

# 7 must-ask questions to improve buy-side onboarding

Onboarding has become an increasingly challenging, time-consuming process for investment management firms and financial institutions.

Transactions with large financial entities have increased in volume. However, they have also become more complex amid stricter regulations and expanding compliance requirements. It often seems as though each financial institution has its own set of legal and compliance hurdles a buy-side firm must jump before business can even begin.

On the other hand, the speed and responsiveness of sell-side onboarding is one influence on a buy-side firm's decision to work with a specific counterparty. It's in the direct interest of financial institutions to accelerate processes to attract clients.

IHS Markit recently sat down with buy-side professionals that have seized opportunities by adapting onboarding processes at their organizations.

[Click to hear the full recording.](#)

Here are top questions raised during the webcast:

## 1. **As you engaged in transforming your onboarding process, what primary challenges did you face? Was there unwillingness to change?**

It can be a daunting task to implement change: Connecting processes with Know-Your-Client (KYC) requirements; streamlining inefficient operational and account setups; reconciling and migrating documents onto a united platform. These are big asks for both buy- and sell-side teams that require time, resources and often manual input.

The panel stressed that it's imperative to develop a partnership between firms and dealers to help keep momentum going during the change process and balance priorities as they evolve. Moreover, it's critical to build the right integrated technology, focused on areas of strategic importance.

Some people in an organization readily embrace change and dive into working with new technology. For others, adopting unfamiliar tools and changing day-to-day workflow takes time. Recognizing the differences among individuals on your team is critical. As one buy-side professional put it, "I think we're all on journeys, and I think in this case ... when you're revolutionizing the process end-to-end, people just have to really start focusing on how they're going to make that change."

## **2. How did you map out legacy processes and identify what had to change? And how did you quantify that from a budget perspective?**

One firm on the panel started by using business process modeling (BPM) to map out its onboarding processes and identify what should be transformed. Seeing processes represented graphically showcased the complexity of some workflows – as well as obvious gaps. That helped quantify budget and resource asks.

The end-to-end project will involve an overhaul of process, technology and people. The latter part of that equation requires a particularly strategic view. Team centralization can be effective. And teams may be moved, when appropriate.

“From an onboarding perspective, we need strong people with diverse skillsets: project managers, problem solvers, relationship management,” one panelist said. Professionals involved with onboarding need to work well with internal and external parties and be able to leverage expertise in legal, derivatives and operations.

## **3. How did you get stakeholder buy-in? What tips do you have for firms looking to put together a business case for onboarding process changes?**

It's important to lay out your business case, the cost savings around it and what the benefits will be in order to get the green light to use technical resources. Firms should survey a broad range of colleagues and outline where short-term tactical fixes are appropriate versus longer-term, strategic approaches.

Your onboarding deficiencies may already be recognized from the top. One of the firms on the panel related that its clients complained for years about the time it would take to get onboard, as well as the number of touch points involved. Senior management recognized the issue and asked for a business case to justify investment. That business case included a client-experience component illustrating all the touch points the firm had with clients in the legacy onboarding process – underscoring inefficiencies.

“And that really gained attention (of) senior management,” the panelist noted. “They were able to put themselves in the client's shoes and understand just how annoying it would be to deal with us going back four or five years.”

Moreover, this firm found that the argument for fast-tracking the funding process really helped their business case hit home.

“If you're able to shift time to funding up 15 days, 30 days, 45 days, whatever it may be, that does drastically impact the revenue.”

## **4. How does technology come into play when tackling external challenges in onboarding?**

Much of a buy-side organization's onboarding transformation process focuses on an end-to-end solution – not only internally but externally, to include connections with third parties, custodians, brokers, etc., which often need to be built out as well.

“I think we all as an industry need to really look at standardization of the data exchange,” one panelist remarked. “We have different third-party providers asking us for different things and, in some cases, in different formats.”

Panelists spotlighted the need for centralization and transparency of data offered to third-parties. But organizations also need to take a considered approach as they seek higher levels of standardization to support unforeseen changes and incorporate them nimbly.

It's also important to manage good relationships with your dealers and external providers. Another buy-side professional on the webcast advocated regular pipeline review meetings to highlight priorities and shifting timelines. This visibility allows dealers to focus their often-limited resources on key priority requests. Implementing a central solution can make a pipeline review run even smoother and provide complete transparency.

**5. Is there demand for a buy-side tool, accessible by numerous managers, that clients can use to upload and store onboarding documents to save clients and asset owners from having to send or upload documents numerous times?**

Have you ever been frustrated at your doctor's office by having to fill out personal information – over and over again – via paper? You've surely wondered if the process could be improved with technology.

Firms are looking for similar ways to streamline the onboarding process to remove friction from the KYC process. For example, if clients have more than one onboard going on simultaneously, a system that can handle data from multiple requests was seen as highly advantageous.

In the prime services market, it's common to utilize portals where clients can fill out forms, survey data and upload information that then gets passed on to another system. At the same time, this mechanism is not the panacea in overhauling operations as there are underlying inefficiencies with multiple system log ins and rekeying information. The true silver bullet in tackling the onboarding conundrum truly lies in having a single platform with access to all of the data.

"I do think that there could potentially be appetite – if it's done properly to expand that – across to other type of client onboarding setups," one panelist noted.

**6. How do you handle documentation requests for accounts already onboarded, such as tax-related queries, clearing agreements, et cetera?**

Looking back at practical experience, one participant related that if a document existed in a repository, his firm would reference the latest version in an internal request email, email the appropriate person or permission access to see it as an external request and remit it to the client. He added that, as his firm explores a client-facing portal, the ability to search these types of documents would reduce the inquiry traffic and allow clients to get documents on-demand.

Challenges do arise, though, when requests concern something non-standard, like new regulations. In that case, there may be a need to set up some calls and talk through requirements.

**7. If we were to time travel five years into the future, what do you think client onboarding will look like?**

One panelist envisioned highly automated data-driven processes in five to 10 years, with a lot of client self-service elements, significantly reducing the time to onboard.

Another hoped for better client lifecycle management processes to ease inefficiencies with process like KYC.

"So we're not constantly asking clients for documentation," he said. "The focus should turn to complex task management and really more relationship-building activities during onboarding, versus system configuration and chasing documents."

Another panelist took her wish list a step further: "My hope is that the entire client lifecycle management would live and be maintained on a centralized industry platform."

There are best practices both buy- and sell-side teams can implement to improve the onboarding process – without compromising diligence.

**Learn more about them in a new [whitepaper](#)** by SIFMA Asset Management Group and IHS Markit.