

Technology led growth of RTA (Registrars & Transfer Agents) Services



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RTA role

Registrars and transfer agents (RTAs), licensed by SEBI, perform an important role in providing life cycle services to investors in Indian Capital markets. While SEBI has envisaged regulatory role of RTAs comprised of allotting securities, record keeping, affecting transfer of securities, and investor services; India's leading RTAs have adopted leading

technologies to not only deliver global standards of investor servicing but also enhance the trust and confidence of Indian investors in capital markets by ensuring data integrity, data security, consistent services and progressive improvements for investor protection. Over the years RTAs have supported the enormous growth of Indian capital markets caused by various issuers, compliant with regulations and performed a key supporting role in channelling household savings in to Capital markets. RTAs as specialist entities in delivering investor services would be a key constituent in broad basing retail participation in Indian capital market and channelling household savings in to investments.

Technology led RTA services

Technology has been a key enabler for Indian RTAs in providing state of art investor services comparable to global best standards. Some of the exemplary service standards of Indian RTAs like processing and allotting IPOs in three days & NFOs in five days, processing T+1 redemption pay-outs, managing over 20 million small systematic MF investments by retail investors in cost efficient manner, providing financial services industry leading reporting & account statement services to MF investors are resultant of technology adoption by Indian RTAs.

Leading RTAs deliver investor services using proprietary technology platforms comprised of custom built suite of applications via pan India branch network, web, voice, mobile apps, and sms with standard service turnaround time irrespective of channel. RTA technology platforms are integrated not only with issuers but also with various counter parties like leading banks participating in Indian capital market services, stock exchanges, Depositories, distribution platforms, BRLMs, various other service providers. Enormous amount of data gets exchanged

through these complex networks 24*7 seamlessly assuring data integrity, accuracy in transaction processing, seamless reconciliations of vast amounts of money and data security. One large MF RTA used to process annually over 240 million financial transactions with annual transaction value in excess of 300 Trillion rupees.

Leading RTAs have set up state of art data centres in multiple locations connected to branch network with leased lines, dark fibre, MPLS VPN, RF links assuring availability & integrity of data and assuring continuity of investor services even in several types of disasters. Leading RTAs have set up off-location DRBCP centres with technology infrastructure, data centres assuring availability of updated investor data, processing capabilities to ensure continuity in investor servicing. Leading RTAs have evolved Information Security Management as a key business function and have obtained ISO 27001:2013 certifications. RTA services are an on-demand business with frequent spikes in processing volumes due to large IPO/NFOs, corporate actions. Technology enables smooth functioning of RTAs even during spike loads and delivery of consistent service standards.

Over the years large RTAs have implemented updated regulatory standards specified by SEBI for large RTAs classified as QRTAs; who are required to comply with enhanced monitoring requirements through implementation of internal policy framework, periodic risk reviews, data security measures, measures to assure business continuity, governance structures to assure enhanced investor servicing, system audits and implement stringent cyber security framework.

Technology as growth enabler

Technology adoption by RTAs in investor servicing has been a growth enabler for capital markets over decades. Technology has enabled the penetration of investor services and broad based participation of retail investors beyond Metros, tier 1 and tier 2 cities. Technology has enabled standard service delivery irrespective of investor location. Technology has enabled web access to new entrants in capital markets to access status of their applications and status of processing. Technology has enabled newer formats of KYC including video chats and had enabled implementation of an entirely digital process with integration to UIDAI for presence-less and paperless KYC till access was permitted to UIDAI.

MF RTA Technology transformed the manner in which systematic investments are made in Mutual Funds over years, resulting in cost efficient processing of small retail investments across the breadth and width of the country. The process involving multiple counter parties including the investor, investor bank, distributor, RTA, service provider, counter party MF bank and NPCI, works through

seamless integration of all counter parties. This has transformed the equity mutual fund inflows with systematic investment being the largest constituent of equity flows and assuring stable & consistent flows in to equity markets.

In addition to proprietary formats of investor access, MF RTA technology platforms deliver web services to various issuers and large distributors powering a large number of websites which deliver online access to existing and new MF investors causing transformational digitization in RTA services.

Technology enabled seamless integration of RTAs with various other constituents like CKYCR, Income Tax TIN database enabling regulatory compliance over years.

RTAs have adopted technology to deliver instant communications to investors via e-mail, sms on transaction confirmations, service execution alerts, pre alerts for scheduled transactions delivering peace of mind to investors and mitigating potential risks.

Managing customer experience

Managing customer experience by delivery of customer benefits consistently and enhancing customer benefits over time have been instrumental for business growth in every sector. Within capital markets, MF industry which has grown significantly over last two and half decades focusing on customer centricity and aligning to strategy of enhancing customer benefits. Leading RTAs target investors in Capital markets as customers and has implemented technology led services over time to deliver superior customer experience far beyond the regulatory requirements and service standards specified by issuers. Technology has been the core for development and delivery of these unique services in cost efficient manner and few services are detailed below.

RTAs serving MF industry deliver electronically consolidated MF holding statements across industry, on-demand by investors 24*7 at zero cost. This enables investor to review holdings across any of the 44 Mutual Funds in India including the current valuation.

MF RTAs deliver a variety of mail back services 24*7, on-demand to investors at zero cost which enable investors to self- manage their investments and perform financial planning, asset allocation and tax compliance. These reports consolidate investments by each investor across various MFs serviced by the RTA and deliver cost value, current value, long term & short term capital gains, indexed costs and IRR generated by investments.

MF RTAs through mobile apps deliver services 24*7 including reporting holdings, gains, IRR on investments, transaction services, access to new fund offerings, schedule transactions, registering systematic investments.

MF RTAs deliver self –managed basic investor services assisted by chatbots 24*7 enhancing customer experiences.

MF RTAs offer integrated services with counter party banks' unique offerings which include e-mandates, instant loan against MF holdings, sweep etc. The integration of RTA technology platform with counter party banks is key enabler for such unique customer services.

MF RTAs offer convenient technology platforms for institutional investors enabling convenient investor services including overnight investments on Friday afternoon which can be redeemed and credited back to institutional investor bank by Monday morning resulting in efficient treasury management.

MF RTAs have implemented robotic automation for several internal processes improving efficiency, processing time, service delivery and enhancing compliance.

Leveraging emerging technologies

Technology adoption is an on-going business process for RTAs. RTAs are continuing to explore emerging technologies to drive adoption in RTA services. The new technologies like Block chain, Artificial intelligence and internet of things are being explored by RTAs.

Some of the new-age services would include adoption of block chains for seamless exchange of data amongst various intermediaries and counter parties. Facial recognition, voice recognition technologies offer new formats of investor servicing. New technologies offer exciting opportunities for productive customer engagement. Some of these formats would be extremely convenient for ageing population of legacy investors who experience difficulties such as matching old signatures etc. Robotics for investor servicing would deliver far superior investor services on-demand 24*7 enhancing customer experience, driving faster service delivery and eliminating costs in the industry.

Emerging technologies hold great promise in capturing limited attention span of digital natives and future investors delivering personalized experiences. Big data analytics hold promise to enhance long term engagement of investors with various capital market offerings causing virtuous growth.

Summary

Indian RTAs have traditionally manufactured own technologies that are targeted at investor servicing and are aligned to the unique and diverse needs of Indian investors, the vast geography of India and cost efficient servicing of relatively small investment. They are challenged to do so while delivering global standards of investor servicing. The vast experience acquired by RTAs for over 25 years coupled with the expertise of their IT teams in adopting emerging technologies will shape the future of investor participation in capital markets. These signal the advent of ground-breaking innovations and technological superiority for India's RTAs.