



AsiaRisk Awards 2021

Risk.net October 2021



Market data vendor of the year
IHS Markit

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When the Covid-19 pandemic brought about an increase in volatility and sudden capital outflows, investors worldwide realised they needed additional tools and data to sufficiently model credit risk.

Their previous models were based on pre-Covid assumptions, financial statements and short-term projects and, as a result, they were no longer relevant.

IHS Markit provides buy- and sell-side institutions the tools they need to navigate in a post-Covid world. It continues to develop a holistic suite of data solutions using the latest technology augmented by its deep domain expertise.

This is the third year running that IHS Markit claims this category. Its philosophy seeks to identify, source and integrate high-quality financial, economic and business data within customisable, transparent datasets and solutions for customers to access online or deploy onsite.

IHS Markit also provides up-to-the-minute business and industry data that allows investors to consume everything from the movement of ships and the content of bills of lading to its predictive automotive signals and industry models.

Using these insights, investors can view how the business decisions companies make impact the risk profile of their portfolio and get an indication of how economies and industries look to rebuild and restructure in the aftermath of Covid-19.

One theme IHS Markit continues to focus on is environmental, social and governance (ESG) and ESG-focused indices.

Brendon Seeto, managing director for financial services in Asia-Pacific (Apac) at IHS Markit, says the firm has continued to expand its ESG partnerships to additional ESG research and data providers in the past year. It can now offer indices that incorporate ESG data from Sustainalytics, as well as SD-M, a Germany-based provider of non-financial ESG data.

He adds that IHS Markit has been expanding its range of ESG indices to support increasing demand from investors for new benchmarks that incorporate specific ESG elements in Asia.

“Earlier this summer, we launched two indices that incorporate ESG elements and are focused on Asian credit bonds—the iBoxx USD Asia ex-Japan Corporates Investment Grade ESG Screened index comprising investment-grade Asian USD-denominated bonds that use ESG filters from Sustainalytics to screen out issuers based on their business activities and issuers with notable controversies,” Seeto says.

For high-yield exposure, IHS Markit has the iBoxx MSCI ESG USD Asia ex-Japan Corporate High Yield Capped index. In addition to applying minimum MSCI ESG rating and screening based on MSCI’s ESG business involvement filters, the index also tilts weights based on the rating and rating momentum to further improve the ESG profile of the index.



Brendon Seeto

“Globally, we are currently working on finalising solutions for clients to climate transition bond indices to specifically address the challenges brought by climate change,” he adds.

Another challenge that IHS Markit looks to solve is the cross-border challenges that firms face, particularly in Asia. Although two companies from the same industry may share similar credit profiles, it can be difficult to differentiate firms domiciled in jurisdictions with very different risk profiles and behaviours.

Data transparency remains an issue, with many market participants struggling to identify, access and validate the data needed to value assets and portfolios and measure the impact of cross-border trading. This is particularly a challenge when it comes to private markets.

In the second quarter of 2021, IHS Markit conducted a survey with Risk.net, to learn about the data challenges facing private markets in Apac investors as allocations into private assets grow. More than 150 institutional investors in the region were surveyed on their investment sentiments and how data collection and compilation challenges impact their investment decisions.

From those surveyed, 79% expect an increase in the volume and depth of data to be used in investment decision-making in 2021. At the same time, only 6% of respondents indicated they are highly effective at data collection. On a rating scale of one to five, where one was the most effective, 60% of organisations surveyed with an assets under management of more than \$100 billion gave themselves a rating of three or above.

Seeto says the challenge of securing data was felt keenly across different private assets and throughout the investment life cycle, which could be exacerbated as institutions increase their allocations. “Industry-wide, we see a strong demand for relevant and reliable private market data solutions,” he says.

As private markets investing continues to grow in Asia, the availability of quality data and collection methods continue to fall short.

“With our deep understanding of the Asian capital market and nuances in navigating domestic regulatory requirements, we are best positioned to deliver more localised datasets across Asia that is fit for more complex investment and risk management processes,” Seeto says.

One of the *Asia Risk* judges noted that IHS Markit has a wide range of products and services covering various asset classes. The judge added that having access to data in various formats is useful for financial service institutions to build solutions for pricing and trading. ■