

Going STP

Chong Teck-Chung

* Chief operations officer * Manulife Singapore

By Edward Russell

2010 is shaping up to be a big year for operations at Manulife Singapore. Chong Teck-Chung, its new chief operating officer, is discarding the firm's paper-based transaction processing system for an automated, straight-through one by the end of year.

"One of the projects in 2010 is to implement a system which will allow STP [straight-through processing] of new business submission from the point of sale to the back-end processing system," says Chong.

The aim is to achieve same-day STP when the new system is fully implemented, down from a maximum of five days currently.

He expects to have the new system in place by the end of the second quarter for the firm's unit trust funds and by the fourth quarter for its insurance products.

The firm currently has 44 funds and 17 unit trusts with total assets under management of S\$4.4 billion (\$3.2 billion) at the end of December 2009.

A veteran of insurer John Hancock, Chong joined Manulife Singapore in 2004 when global financial services provider Manulife Financial, the firm's Canada-based corporate parent, acquired the American company.

After a career mostly in IT, he was appointed senior vice president and chief operating officer this past September and is now responsible for



Manulife Singapore's 90-person strong IT and operations departments.

"I had the opportunity to learn the dynamics of the insurance business when I was in charge of IT, as IT provides the necessary support in almost all aspects of the business," says Chong.

Like many asset managers, Manulife Singapore combines aspects of an in-house and outsourced operations model.

Fund accounting and administration, including trade processing, confirmation and settlement, for insurance products is processed in-house on Manulife Financial's internally developed client administration system – known internally as "CAS" – core back-office platform.

Outsourcing is relatively new to Manulife Singapore. It awarded its first major mandate, calculating daily net

asset values for its investment portfolio linked funds, to RBC Dexia Investor Services this past September. According to a representative of the firm, it decided to outsource the NAV calculations to increase focus on its core competency, managing funds.

Manulife Singapore also outsources document imaging for insurance products but Chong declined to identify the provider, saying: "When STP is implemented, the document imaging needs will be reduced accordingly."

For its unit trust funds, the firm outsources operations to portfolio administrator Navigator Investment Services.

"This platform provides all the necessary administrative service support for our financial planners to distribute unit trusts developed by Manulife Asset Management Singapore, as well as third-party funds

by selected fund managers," explains Chong, adding that it is more cost effective as well.

Manulife Singapore is not currently connected to Swift or any other standardised messaging providers. Chong says the firm interfaces directly with external parties and business partners.

Chong's operations team in Singapore is largely independent from those in Manulife businesses elsewhere.

"Manulife's operations in different territories run independently," says Chong. "Common backend system used by different territories forms the core best practice sharing platform. Strategic direction in IT is guided by our global IT division in Canada and standards and guidelines are set to help drive standardised implementation."

At the end of September, Manulife Financial had a total of \$407 billion in funds under management globally.

In Asia Pacific, the group operates in nine countries, including China, Hong Kong, Indonesia, Malaysia, the Philippines, Singapore, Taiwan, Thailand and Vietnam.

Chong certainly has his work cut out for him this year. While implementing STP, a big project for any investment manager, he intends to keep his team on the look-out for any operational redundancies, and to seek additional automation opportunities from among Manulife Singapore's existing processes. ■