

## Focus on managing wealth



Nordine Garrouche

Photo: Steve Eastwood

**Improve services. Attract wealthier clients. Cut costs. Move 'on-shore'. There are many demands on private banks given the threat of weakening banking secrecy and an increased desire by clients for tax transparency. For the first time, private banks across the Luxembourg financial sector are considering outsourcing but to date there is no off-the-shelf service available. This is set to change when Opexia goes live with its business process outsourcing (BPO) project next April.**

Other major banking centres are well equipped with BPO providers, but Luxembourg has been an exception until now. This was a source of frustration to Nordine Garrouche, the associate director of NGR Consulting. He felt banks were missing out on the ability to cut costs and concentrate on winning and pleasing clients.

### Mutualising to cut costs

So they decided to do it themselves by creating Opexia PSF (which will address financial engineering, accounting, regulatory reporting business

processes in outsourcing mode) and sought a partner with which to create a joint venture for back office business processes. After nearly two years they are currently working with a client through Oddo Services Luxembourg (OSL) - a partnership with the privately owned French private bank Oddo & Cie. This will bring together an operational consulting and technological partner (NGR) with a specialist in 'bank production'. The company will be independent, with decision making in Luxembourg. OSL is 77.78% owned by Oddo and 22.22%

by Opexia, NGR's 100% subsidiary. The client is Nord Europe Private Bank, a subsidiary of Crédit Mutuel Nord Europe. The deal will see four people move from Nord Europe to be employed by OSL and Opexia, with the same pay and conditions. Despite this, Garrouche says the move will result in a 30% cut in cost for their clients. This will come by mutualising fixed costs involved in processes such as multi-jurisdiction tax, regulatory and client reporting or maintaining a functional website. He adds that the move to BPO is also linked to a strate-

gic rethink, with these services useable for both domestic and offshore markets. "We are looking at a one-stop-shop concept for plain vanilla back office services," he said. Scalable offering

The offering is scalable - with the option of substantial middle and back office outsourcing, plus the maintenance of front office systems. In the first phase, Opexia and OSL are targeting small and medium sized banks with fewer than 100,000 accounts, and management companies. These could most be feeling the squeeze from the difficult market conditions. That is not to say that they would not talk to larger clients, but the complexity would be much greater. The work will be conducted through three companies. Oddo Services Luxembourg will deal with standardised middle office functions while Opexia will be responsible for market operations such as accounting, tax and regulatory reporting. As well, they support fund administration functions of interest to wealth managers for vehicles such as SICAR and SIFs. Also they offer company domiciliation services coupled with financial engineering to optimise the holding of assets. Both companies should receive PSFS status from regulator the CSSF by the end of the year. OSL and Opexia will move into separate offices in the same Cloche d'Or building with NGR staying in Capellen.

Text: Stephen Evans

### Oddo & Cie

Oddo & Cie operates multiple business lines ranging from private banking, fund management, trading, corporate finance, account management-custody, metals trading... Based in Paris, it was created 160 years ago and remains privately owned: 42% by the Oddo family, 30% by the employees and 20% by Allianz. Last year it had assets under management of 17 billion euros, 765 employees and net profit of 36.1 million euros. It also has offices in Lyon, Strasbourg, Madrid, New York and Dubai. The bank created Oddo Services in 2003 to offer outsourcing in France. They claim 25 clients at present, and say they are managing assets of 6 billion euros.

### NGR

NGR Consulting is an independent business and technology consultancy for the financial sector. It started in 2004, initially to serve private banking and subsequently expanding to fund services and capital markets. Based in Luxembourg, Paris and Brussels it also works in neighbouring countries.