

CASE STUDY

China Re Integrates its Investment Process from Front-to-back with Finastra



With the support of Fusion Invest, China Re AMC has grown its AuM by 300%, improved regulatory compliance capabilities, and cut trade processing time by 50%.”

Lv Ri

Deputy General Manager and
Chief Operating Officer,
China Re Asset Management Company

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FINANCE IS OPEN**



At a Glance

Products

- Fusion Invest

“
We can proudly declare that this is the first straight-through processing, front-to-back investment management project within the insurance asset management industry in China.”

Lv Ri

Deputy General Manager and Chief Operating Officer, China Re Asset Management Company

About China Re Asset Management Company

China Re Asset Management Company (China Re AMC) is an asset management company, which forms part of the China Reinsurance (Group) Corporation, co-founded by the Ministry of Finance of the People's Republic of China and the Central Huijin Investment Company Limited. At the end of 2014, China Re AMC had a total of RMB 170 billion in assets under management.

The Challenge

China Re AMC previously ran three major systems to manage its front-, middle and back-office processes. Connections between each system were manual, and a lack of integrated data meant that teams devoted considerable time and effort to reconciling data and ensuring it was accurate. China Re AMC wanted to bring greater flexibility and consistency to the end-to-end investment process, which would allow it to keep the business on track for profitable growth.

The Solution

China Re AMC has integrated the front, middle and back office on a single, streamlined solution, based on Fusion Invest. The new platform covers key trading activities—from investment analysis and orders through to compliance, execution, settlement and accounting — and is integrated with a range of external data feeds and custodian systems. The Finastra solution has now been in production for two years, during which China Re AMC has introduced new asset classes in Fusion Invest as part of its wider growth strategy.

The Result

Fusion Invest enables China Re AMC to drive volumes dramatically without increasing headcount or operational costs by using a single system approach to ensure efficiency, transparency and reliability across the investment process. In addition, the flexibility of the platform has allowed China Re AMC to increase the range of business offerings it provides. With Fusion Invest as a contributing factor, China Re AMC has grown AuM by 300%, improved its regulatory compliance capabilities, and cut trade processing time by an average of 50%.

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Fusion Invest has vastly improved our overall management and operational capabilities.”

Lv Ri

Deputy General Manager and Chief Operating Officer,
China Re Asset Management Company

With Fusion Invest, China Re AMC has completed the first straight-through processing project across the front, middle and back office within the insurance and asset management industry in China.

The Challenge

Founded in 2005, China Re AMC has grown to become one of the country's biggest investment management companies.

China Re AMC manages a range of assets with its own funds and other insurance funds, and also offers consultancy and specialist legal asset management services.

Previously, very few parts of China Re AMC's trading activities were automated. For example, investment analysis and deposit management were completed manually, using spreadsheets. Where systems existed, data input and transfer were also manual.

Furthermore, reconciliation was processed manually between the front and back office, which led to firm-wide data inconsistency. This typically took time and effort to resolve, challenging China Re AMC's ability to comply with local regulations and to effectively govern internal management controls

The Solution

China Re AMC chose to introduce Fusion Invest, which eliminated the need for multiple manual processes and standalone systems. Fusion Invest now provides a single business solution for all of the company's key trading activities. It is also integrated with a number of external data feeds, allowing China Re AMC to import real-time exchange data into the system, and the Industrial and Commercial Bank of China (ICBC) custodian system, which enables payment messages to be sent directly.

Lv Ri, Deputy General Manager and Chief Operating Officer of China Re AMC, who oversees its Operations, Technology and Third Party Institution business department, comments: "Our company initiated this project back in 2010. Since then, the asset management industry has developed a lot over a very short time.

"At the start there was no single solution that could fulfil the straight-through processing for our front, middle and back offices, and also address our vision of a single platform to manage all our investment portfolios across the board. After careful consideration and comparison of many different vendors, Fusion Invest was selected as the preferred platform.

"Thanks to very close co-operation between all members of the project team, we achieved a successful go-live on the 31st of December 2012. My personal view is that we have more or less created a miracle."

Ensuring Compliance

In the middle office, Fusion Invest has enabled a complete compliance workflow overhaul. The China Re AMC compliance team can now manage risk and regulatory compliance on an enterprise-wide basis.

For example, Fusion Invest has enabled the automation of 52 external and 84 internal compliance requirements, facilitating real-time monitoring, detection and prevention of regulatory breaches, with full audit trail across the front and back office.

This has reduced the amount of time that each trader spends on compliance issues by approximately 20%.

In the middle office, trade processing is also run in real time, and accounting valuation can be completed on a same-day basis as the necessary data is now available in a single system.

This automation has reduced the amount of time spent on accounting valuations by as much as 60%, and cut the time spent on payment, settlement and reconciliation activities by around 75%.

With Fusion Invest providing an end-to-end, highly automated workflow, China Re AMC can now efficiently manage its entire investment process on an enterprise-wide basis.



Fusion Invest provides us with a single golden data source, and this forms a strong foundation for our data management platform.”

Lv Ri

Deputy General Manager and Chief Operating Officer, China Re Asset Management Company

Reaping the Benefits

Lv Ri is clear about the immediate and positive impact of the Finastra solutions:

“Fusion Invest has vastly improved our overall management and operational capabilities. We can proudly declare that this is the first straight-through processing, front-to-back investment management project within the insurance asset management industry in China.

“First, through our joint efforts, we have consolidated all our businesses to the Fusion Invest platform. This was difficult to achieve, as we had to include our domestic businesses, overseas investments, alternative investments, and third-party institutional businesses, as well as our newly-developed businesses.

“Second, Fusion Invest is our single centre for compliance, including pre-trade, intrade, and post-trade compliance. This is not easy as the Chinese market has many specific characteristics and requirements.

“Third, it is our single centre for accounting and settlement, providing end-to-end workflow control, beginning from portfolio managers raising orders right through to accounting.

“Fourth, and another important point, Fusion Invest provides us with a single golden data source, and this forms a strong foundation for our data management platform.”

The Finastra solution has now been used in production for three years. During this time, China Re AMC has added new assets to the Fusion Invest platform – including CSI 300 Index Futures, US ETFs, Hong Kong REITs and PE funds, as well as other investment plans – as part of its wider growth strategy.

Lv Ri concludes: “With the support of Fusion Invest, China Re AMC has grown in AuM by 300%, improved regulatory compliance capabilities, and cut trade processing time by at least 50%.”

About Finastra

Finastra unlocks the potential of people and businesses in finance, creating a platform for open innovation. Formed in 2017 by the combination of Misys and D+H, we provide the broadest portfolio of financial services software in the world today – spanning retail banking, transaction banking, lending, and treasury and capital markets. Our solutions enable customers to deploy mission critical technology on premises or in the cloud. Our scale and geographical reach means that we can serve customers effectively, regardless of their size or geographic location – from global financial institutions, to community banks and credit unions. Through our open, secure and reliable solutions, customers are empowered to accelerate growth, optimize cost, mitigate risk and continually evolve to meet the changing needs of their customers. 48 of the world's top 50 banks use Finastra technology. Please visit finastra.com

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