

Euroclear's Winston Jin on Re-inventing Access to Private Markets for Asia's Private Clients

Winston Jin, Head of Business Development at Euroclear Fund Services in Southeast Asia, is a strong proponent of democratised access to private markets for private client investors. He believes private markets are – and indeed should be - an increasingly critical part of private wealth clients' portfolios. But he also recognises that accessing the right opportunities and information is not by any means easy compared with the plethora of products, data and seamless reporting protocols that make mainstream public market assets so easily accessible. He offered delegates at the Hubbis Investment Forum in Hong Kong on September 28 some views on new operating models to improve access to private markets and offered some predictions on the next phases of development.

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WINSTON JIN
Euroclear Fund Services

Winston began by explaining that Euroclear offers the world's largest funds network that connects fund managers to distributors. The firm works with the world's largest financial institutions and helps to custodise over EUR37 trillion of assets for clients.

A broad array of opportunities

Winston explained that private markets include everything from private equity, private debt, venture capital, real estate, and infrastructure assets and that these are the fastest-growing combined asset class in the world. He also noted that private market assets are, understandably, not standardised for trading.

"Growth rates for private asset investments from the wealth segment are significantly outpacing the larger institutional base," he commented. "Moreover, a lot of this growth has been driven by greater demand from the wealth segment here in Asia Pacific, making it all highly relevant to this Forum and attendees today."

"On the other hand, from a supply side, we have fund managers who are interested in markedly increasing their coverage for this wealth segment, seeing the growth in demand," he reported. "Accordingly, there is clearly a very strong business case for us in terms of helping clients gain access to private markets."

Six key challenges

He then pointed to key operational challenges around expanding private market access to wealth managers and their underlying clients. He explained that there are six key themes, the first of which are challenges around KYC and AML. "KYC and AML protocols for private assets have traditionally been designed for large institutional-type investors,

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"We have the largest funds network in the industry, working with more than 1000 fund managers, as well as administrators and wealth managers at private banks," he reported. "At the heart of what we do is to seek the most innovative, reliable, and efficient ways to help our clients gain access to relevant markets of choice for them."

Matching expectations with reality

Winston explained that on the one hand, asset and wealth managers are looking to significantly expand their product offering into the private market segment for their clients, who in turn are also looking for more diversification, higher growth, and hopefully higher quality assets in the private space.

so imagine how difficult it is for wealth managers who are looking to onboard hundreds of underlying clients," he said. "In terms of operations and administration, it will be a huge burden"

A second hurdle is the assessment of suitability, with different regulatory requirements in every jurisdiction for making that type of assessment. Wealth managers

See this link for more understanding of the Euroclear acquisition of Goji and the key objectives:
[FinTech Goji + Euroclear equals Greater & Easier Access to a World of Private Market Investments](#)

require a highly robust system to track these information for clients.

Thirdly, he pointed to the expectations amongst clients for a better and more seamless digital experience when they are accessing and monitoring their investments. "Today, in the world of traditional or mainstream assets, they can look at their portfolio and see everything digitally at a glance, but with private assets, they see mostly PDF attachments, and all sorts of different notifications coming through emails."

In short, that is somewhat frustrating for them, and they expect or hope for a more streamlined and simpler visualization of prices and exposures. "But that is very difficult for wealth managers to deliver today for private investments," Winston added.

A fourth and closely related point is there are very often different formats for reporting, making it difficult to collate performance reports in a single platform for both the wealth managers and their clients.

Winston's fifth point is related to market neutrality. "We consider this a major issue to address, as private clients are seeing only a small portion of the investable private market universe, and from a limited number of managers offered by third party platforms," he told guests. "At Euroclear, we believe that there should be an open architecture that will allow wealth managers to have access to a greater range of investment opportunities."

A final challenge is the operating model, also a key consideration for wealth managers who are considering expanding their offering into private assets. Winston explained: "Given the unique characteristics of private assets, there are often several operating models and processes required when you are trying to implement, and that means additional costs and additional complexity in operations to really be able to deliver these products efficiently."

Euroclear's solutions

He moved on to delineate the Euroclear solutions to these issues. He explained that earlier this year Euroclear had acquired a digital

private assets solutions platform named Goji [see link below].

"This is not just a tool for us to extend our product coverage to private assets, but really to help us digitise every single step of the investor journey into private investment," Winston explained. "We are able to offer now is the fully digitised investor onboarding, AML, KYC all the way through to reporting and some of the lifecycle workflows such as capital calls and corporate actions. We are very passionate about these solutions and see this as a major step forward."

Goji + Euroclear: more than the sum of the parts

Winston closed out his talk by reiterating the firm's view that a fit-for-purpose private assets platform must be open architecture, agile and constantly innovating to help clients obtain better and easier access to all types of investment opportunities out there in the markets. "The combination of Euroclear and Goji is an ideal partnership that is significantly improving access for wealth managers and their clients," he concluded. ■

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