

Key Tips to Facing 2020 Corporate Actions Challenges

Growing trade volumes, greater regulatory pressure and increasingly complex global events challenged the financial services landscape as 2020 started.

These sweeping trends combined with a sustained period of industry price compression and narrowing profit margins. Meanwhile, regulatory requirements continued to grow. There has never been greater scrutiny on financial institutions to avoid errors.

Then, a global pandemic happened, altering the landscape of the modern workplace and testing the resilience of operations teams. Institutions needed to rapidly implement business continuity plans, moving to a remote operations model. That brought its own challenges and impacted how corporate actions are processed.

A record number of companies suspended or extended their dividends in the first half of 2020. Income and distributions were hard hit as companies sought to preserve cash and provide additional financial flexibility.

IHS Markit hosted a webinar with corporate actions experts to discuss the new challenges and opportunities the industry faces at the start of the second half of 2020.

[Click here to connect to the full recording.](#)

Here are key takeaways from the webinar:

Meet the New Normal

Remote working has proven to be successful within the financial services sector. Several major organizations are considering revising their operating models to incorporate working from home on a permanent or rotating basis. The adoption of communication channels, like Zoom and Teams, have facilitated this sea change in the workplace, with implications on travel and expenses budgets and the way organizations engage with clients and colleagues.

But “Business as Usual” Has Been Impacted

March-through-June is generally a peak season for corporate actions earnings and distribution. This year has witnessed an influx of cancellations, suspensions and extensions. This is likely to continue due to an uncertain demand outlook and worries over prolonged economic instability.

Compared to 2019, we’ve seen increased delays in announcement capture, up 20%. Data inconsistencies have increased significantly as well, with message confirmations delayed by up to 25% compared to last year. A company coming up with a corporate action is usually big news. A company canceling or delaying a corporate action is even bigger news, and we saw a lot of this in the first quarter of 2020.

Corporate actions are inherently risky and risks have compounded due to an increase in conflicting information and market volatility. It is vital that firms have access to clean, accurate corporate actions data. Outsourcing this service will help firms to focus on more value-added tasks, while reducing cost and errors.

How Do We Keep Things Moving?

Financial Institutions can take a four-pronged approach to maintaining corporate action best practices amid changes in the workplace, especially as teams move to partial or full remote working.

- **Prioritization:** Financial institutions need to manage workloads to avoid financial, reputational and regulatory impacts. This highlights the need for modern technology that provides real-time transparency, workflows, risk dashboards and productivity tools.
- **Digitalization:** Industry participants must work together to sunset manual processes and adopt digital solutions.
- **Optimization of Operating Models:** Institutions need to review and enhance operations by adopting new technologies and outsourcing opportunities, including managed solutions.
- **Hosted service and virtual onboarding:** Firms need to look at how they can remotely onboard new services that can be accessed in the cloud as teams work remotely and can’t physically be in the same location.

Financial institutions need to embrace an agile approach to quickly respond to new global challenges. Firms can remain competitive by transforming their operating models and adopting technology to deliver an agenda of enhanced efficiency and cost reduction.

Solutions from IHS Markit can help your organization increase the accuracy of its corporate actions issuances, uncover discrepancies to deliver risk mitigation and offer advanced customer servicing capabilities.

Learn more about our corporate actions solutions:

Managed Corporate Actions, Corporate Actions SaaS and IMActions.