

# Rethinking Global Custody: A Market In Motion

**In an increasingly complex financial landscape, the global custody industry faces emerging challenges. Meeting these challenges requires investment and a strong commitment to client service, says Guillaume Passebecq, Head of Consumer, Private Banking & Wealth Management at Bank One Mauritius.**



## **Global Finance: What are the biggest challenges for global custody today?**

**Guillaume Passebecq:** There are several challenges facing the industry, including cost pressures. As custody services have become more highly commoditized, there is growing pressure on custodians to deliver high-quality services at competitive prices while maintaining profitability. Client expectations have also changed. Custodians need to provide customized, real-time reporting, analytics and self-service platforms.

Increasing geopolitical and economic uncertainty means custodians must manage risks from geopolitical disruption, market fluctuations and changing regulations. This requires robust investment in business continuity and disaster recovery plans to safeguard operational resilience.

What's more, globalization makes an understanding of local market practices, legal frameworks and settlement systems even more important.

## **GF: How has Bank One evolved as a custodian bank amid changing client needs and market dynamics?**

**GP:** Crucially, we invested in people and developed a clear digital transformation strategy. We offer clients comprehensive reporting, with real-time access to portfolio information, customized reports, performance analysis and risk assessment tools. We also have dedicated relationship managers to support them.

## **GF: How are Bank One's global custody services distinctive among Sub-Saharan African banks?**

**GP:** Firstly, asset safekeeping. Our access to Euroclear and our safekeeping services offer strong control measures to protect investors' assets. We also monitor and execute corporate actions, such as dividend payments, stock splits and rights issues. We collect and manage investment income, simplifying the process for investors, ensuring accurate and timely reconciliation.

Additionally, we have systems to make settlement transactions more efficient, with clearing and settlement services across major markets. In terms of asset servicing, we manage administrative tasks, such as corporate events, reconciliation, reporting and compliance.

## **GF: How has the bond market evolved since the first reduction in the Fed funds rate?**

**GP:** Since initiating rate reductions in September 2024, the Federal Reserve lowered the federal funds rate by a total of 1 percentage point over three consecutive meetings. Demand for government and corporate bonds has strengthened, leading to tighter credit spreads. Issuance has surged as companies take advantage of lower borrowing costs. The yield curve has adjusted based on rate expectations, influencing market strategies. Inflation concerns and central bank guidance continue to shape bond market dynamics, keeping investors both cautious and opportunistic. This evolving landscape highlights the importance of strategic positioning in fixed-income portfolios.

## **GF: How is Bank One serving the increased appetite for bonds among your customers?**

In response to surging demand for fixed-income securities, we enhanced our support and execution capabilities. We disseminate market updates through our weekly newsletter, accessible via email, on our website and social media channels, which now include a dedicated LinkedIn investments page.

We expanded our list of counterparties to ensure liquidity and optimal execution, seek best prices and offer tailor-made security lists. Our offerings include sovereign bonds from developed and emerging markets, investment-grade corporate bonds and high-yield bonds. Alternatively, we provide tailored bond funds suited to specific needs.

Bank One publishes a weekly newsletter offering financial market updates and displaying its diverse partners, including asset managers and fund houses. They also provide a list of funds with easy access to downloadable factsheets.

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