

Northern Trust

## GETTING READY FOR THE NEW CHALLENGES

FUND SERVICE FIRMS NEED TO COMBINE THE ATTRIBUTES OF SPECIALIST BOUTIQUES AND GLOBAL PROVIDERS, SAY JILL GRIFFIN, MANAGING DIRECTOR OF THE LUXEMBOURG BRANCH OF NORTHERN TRUST GLOBAL SERVICES LTD, AND STEVE DAVID, COUNTRY HEAD OF NORTHERN TRUST LUXEMBOURG.

### How would you assess the current state of the fund industry?

**Steve David:** Luxembourg is still the second largest fund market in the world, and the leading one in Europe, with a market share of 30 per cent. Its assets have grown 14 per cent over the past 12 months, a spectacular increase. But although Luxembourg remains strong, there are challenges ahead for which we have to be ready.

**Jill Griffin:** One factor is that there is a lot of new regulation. Our clients expect us to be a partner, delivering highly personalised service, at a time when barriers to entry into the industry are getting higher. You need to deliver the best of both worlds: sophisticated solutions combined with a boutique-style approach, underpinned by a very strong infrastructure of IT, product and executive engagement.

### What risks and opportunities do you see ahead?

**SD:** Operational costs will increase – what the industry is figuring out right now is by how much, and who is going to pay for it. How will service providers help their clients to mitigate operational



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FOR US TODAY  
IS ABOUT  
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WORLDS. »

JILL GRIFFIN AND STEVE DAVID

risks? Right now, it is a waiting game.

At Northern Trust we are updating procedures both in-house and with providers such as custodians and prime brokers in the light of the AIFMD and the future UCITS V requirements. It is the right time to invest in infrastructure and people, which for us is simply a matter of enhancing our existing way of doing business. This involves recruiting, delegating and running deep due diligence. As a depositary, we have a long history of monitoring our network.

**JG:** Those providers that are most agile in interpreting the true sense of the new regulations while maintaining a service culture and high-touch client relationships will find themselves with more

opportunities than risks. This is an industry issue, and the whole industry is coming together to respond, but at the company level, the challenge lies in implementing changes seamlessly.

### Is Northern Trust well placed to respond to these developments?

**JG:** Keep in mind that Northern Trust, which was founded in Chicago in 1889, now has more than \$5 trillion in assets under custody, over 14,000 employees and offices in 17 locations worldwide, so for us rising barriers to entry are a non-issue.

**SD:** When we established the Luxembourg office in 2004, we were pioneers in true third-party

management company provision. This was a response to client demand, and our growth here over the past nine years has been purely organic. The boutique service approach is in our DNA in the Grand Duchy. We look at the future with confidence, and we are open to thoughtful acquisitions to continue our growth. ■

### + D'INFOS

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