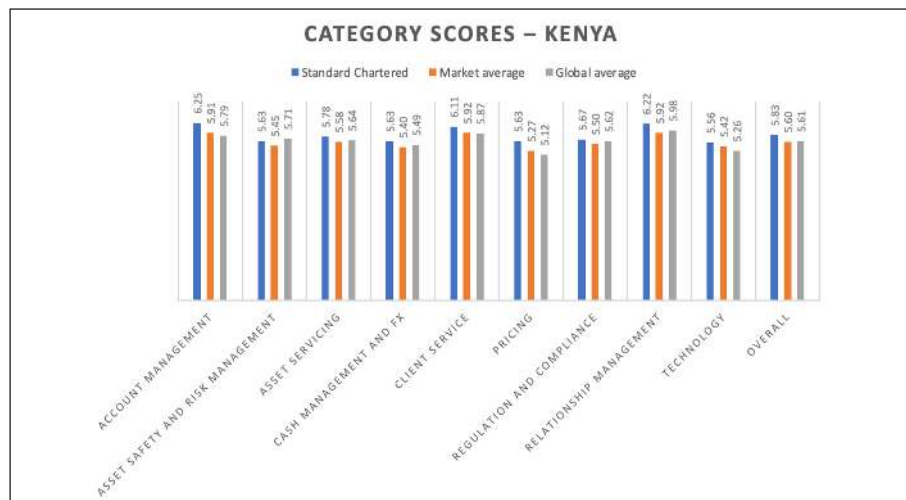
Kenya

In 2019, the Kenyan government imposed a requirement for a Taxpayer Personal Identification Number (TPIN) to open a bank account in Kenya. Following approaches from service providers, foreign investors were in principle exempted from this requirement, though further clarity is required. This may come with upgrades to the CSD platform.

In May 2022, CDSC, the Kenyan CSD, notified investors that a CDS account maintenance fee of KES100 per month, payable annually, would be introduced but this was suspended pending consultations with regulators and the market.

Standard Chartered Bank

Standard Chartered Bank dominates the response pool for Kenya – a market where service area scores on the whole track close to the global average, which the bank outperforms in all categories bar Asset Safety and Risk Management. Account Management, Client Service and Relation-



ship Management all record results in Very Good range (6.00-6.99).

Stanbic

Stanbic Bank Kenya, which falls shy of the response threshold for a formal rating, has

been providing custodial services to domestic and foreign clients in Kenya since 1997.

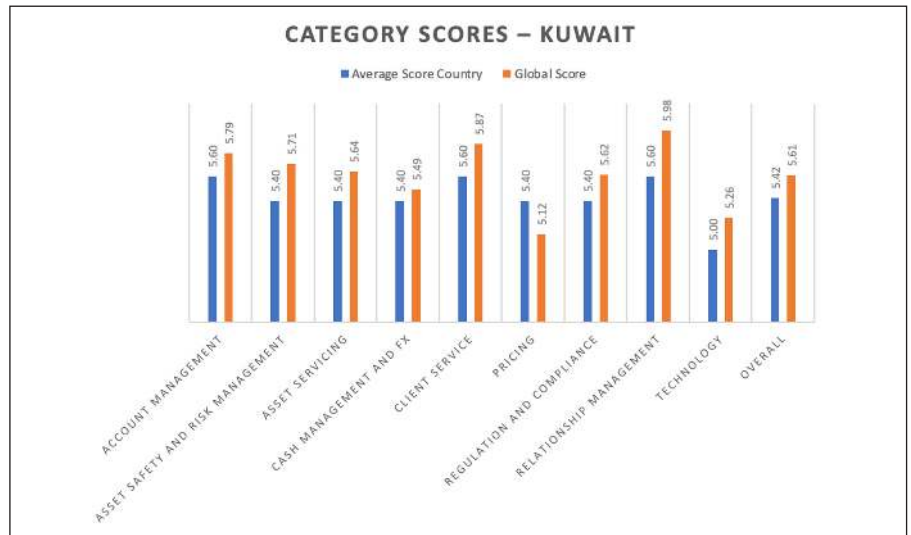
It plans to expand its product set to include trustee services, securities lending, futures clearing, and investment administration as allowed by regulation and market demand.

Kuwait

At the AGM of the Boursa Kuwait in March 2023, CEO Mohammed Saud Al-Osaimi, announced that last year, total foreign turnover activity increased 29% from 2021 levels to reach some KD 5.5 billion (US\$ 17.9 billion) in value and comprised 18% of total trades in the market. Institutional investor activity accounted for just over 60% of total turnover activity.

Kuwait Clearing Company (KCC), also known as Maqasa, is the central clearing, settlement and depository entity for the Kuwaiti securities market. In September 2022, it appointed well known securities services executive and Global Custodian Legend Alex Krunic as its new CEO to head up the group's CCP, CSD and trustee services.

In this year's survey, responses for the Kuwaiti market were received for HSBC, First Abu Dhabi Bank and Standard Chartered Bank, though none individually crossed the threshold for



an assessment. One client from within the region notes: "We would like to see quicker onboarding in MENA Markets."

Overall, service is regarded as Good (5.00-5.99) in all categories and no

alarm bells are ringing for any particular service provider. Market scores are, on the whole, a few below the global average, however would be considered competitive.

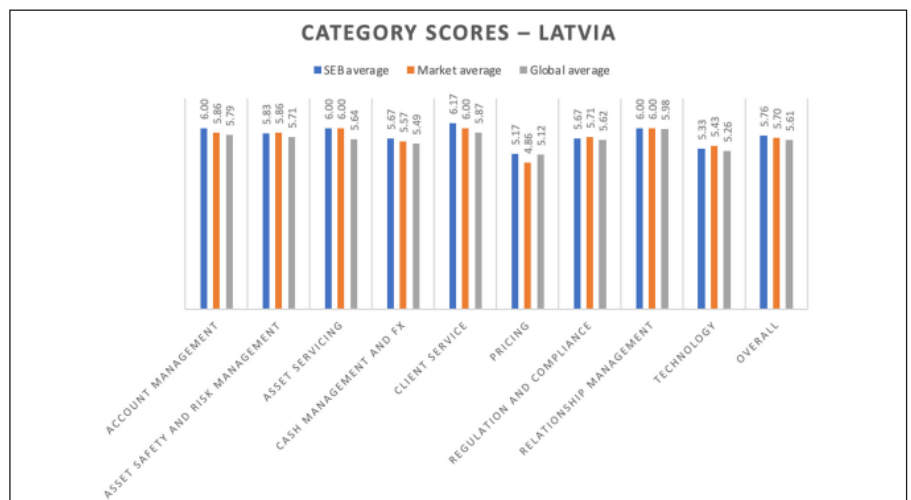
Latvia

Implementation of European regulations such as SRD II and CSDR has been a focus in Latvia with SCoRE and CBPR+ about to be implemented.

Nasdaq Riga runs on the same technology the group uses across its European operations. All three Baltic markets are dematerialised and no physical securities exist. "Settlement is real time, partial settlement is supported and matching happens automatically," says SEB, which attracts the bulk of responses for the market with some business going through Clearstream.

SEB

As with Estonia and Lithuania, the set-up of SEB's sub-custody service in the Baltic markets is built on close cooperation across both the markets and with the bank's central sub-custody unit, though client service and relationship management is 'on the ground' in each market to cater for the needs of cross



border clients.

SEB estimates its overall market share in Latvia at 19%, and at least double that for sub-custody. It records some of the survey's higher sub-custody scores, outperforming all global averages, most

notably in Asset Servicing and Client Service. Four service categories record scores of 6.00 or above, the highest being for client service, while the lowest – 5.33 for Technology – is still more than respectable.

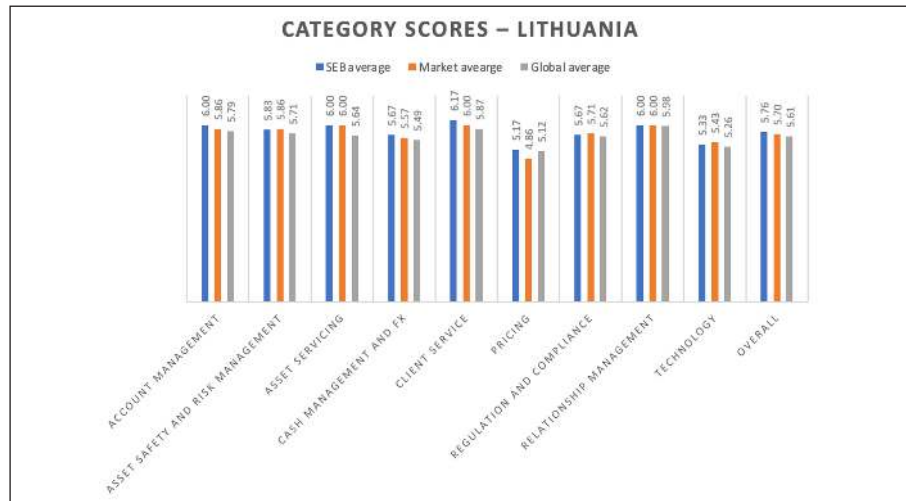
Lithuania

Nasdaq Vilnius is the only regulated secondary securities market in Lithuania. Meanwhile the Nasdaq CSD Group operates regional central securities depositories in the Baltics and Iceland, with a business presence in Estonia, Iceland, Latvia, and Lithuania. It provides post-trade infrastructure and a wide range of securities services for Baltic and Icelandic market participants.

Nasdaq CSD has over €50 billion in assets under custody and services over 7,500 issuers in Iceland and the Baltics. It began 2023 by appointing a new head of the Nasdaq CSD Lithuanian Branch, Audrius Žakas, who also assumed responsibility for operations across the Baltic region.

SEB

SEB received six out of the seven responses for the Lithuanian market. It estimates its overall market share in Lithuania at 25.22% with a sub-custody share of



50-70%. Not surprisingly, its scores here resemble the other Baltic markets with which it is closely intertwined operationally, at both an infrastructure and bank group level.

SEB in Lithuania exceeds all global

service category averages, most notably in the areas of Asset Servicing and Client Service. Its lowest score, at 5.33, is for Technology, though this is still well within Good range (5.00-5.99).

Mauritius

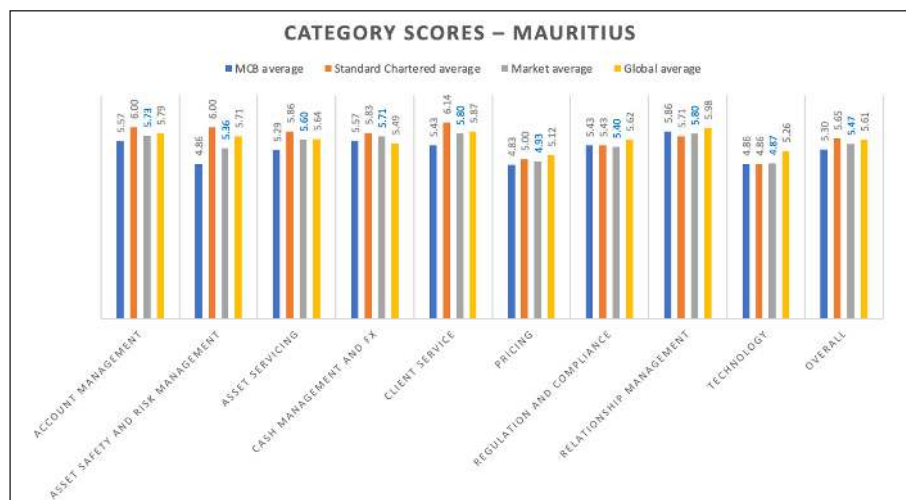
In some respects, Mauritius competes with South Africa as a regional hub for capital markets flows and services. It is also seen as an offshore conduit to the Indian markets.

The Central Depository & Settlement Co. Ltd (CDS) in Mauritius is covered by the Thomas Murray CSD Ratings Service and is currently rated A+ rating (low overall risk).

Two custodians – Mauritius Commercial Bank and Standard Chartered Bank – have crossed the ratings threshold for this year’s ABFM survey.

Mauritius Commercial Bank

MCB received ratings in Good range (5.00-5.99) overall with only three categories – Asset Safety and Risk Management, Pricing and Technology – not rising above Satisfactory (4.00-4.99). One client’s wish-list includes “increasing the range of currencies that can be transacted, for example, the Nigerian Naira”. Another notes that, “The turnaround to respond to emails has



improved over the last year.”

Standard Chartered Bank

Standard Chartered has outperformed the global market average in five categories in a market which, as a whole, scores a few basis

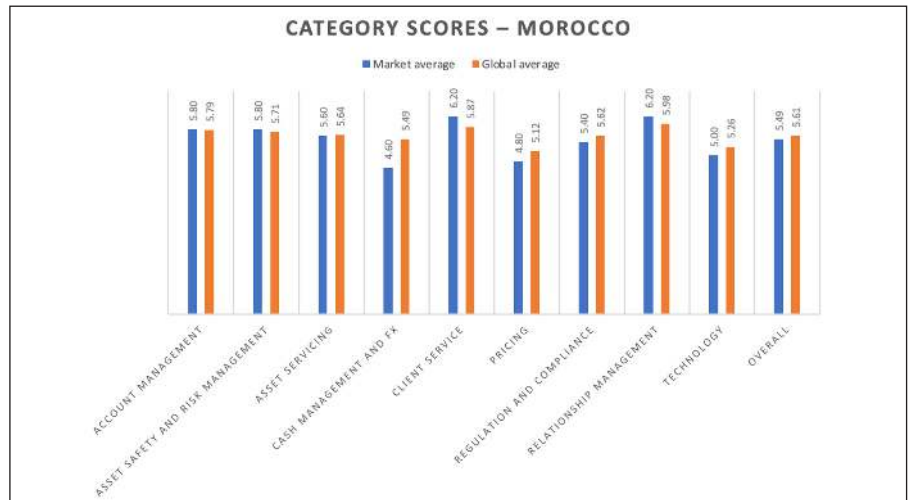
points below those averages. With regard to Account Management, one respondent observes that, “Both cash and custody teams are very helpful and resolve queries efficiently and effectively.” Technology is the laggard in terms of ratings.

Morocco

The Moroccan regulators and market infrastructures are actively working to implement a futures market along with a CCP. The first derivative will be on an equity index.

There are also a number of regulatory and legislative changes in the pipeline. A revised AML law along with activity by the central bank and the Capital Market Authority have all contributed to upgrade Morocco and removing it from FATF’s enhanced monitoring list (grey list). A law on mutual funds is being finalised and will open the way for listing ETFs. Morocco is also part of the African Exchanges Linkage Project (AELP) to facilitate cross-border trading of securities in Africa, which currently involves seven exchanges.

For a frontier market, Morocco has a competitive sub-custody market with four providers – Attijariwafa Bank, SGSS, Citi and Standard Chartered Bank – all receiving responses, though none



individually crossed the threshold for a listing of scores. Client comments are few though one European client says of SGSS’ Account Management: “The team is very helpful and will always do their best to support requests.”

Like its rivals, Attijariwafa bank also offers custody and clearing services in other African through its subsidiaries, notably in north and west Africa.

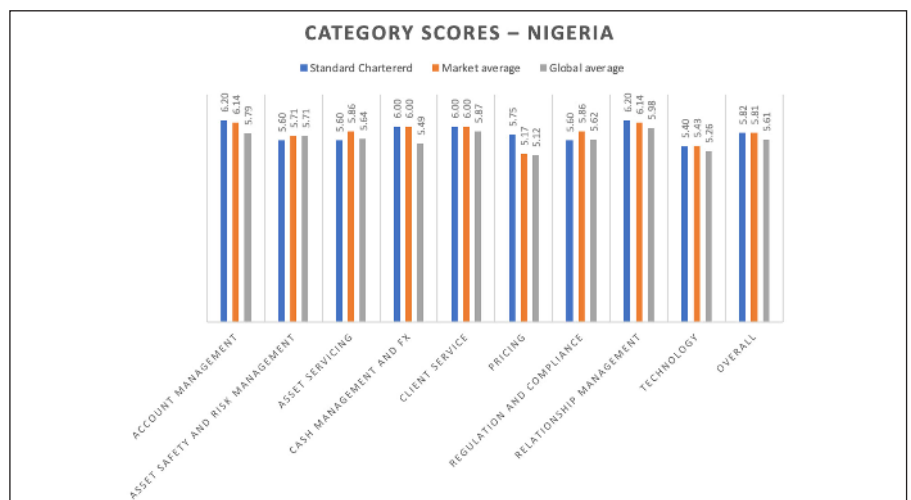
Nigeria

The CSCS - the Nigeria CSD - has announced its intention to reduce the trade settlement cycle to T+1 from T+3. Following engagement with various stakeholders in the market, it is reviewing the feedback. No target date has yet been established.

Responses to the survey for the Nigerian market were received for Standard Chartered Bank and Standard Bank/Stanbic, the former receiving sufficient for its scores to be listed.

Standard Chartered Bank

Accounting for the bulk of responses received, Standard Chartered’s category scores are generally within a few basis points of the market average and above the global market averages in most. Four categories – Account Management, Cash Management and FX, Client Service and Relationship Management – register in Very Good range (6.00-6.99). Pricing - although mid-range in the bank’s set of category scores - is noticeably



higher than the global average, suggesting the custodian is seen as providing good value for money.

Standard Bank

A subsidiary of Standard Bank Group, Stanbic

IBTC Bank leverages the wider group’s custody experience and expertise. While Standard Bank Group offers clients a hub option through Standard Bank South Africa, it says foreign clients with activity in the Nigerian market prefer to access its subsidiary directly.

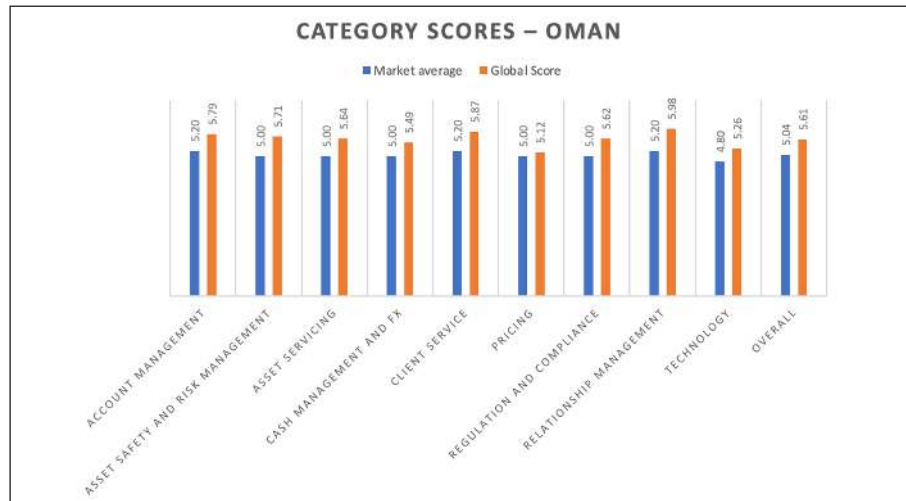
Oman

Responses were received for HSBC, Standard Chartered Bank and First Abu Dhabi Bank, though too few in each case for an individual assessment.

Overall scores at a category level for the market as a whole are in Good range (5.00-5.99), though below global averages by between 12 and 78 basis points. Only technology slips into merely Satisfactory territory (4.00-4.99)

Though additional client comment is lacking, one respondent made the general observation that onboarding in the MENA region could be sped up. Another referring to Standard Chartered specifically said the bank “needs to invest more on technology in providing FX reporting online and also ensure corporate action data is accurate from sub custodians.”

Access to greater liquidity may well boost the market, however. In January the Khaleej Times reported that Muscat Stock Exchange (MSX) had joined the regional Tabadul platform alongside the



Abu Dhabi Securities Exchange (ADX) and Bahrain Bourse (BHB). The platform aims to provide a digital network for trading between stock exchanges regionally and internationally.

“As a result,” said the paper, “MSX’s

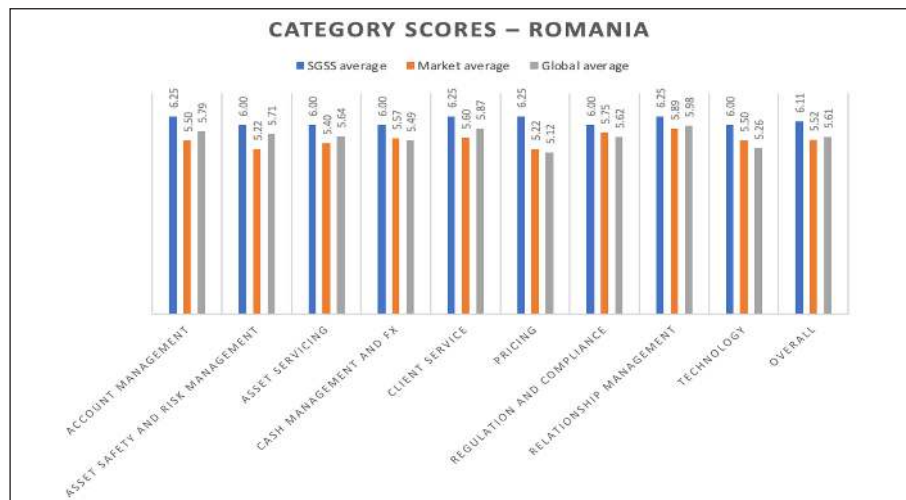
listed securities, along with those of ADX and BHB, are now available for digital trading, further enhancing liquidity and facilitating trading mechanisms for investors.”

Romania

As with many EU markets, Romania has for much of the past year focused on keeping abreast of European CSDR and SRD II requirements on the one hand, and ISO 20022 developments at SWIFT on the other.

The mood in the market as a whole is relatively upbeat with companies in the BET-TR index having provided investors with cumulative yields of nearly 100% over the past half-decade.

In this year’s survey, responses were received for UniCredit, Raiffeisen Bank International, Cit and Societe Generale Securities Services (SGSS). The last of these has qualified for an individual listing and will be pleased to have done so as it appears to be one of the highest scoring participants in this year’s ABFM survey.



survey to have recorded such impressive consistency. At a category level, it exceeds all market and global averages by some distance. Interestingly – and unusually – Pricing is one of the bank’s

highest scoring categories, suggesting respondents recognise value for money. “Excellent account management throughout the year, proactive and efficient,” says one large European client.

SGSS

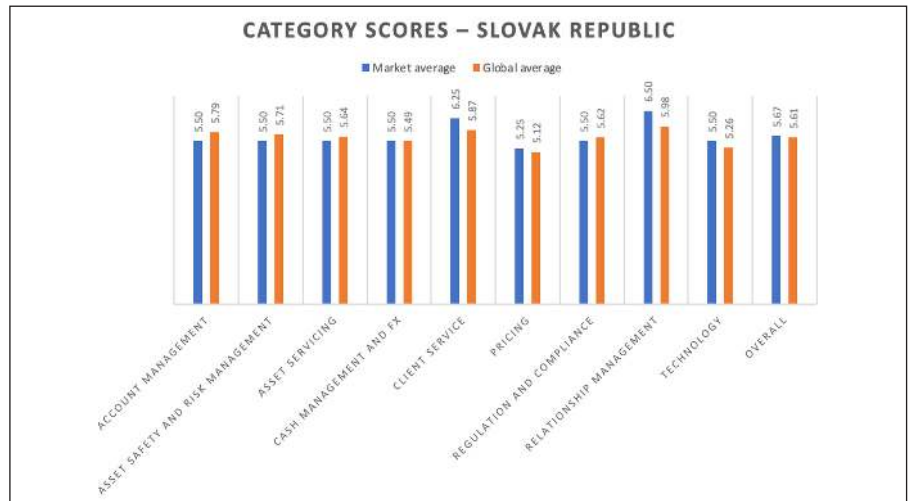
All SGSS category scores are in Very Good range (6.00-6.99), one of very few service providers in this year’s in ABFM

Slovak Republic

The Slovak economy has shown positive, if pedestrian, growth over the past year and is expected to continue to do so in the year ahead. The Bratislava Stock Exchange has meanwhile begun an upward climb in March from lacklustre results earlier in the year.

Although it would be pushing it to say the Slovak securities market has led the way in innovative launches in the past year, it has nevertheless maintained a steady reputation for efficiency. Responses received for both UniCredit Group and Raiffeisen Bank International (RBI) collectively show a rating above the global average, both overall and in a majority of service categories. Particularly impressive is the market score for Relationship Management (6.50), among the highest in the survey.

Those rating their providers in the Slovak market, while relatively few, are among the largest global players in the post-trade space. Category scores



awarded are in a relatively narrow range from 5.25 at the lower end (for Pricing) to 6.25 (Client Service), excluding Relationship Management. Even the lower scores are in Good range (5.00-5.99), giving no cause for concern.

Responding entities do not qualify their ratings with additional comment.

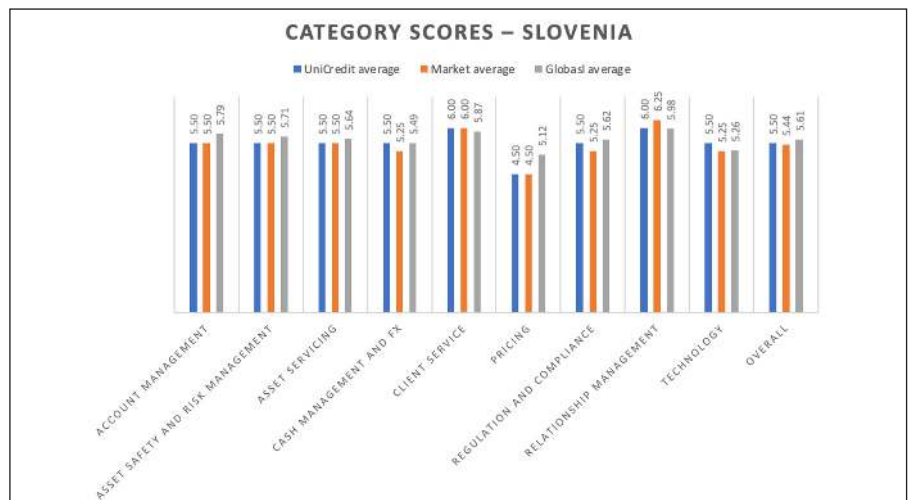
Slovenia

Slovenia’s securities market appears to have had a good start to the year with indices rising in Q1. Foreign activity has been relatively muted, though should it accelerate, the local infrastructure is well set to cope.

KDD, the market’s central clearing and depository corporation, provides central securities custody services, clearance and settlement of securities transactions, and maintenance of the central registry of holders of dematerialised securities.

“KDD has proved its reputation by successful integration into European capital markets and thus contributed significantly to increased efficiency and integration of capital markets,” says the firm.

With light volumes and few responses, it is hard to draw any firm conclusions about post-trade services in the Slovenian market. Nevertheless, what survey results there are for UniCredit and Raiffeisen Bank International (RBI) show that the services provided are broadly well re-



garded with all but Pricing in Good range (5.00-5.99).

Relationship Management appears highly regarded in the market as a whole with an average of 6.25, with UniCredit scoring 6.00. In all other categories, however,

UniCredit has equalled or outperformed the market average.

Though the market holds its own against global category averages, it appears relatively expensive, falling short by 0.62 points when it comes to pricing.

Sri Lanka

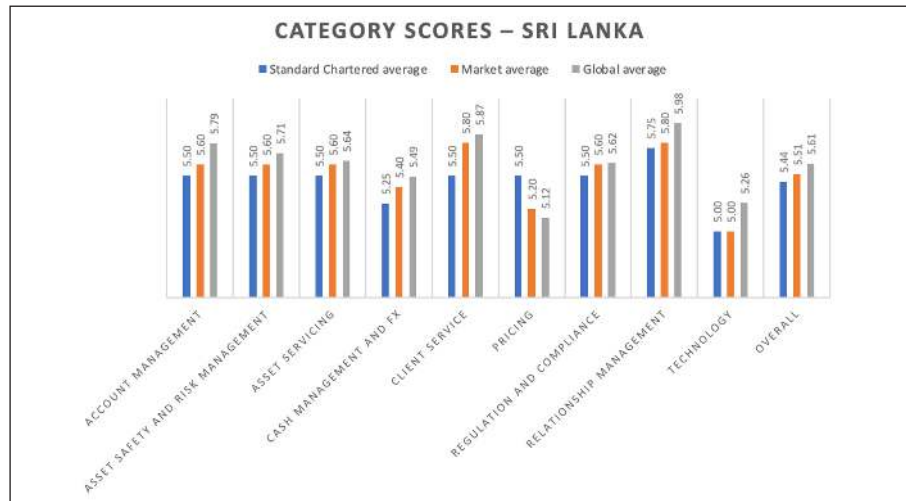
In the past 12 months, Sri Lanka has experienced significant macro and social challenges which have impacted investors and capital market operations, says one service provider. “Stakeholders were faced with market closures, FX liquidity constraints, regular electricity outages and mobility issues.”

Over the period, therefore, market information became a key priority for custodians serving foreign clients in the market.

Looking ahead, two major Colombo Stock Exchange (CSE) projects are in the pipeline for implementation in the next 12 months, which should have a positive impact on market liquidity and risk management.

One is the Regulated Short Selling and Stock Borrowing and Lending (RSS-SBL) project and the second is a Central Counterparty (CCP) project which aims to meet recognised global standards.

Under the circumstances, post-trade



services appear to have held up relatively well with market averages at a category level all in Good range (5.00-5.99).

Standard Chartered Bank

Standard Chartered accounts for most of

the responses for the Sri Lankan market and as a result tacks close the category average scores for the market as a whole – no results to frighten the horses, as they say, nor any indication of client distress in additional comment.

Tanzania

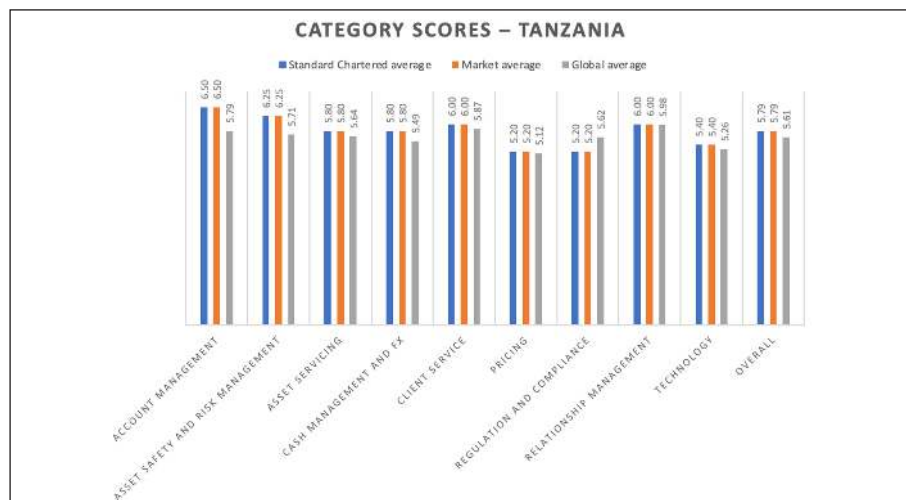
Tanzania is a small but growing market where domestic investors are seen as a potential source of said growth as they seek new investment opportunities. In October 2022, Kelvin Mkwakwa, described as a seasoned banker, writing in the local Citizen newspaper, urged Tanzanian banks to seize the opportunity to develop custody services.

“As Tanzanians are exploring other investment vehicles beside government securities,” he said, “there is a great opportunity for banks to offer custodian services because people are looking for alternatives to government securities.”

For foreign institutional investors, based on this year’s ABFM survey, only Standard Chartered Bank appears to be active, though Standard Bank/Stanbic the largest regional custodian on the continent, is also present.

Standard Chartered Bank

With the field to itself, Standard Chartered



therefore sets the market average with impressive results, exceeding global benchmarks in all category areas apart from Regulation and Compliance. Of particular note is a core of 6.50 for Account Management, among the highest in the survey.

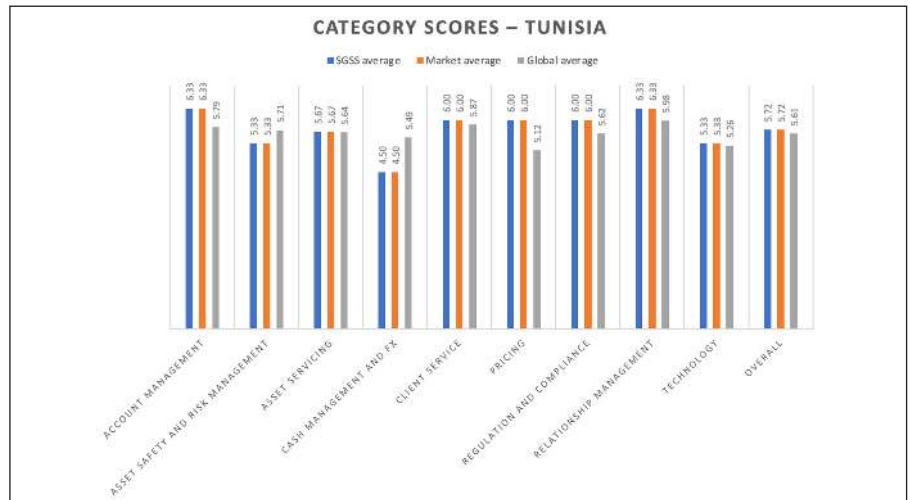
There is little enlightening client comment, though one makes a plea as in other African markets for more prime services, recognising however, that current liquidity conditions and regulations do not allow for them.

Tunisia

The old jazz standard, A Night in Tunisia, by trumpeter Dizzy Gillespie, paints a picture of peace and light that is not necessarily reflected in political and economic developments in the country over the past year, given its share of unrest. Nevertheless, at the end of 2022, the flagship index of the Tunis Stock Exchange, Tunindex, recorded an increase of 15.10% against a return of 2.34% during 2021.

According to Societe Generale, collective efforts have been made over the last five or so years by the main players in the Tunisian financial market – the Central Bank of Tunisia (BCT), the Financial Market Council (CMF), Tunisia Clearing (TC) and the Tunis Securities Exchange (BVMT) – to improve Tunisia’s visibility to foreign investors.

A new regulation has brought Monetary fixed income securities within the ambit of the CSD, and the CMF is preparing a new global law to support future market



development of services such as securities lending and ETFs.

SGSS

The only sub-custodian crossing the response threshold in Tunisia this year

is Societe Generale Global Securities Services (SGSS), which has acquitted itself well. The provider exceeds global averages in all but two service areas (See accompanying chart).

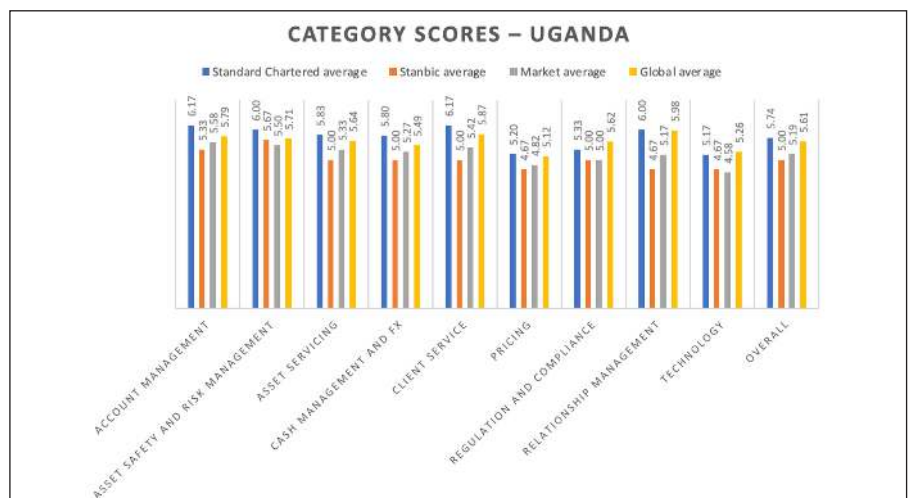
Uganda

The Uganda Stock Exchange (USE) and Securities Central Depository (SCD) have launched a portal for end to end (E2E) SCD account opening and position checking, as well as to upload required KYC documents. The portal is operational for both retail and institutional clients, but the two organisations are still refining portal usage for custodian clients, given differing KYC requirements.

In this year’s survey, both Standard Bank/Stانبic and Standard Chartered Bank have reached the threshold for listing of their ratings by foreign institutional clients.

Standard Chartered Bank

The bank appears well regarded by its foreign clients. Overall scores exceed the global average and sit comfortably at the upper end of Good range (5.00-5.99) or the lower end of Very Good (6.00-6.99). Account Management (6.17) records the highest score.



Standard Bank/Stانبic

Stanbic, which has been offering custodial services in Uganda since 2007, records three category scores – Relationship Management, Technology and Pricing – in Satisfactory range (4.00-4.99) with the

remainder considered Good (5.00-5.99).

One Stanbic client suggests that “financial institutions should switch over from a product-centric to a customer-centric pricing policy. It helps mitigate challenges around customer retention and revenue leakage”.

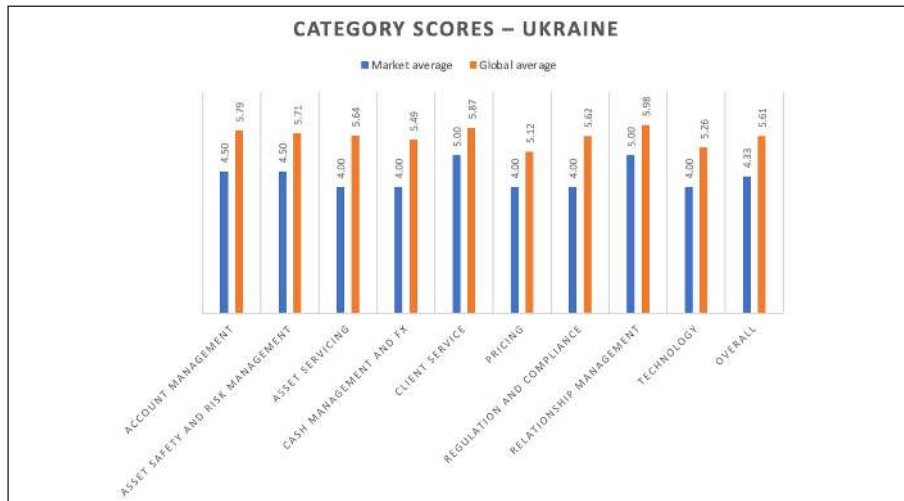
Ukraine

Questions of threshold have been ignored for Ukraine this year since it is remarkable that securities market activity manages to be sustained at all in current circumstances.

In December 2022, KDPW, the Polish CSD, signed an agreement with National Depository of Ukraine (NDU) establishing a direct operational link with the Ukrainian market. The link allows KDPW to open a depository account in the NDU system to make Ukrainian municipal bonds available to foreign investors.

The FX market in Ukraine remains closed except for foreign currency sales to clients and there is a ban on cross-border payments. The target date set by the National Bank of Ukraine (NBU) for a resumption of FX and repatriation is 1 April 2023.

A new law “On Joint Stock Companies” became effective 1 January 2023, allowing Ukrainian Issuers to enable remote



electronic voting though an authorised electronic system is still to be made available.

In the current circumstances, it is admirable that all service areas are rated at least Satisfactory with Relationship

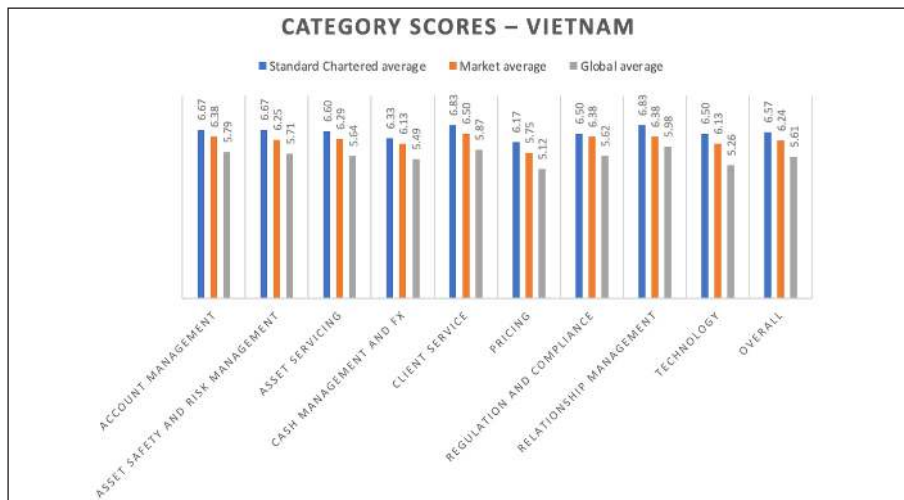
Management and Client Service moving into Good territory (5.00).

No qualitative client comments have been received and it would be churlish under the circumstances to expect any.

Vietnam

Last year saw a shortening of the T+2 settlement cycle. Previously, depository members processed cash and securities settlement to investors’ accounts by 15:30-16:00 on T+2. After a new regulation came into effect end-August 2022, securities and cash are settled to investors’ accounts by 13:00 T+2, allowing them to trade within the afternoon session. At the same time, the market is implementing a new IT infrastructure for the market as a whole, including a new CCP.

Vietnam is one of the highest scoring markets in this year’s survey. At a category level, all market scores are in Very Good range (6.00-6.99) with the exception of Pricing, which isn’t far off.



Standard Chartered Bank

Standard Chartered itself achieves the full set of sixes. One regional investor is particularly effusive. “Standard Chartered has grown from strength to strength. It is

not considered a service provider to us but a business partner that we would like to continue building relationships in the future,” it comments, highlighting the firms institutional market knowledge.

Citi

Citibank Vietnam continues to expand and develop its Vietnamese custody offering. We would expect to see its results represented here in 2024.

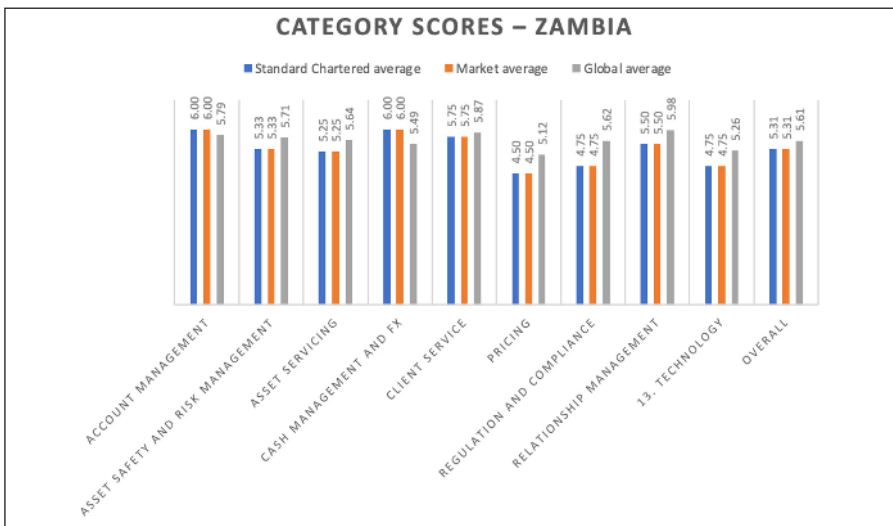
Zambia

Zambia was, in index terms, the best performing African stock market in 2022. The 22-member Lusaka Securities Exchange All Share Index climbed 12% in dollar terms. As of 14 April 2022, the LuSE had 25 listed companies with a market capitalisation of 71.69 billion Kwacha (US\$3.36 billion).

The election of a new reform-minded president in August has also helped boost local participation in the market. Zambian regulators are now seizing the initiative to work on a robust digital asset framework.

All responses for the Zambian market were ratings for Standard Chartered Bank, though Standard Bank/Stanbic is also present. There are no qualitative client comments, but overall scores hold up well, if below the global average.

At the top end of the scale are Account Management, and Cash Management and FX (6.00), while at the lower end are Pricing, Regulation and Compliance,



and Technology. For the first of these, the bank actually exceeds the global category average.

Interestingly, Standard Chartered has announced that it plans to exit neigh-

bouring Zimbabwe along with another few African and Middle East markets to focus on those with the most growth potential. Based on recent performance, Zambia may well be one of the latter.

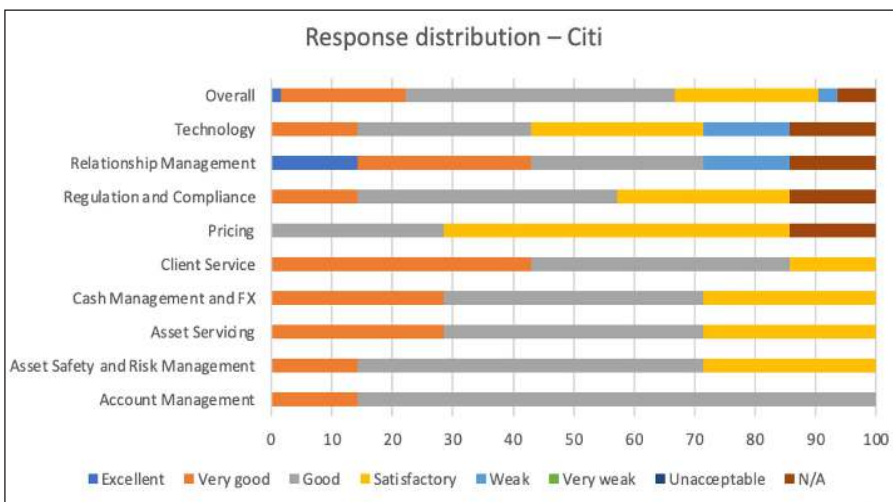
Multi markets

Citi

In this year's survey, several providers of services in multiple markets received ratings which would normally be sufficient for a listing, but are distributed across several service locations, including some that are not covered in this year's writings.

Citi is one of them, attracting responses for Bulgaria, Cyprus, Morocco, Romania, Uganda, Ukraine and Kazakhstan. For the last of these Citi is the single foreign custodian with local presence having access to the AIX CSD.

While it is not possible to provide robust ratings for Citi in each of these markets, it is still possible to give some idea of how clients see the bank's custody services overall. The accompanying chart shows, for example, that over 80% of responses from Citi clients for Client Service are in Good or Very Good range (5.00-5.99 and 6.00-6.99 respectively). Overall, there appear to be few indi-



cations of unhappiness bar one or two grumbles about Technology and Risk Management in specific markets.

One should, however, be wary of reading too much into these results as they

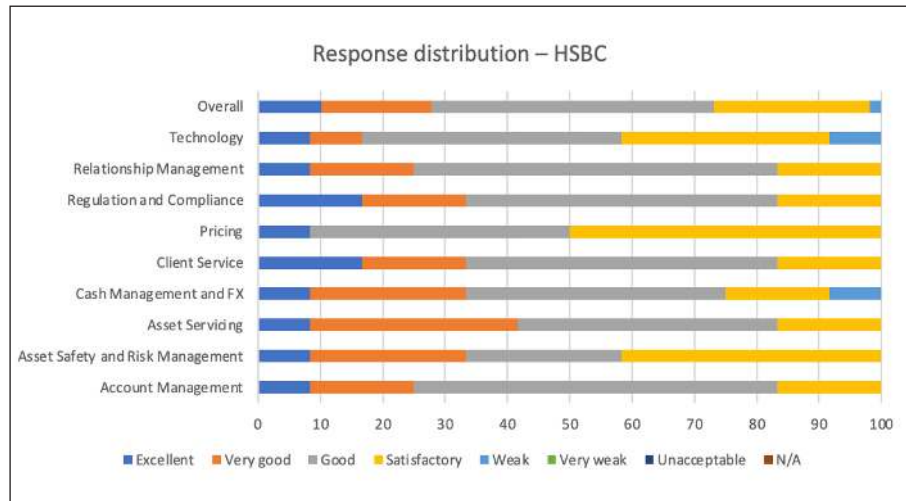
have been distributed across a number of markets, meaning there are few reliable points of comparison. In 2024 we would hope to be able to provide more individual market assessments for Citi.

Multi markets

HSBC

HSBC has recorded responses for Kuwait, Oman, Ukraine, Kuwait, Vietnam, Mauritius and Sri Lanka as well as one or two other markets in its capacity as a global custodian. For example, one client notes that, “Our global relationship person at HSBC, Feizal Hosany is excellent in his duty and assists with all the Nigeria-related queries.”

While individual country scores cannot be reliably calculated, the bank appears to garner most plaudits for Client Service, and Regulation and Compliance, where over 15% of responses rate the service as Excellent. Room for improvement appears to focus on Pricing, Technology, and Asset Safety and Risk Management, though this last one may be a function of market conditions in the locations concerned. Overall, all the bank’s category scores fall into Good range (5.00-5.99) with the exception of Pricing and Technology – two areas that seem to be marked down across the



survey this year. The former is usually to be found languishing near the bottom of the leaderboard, but it is unclear what particular tech challenges area being experienced across frontier markets this year.

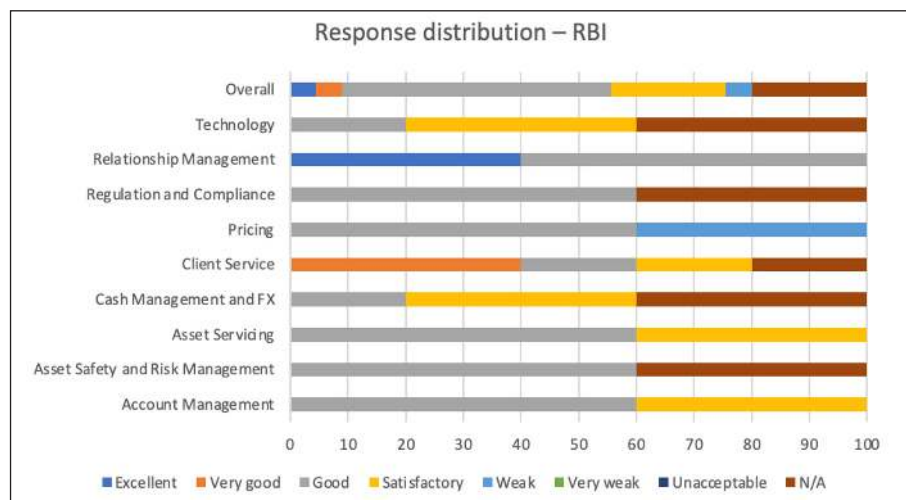
Several clients do add qualifying comment for HSBC, most of them name-checking the above-mentioned Feizal Hosany in glowing terms.

Multi markets

RBI

In the CEE region, RBI has developed a service model that involves a direct link to the local Central Securities Depositories (CSDs) in 10 markets. “Our approach allows clients to standardise their legal and operational framework, optimise and simplify network management, as well as mitigate various risks associated with operating in multi-market environment,” says the bank. “Close cooperation with compliance and risk is part of our product DNA.” This approach marries on the ground expertise in individual markets with a simplified regional operational approach for foreign clients.

RBI has this year received responses for Croatia, Romania, Slovenia and Slovak Republic. Sixty percent of these responses award a Good (5.00) rating to Pricing and Account Management, which are the most frequently cited categories among the top three priorities for RBI clients. Pricing is, however, also the area which 40% of client ratings indicate needs



improvement. Relationship Management appears RBI’s strongest suit with 40% of ratings for this service category being the highest possible (7.00).

In its own communications to clients in Q1 2023, the bank has highlighted

Poland, Bulgaria and Slovenia as markets which are showing themselves “more robust than one might think against the backdrop of the geopolitical derangement nearby.”

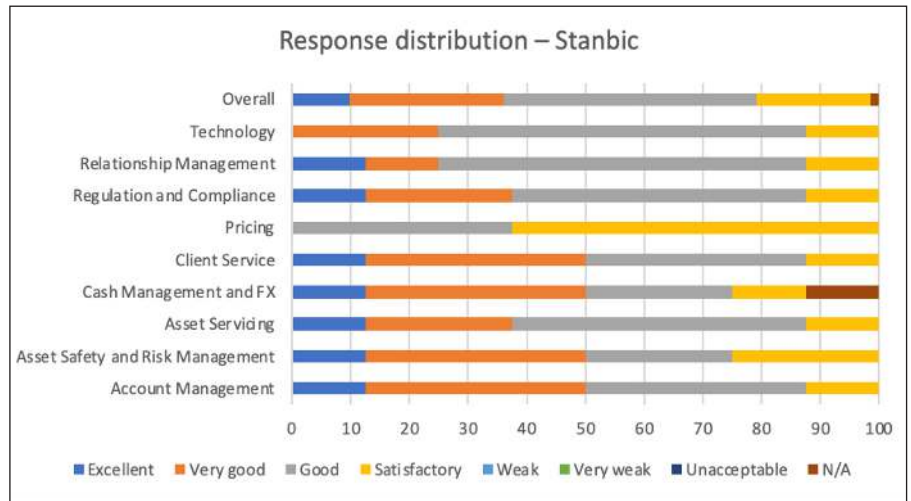
Multi markets

Stanbic

Standard Bank, known as Stanbic in several markets, is a longstanding sub-custody provider, offering both direct access to its network of African markets and a hub solution via South Africa to those institutions seeking such an arrangement. According to the bank, most foreign clients in the current climate are opting for the former approach.

Stanbic has received responses this year for Kenya, Namibia, Nigeria, Uganda and Zimbabwe. Overall, just under 80% of respondents rate its services between Good and Excellent. Pricing, not surprisingly, is the area where respondents see most room for improvement.

Two markets where the bank is rated, Namibia and Zimbabwe, did not receive sufficient responses overall for a write up. In the latter, subject to significant economic turmoil over recent years, Stanbic notes that the Reserve Bank of Zimbabwe has introduced ‘Mo-



si-oa-Tunya’ gold coins, so-named for a local description of Victoria Falls (The smoke that thunders).

In principle, the new instrument will enable investors to store value. Foreign investors are required to remit foreign

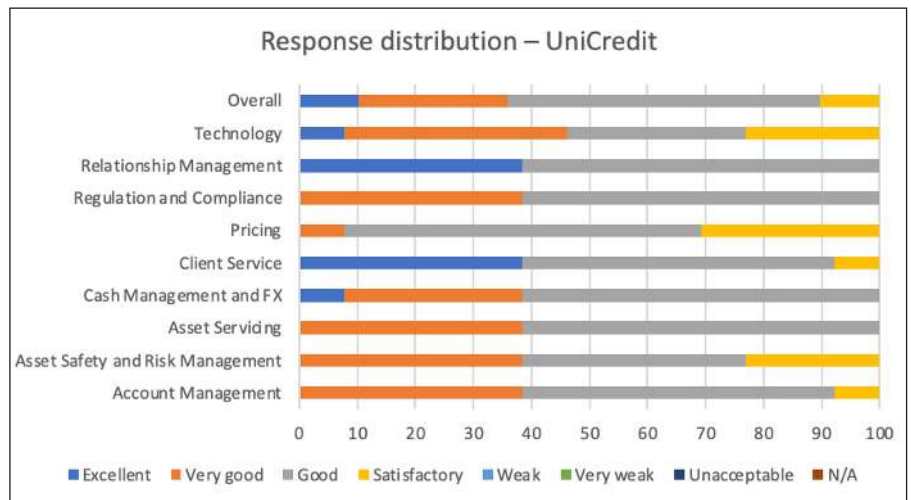
currency into Zimbabwe for the purchase of gold coins. Only local investors can use Zimbabwe Dollar (ZWL) balances to purchase gold coins.

Multi markets

UniCredit

UniCredit has this year been rated in Bulgaria, Croatia, Romania, Serbia, Slovak Republic and Slovenia. At a category level is best regarded for Relationship Management and Client Service for which 40% of responses are at the top level (7.00). The lowest rating in any category across the board appears to be Satisfactory (4.00) with most of these being applied to Pricing, as one might expect. With no ratings below Satisfactory, the bank would seem to be on solid ground.

Reviewing the past year in its first 2023 newsletter, Julia Barbara Romhanyi, global head of securities services at UniCredit, noted: “With all of the challenges this year has brought, be it on the accommodation of regulatory changes, where GSS continues to play a leading role in the advocacy for European standards, ongoing economic effects and BAU adaptation of the Covid pandemic or the



conflict between Ukraine and Russia, in the heart of our region and hearts of the world, this year has also brought many positive developments.”

She cites, inter alia, a return to the

benefits of physical interactions: “Going forward, I expect that we will see a healthy mix of both worlds.”