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ETF challenges and opportunities

The Temenos Multifonds Every Fund Survey 2018 - Part 1

ETF challenges and opportunities

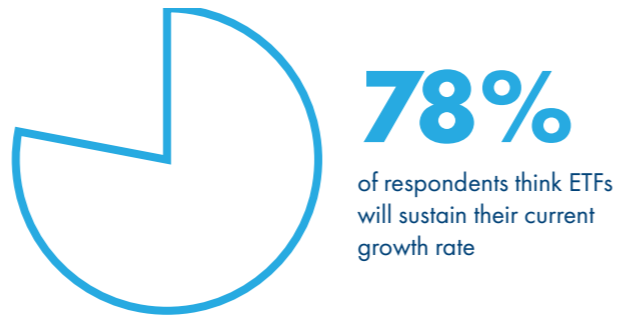
The ETF market continues to boom, with global ETF assets under management breaking through the US\$5 trillion milestone at the end of January this year.

But what challenges and opportunities does this stellar growth create for asset servicers? As ETFs increase in complexity, so too do the technical and operational pressures on fund administration to handle core ETF processes fast and reliably, while also supporting complex tailored products.

In our latest Every Fund Survey, we asked asset managers, custodians, third party administrators and professional service providers to give their view...

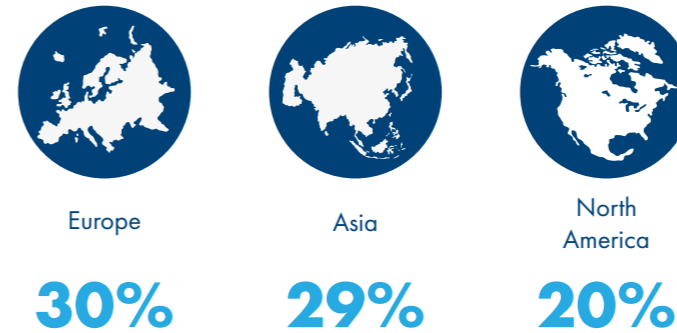


The industry remains very bullish on ETF growth...

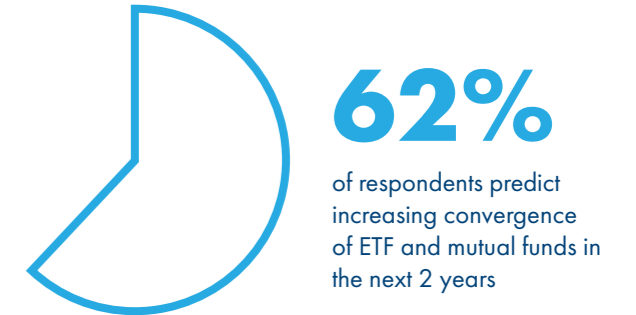


With strong growth across regions...

% of respondents highlighting each region



And accelerating convergence between ETF and mutual funds...



Operational technology and systems are highlighted as the main challenge...

#1

Operational technology / systems

#2

Regulatory compliance

#3

External connections to exchanges and participants

With liquidity and operational errors seen as the top risks...

% of respondents highlighting each risk

34%

Liquidity risk

16%

Replication risk

20%

Operational errors

15%

Counterparty risk

12%

Tracking error

Not all service providers are keeping pace with increasing ETF growth and complexity...



1 in 4

respondents felt service providers were not keeping pace with ETF growth and complexity

But service providers who can fully support ETFs will have a competitive advantage...

83%

of respondents thought full support of future advances and growth of ETFs was a competitive advantage



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About Temenos

Temenos AG (SIX: TEMN), headquartered in Geneva, is the world's leader in banking software, partnering with banks and other financial institutions to transform their businesses and stay ahead of a changing marketplace. Over 3,000 firms across the globe, including 41 of the top 50 banks, rely on Temenos to process the daily transactions of more than 500 million banking customers. Temenos customers are proven to be more profitable than their peers: over a seven-year period, they enjoyed on average a 31% higher return on assets, a 36% higher return on equity and an 8.6 percentage point lower cost/income ratio than banks running legacy applications.

For more information, please visit www.temenos.com.

The Every Fund Survey

The survey was carried out in March and April 2018 and received 151 responses from the global asset management industry, including third-party administrator/fund administrators (29%), asset managers (20%), and custodians (16%), with auditors, consultants, law firms, and others accounting for the remaining respondents (35%).

Respondents to the survey range across a number of business functions, including executive management (30%), business development and client management (27%), operations (15%), product (13%), technology (9%), and other functions (6%).

Respondents are spread globally with 65% based in EMEA, 22% in North America and 5% in Asia.

For information on Temenos, please contact us at: sales@temenos.com



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