UNIVERSAL INVESTMENT BANKING
RETRACING GROWTH PATH
Universal Investment Banking Retracing Growth Path

The Universal Investment Banking (UIB) model came under intense scrutiny in the aftermath of the global financial meltdown, with clarion calls resounding for the subsidiarisation of the universal banks in different geographies. The meltdown itself had consumed some of the biggest in the business. The tightening of the banking regulatory norms thereafter, particularly in mature markets like US and UK, put great pressure on the global conglomerates in the Corporate and Investment Banking (CIB) space to rework their growth strategies.

In due course, UIBs that withstood the meltdown could visualise a brighter future in both matured and emerging markets. However, the banking turf had experienced tectonic shifts mandating fresh banking strategies that are aligned with emerging business trends.

In this changed business scenario, CIB conglomerates were called upon to pursue:

- Higher scale and cost efficiency in operations and technology
- Simplification of Front Office (FO), Middle Office (MO) and Back Office (BO) bank operations
- Non-linear innovation of wholesale banking service models
- Compliance with disruptive regulations such as Dodd Frank Act and Basel III norms
- Investments in sales, relationship management and servicing sectors
- Business alignment in IT and operations and creation of group-wide centralised utilities
- Technology investments for greater customer focus, better trading, analytics and risk management
- Adoption of Offshoring 2.0, wherein banking institutions would progressively shift from Back Office cost reduction initiatives and focus on customer-centric revenue enhancing channels.

New Challenges, Multi-hued Solutions

In their effort to be aligned with emerging business trends, CIB conglomerates have encountered wide-ranging challenges. Taking cognizance of the imperatives for CIB growth, Wipro has come up with a slew of solutions that have appealed to the UIBs. These are discussed below:

Scale and cost efficiency in operations & technology

To stay ahead of the curve, CIB conglomerates need to periodically undertake deep CAPEX and OPEX cuts. This would entail adoption of shared services in MO / BO across wealth, broker-dealer and asset management functions of the bank; asset rationalisation and radical cuts in discretionary spends- and optimal use of constrained resources like energy.

Wipro has on offer key solutions to address these issues. Where shared services are predominantly needed, Wipro presents efficiency solutions in recon, payments, reference data and common operating environments (COEs).

In the case of asset rationalisation and radical cuts in discretionary spends, Wipro offers private cloud origination and cloud application enablement, bringing variability of IT to the fore.

Also, Wipro’s dedicated business unit servicing energy monitoring, management solutions and infrastructure enables optimal use of energy resources, which is of essence to UIBs.

Simplification of banking operations

Trends suggest that 5 out of the top 20 UIBs face the need to embark on high budget simplification programs costing over $1.5 bn. Wipro’s Value Chain Analysis and implementation program addresses the simplification mandate at three levels: process optimisation, portfolio rationalisation and infrastructure consolidation.
Non-linear innovation of wholesale banking service

Several investment banks have sought to flow products in high-frequency trading instead of as complex structured products. Besides, they are keen to launch market utilities such as automated clearing house, central counterparty and multilateral trading facilities. Wipro’s automated RTB frameworks and solutions for front office-middle office exchange / client connectivity testing help in addressing these emerging needs.

Complying with disruptive regulations

Financial institutions are also called upon to meet complex reporting requirements and strict IT conditions for risk aggregation; move to central / stricter collateral requirements and higher capital management; and launch external Over the Counter (OTC) clearing and follow the mandate for launching exchange and Alternative Swap Execution Facilities (ASEF). Wipro’s dedicated service line and solutions for Analytics and Information Management related to risk, customer and operational analytics comprehensively addresses these needs. In addition, Wipro’s cost and productivity optimisation product for the broker-dealer space provides new avenues for increased liquidity and yield.

Channelling investments towards servicing sectors

To facilitate real-time decisions many institutions seek to adopt ‘big data’ technologies and automate workflow and business process management solutions. This results in seamless communication between FO and MO. Wipro’s integrated customer view solutions in the retail, institutional and wealth space, and eMobility solutions for sales process efficiency in institutional banking and broker-dealer businesses, make an ideal fit in such situations.

Creation of Group-wide Centralised Utilities

Many banking institutions are having to align business in IT and operations and create group-wide centralised utilities for externalization of commodity services into platform-based services. Wipro’s centralised processing hubs for security, BO payments processing infrastructure combined with a connected utility operating model in data management, settlements and reconciliation are ideally poised to meet the need for platform-based services.

Enabling Better Risk Management

These banks are also required to make significant technology investments to achieve greater customer focus, better trading, analytics and risk management. Investments are required for client-centric, full-servicing FO, sophisticated trading on high speed infrastructure backed by global liquidity, asset servicing focus on operational efficiency, integrated, cross product time-sensitive risk management and analytics-led structuring of controls. Here, Wipro’s Cloud-based Document Management and Business Process Management solutions are tuned to the asset servicing space. The multiple cloud refactoring operating models for leading custodians and the FIX protocol-oriented test automation solution enable enhanced client on boarding. The Integrated Risk Management framework is seen to blend with credit operational and market risk indicators in the analytics dashboards.

Adoption of Offshoring 2.0

The emerging business environment has impelled UIBs to shift from ‘Global Sites’ model to ‘Global Networks’ to strengthen CIB processes. These institutions have also felt the need for greater sharing of objectives, identifying Key Performance Indicators (KPIs) and achieving end-to-end accountability. All these can be achieved by accessing Wipro’s strategic global delivery centres located outside India. Wipro’s multiple CIB MO-BO engagements on Business as Usual (BAU) operations and turnkey technology projects are geared towards impact-focused, outcome-based, risk-sharing contracts or profit centre orientation. As pioneers of the hybrid captive partnership model with leading UIBs, Wipro breeds innovation in service models for BO operations of banking captives.

For UIBs, the challenges are many in the emerging business environment. But the compelling growth opportunities in mature and emerging markets and access to enabling solutions such as those from Wipro have greatly influenced the UIB business transformation globally.
About the Author

Angan Guha has been with Wipro for the last 18 years. He started his career with Wipro Infotech at Mumbai in 1993. Over the years, he has played various roles in Wipro Infotech and subsequently Wipro Technologies.

At Wipro Technologies he ran a financial securities account which, he successfully scaled to $50 M in 3 years. He moved on to become the Sales Head for Business Financial Services & Insurance for Europe where he grew the business from $250 M to twice its size in the region in a 3 year period.

Currently he is head of Investment & Universal Banking and also the Global Managing Partner for a key banking account.

Wipro Banking Practice

Wipro’s Banking Practice has partnered with over 50 of the world’s leading banks including 9 of the top 10 US banks and the top 5 US Investment banks. Our practices covering retail banking, enterprise banking, investment banking regulatory risk and compliance, mobile banking, channels, payments, lending & mortgages and wealth management, address transformational changes for our customers. Our expertise in cloud, mobile and social computing enables us to deliver solutions that create a bankable future. To know more please write to: angan.guha@wipro.com

About Wipro

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