

Case Study

Fundment

HSBC's API solution delivers efficiencies to Fundment and its clients

With its stated aim of simplifying the investment experience, Fundment was looking for an end-to-end solution that would align its back-office functions with the efficiencies of its customer-facing proposition, helping it break new ground in an established marketplace. HSBC's API solution offered the competitive advantage the business was looking for.



Together we thrive

Background

Established in 2014, Fundment is an investment platform and manager of model portfolios for financial advice firms and their clients. The company has built and operates a stack of proprietary technology to help advice firms evolve their business away from time-consuming and complex paper-based admin into an integrated future.

“With many investment service companies operating cumbersome infrastructure, which leads to inefficiencies for advisers and their clients, we could see an opportunity to build better,” says Chief Executive Officer, Ola Abdul. “Harnessing technology, we’ve built an automated investment platform that offers better value and service to our clients, and leads to a more efficient way for advisers to support their clients. Our aim is to make Fundment a key part of the UK wealth management marketplace.”

The challenge

Having concentrated its efforts on a user friendly front end, Fundment used a custodial business to manage its back end and payments functionality, but, realising the limitations of that approach, the team decided to rethink their strategy.

“As a start-up we really prioritised that slick customer-facing front end to ensure the client experience was good, but that doesn’t work if the back-office aspect is leaky and not optimised for efficiency,” says Ola.

“We decided to go out to market to find a

bank we could partner with on the custodial side, to safeguard client assets and bolster our reputation in a sector where our competitors have been around for decades if not centuries, and most importantly, with innovative technology to join up our back and front-end operations.”

The nature of Fundment’s business means that speed and accuracy are essential. Its incumbent service provider didn’t have an automated process, which meant, for example, delays in getting client monies invested or dividends reconciled.

“If a client sends money to be invested, they want that actioned the same or next day, not a week or two later,” says Ola. “Similarly, if they’re expecting a dividend payment, they want that income now rather than a month down the line.”

Understanding those challenges and the business’ longer-term plans was key to working out how to address them.

“Our one bank approach would allow Fundment to consolidate its banking requirements and achieve the enhanced connectivity needed to deliver a seamless digital solution.”



Bineet Mehta
Cash Management
Consultant, Global
Liquidity and Cash
Management, HSBC

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Chief Executive Officer
Fundment





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Adam Fowle

Integration Consultant
HSBC

The solution

“We were approached by a number of banks, but HSBC had industry knowledge and sector specialists, which meant they really understood our business and the way it operates,” explains Ola. “HSBC’s API solution offered us the process automation we needed and partnering with them has provided us with a significant competitive advantage. It has allowed us to automate our daily processes and our client money operations – and that was just music to the ears of our CTO.”

“By combining technical expertise with transactional banking expertise, we were able to automate Fundment’s processes and create a bespoke proposition to meet their needs now and in the future,” adds Bineet.

Streamlining operations

- ◆ Leveraging technology has helped Fundment streamline its operations, explains Ola. “The API means that we now have end-to-end straight-through processing. It has simplified the system and brought huge advantages to the business, not just in terms of internal efficiencies but for our clients too.”
- ◆ “Timing of information and quality of data flow is key for these clients,” agrees Ram Chouhan, Relationship Director, Non-Bank Financial Institutions Sector, HSBC Large Corporate, “and the API allows Fundment to deliver that. As one of the first businesses in the sector to have this solution, it’s a significant USP.”

Creating efficiencies

- ◆ The automation has reduced the need for teams of people undertaking reconciliation, for example, with far fewer people needed to check for issues or discrepancies flagged by the system. “There’s a huge efficiency saving, which we wouldn’t have been able to achieve without the integration of our systems through the API,” says Ola.
- ◆ Fundment were also keen for the solution to address specific pain points in their processes, for example, verifying the source of funds, which was both a requirement of AML compliance and an operational headache.
- ◆ “Before we could action instructions, we had to verify the source of funds and that previously meant calling or emailing to check, so we spoke to the HSBC team to

see if they could streamline that process. Using the API, they’ve been able to pull all that data through to our back office to allow us to carry out account matching and that whole verification/matching process is now done automatically. That saves time and resource for us and our clients,” says Ola.

Reduced manpower through automation

- ◆ “I think it’s fair to say that the enhanced automation and end-to-end processing that the API allows has significantly reduced manpower required for the firms we work with too,” says Ola, “in many cases it has saved as much as three days in terms of how long it takes to onboard and manage new accounts. For some firms, depending on the wrap platform they’re working with, some of these

processes could take as long as two weeks, if they have to send documents through the post and then wait for those to come back.”

- ◆ And there are additional benefits for Fundment’s clients’ clients too. “We’ve seen new funds transferred to us and applied to accounts in as little as 48 hours; a process that traditionally could take weeks or months,” says Ola. “And they’ve got the added benefit of moving from an old, clunky, expensive system to a modern, cost effective one that has them invested almost immediately and offers them high levels of visibility and control. It’s win-win for everyone.”
- ◆ As a young business with big ambitions, the API solution and HSBC’s support gives Fundment a strong platform for growth says Ram. “Whilst the immediate benefit of more efficient processes was the key driver, Fundment also have an eye on the future. The solution created is central to their growth strategy, enabling them to integrate any future acquisitions with ease and providing a tech solution that can scale quickly.”

The process

Having a dedicated integration team who worked hand in hand with Fundment’s own CTO and wider software engineering team meant that the process ran incredibly smoothly. As Ram explains: “If you have a tech person from the bank talking to a tech person in the business, it helps the information flow because they’re speaking the same language.”

As one of the first clients to use the API solution, working collaboratively was particularly important says Adam Fowle, Integration Consultant at HSBC. “It was very much a team-based approach, and we worked tightly together. As a relatively new business, Fundment weren’t constrained by legacy systems and proved agile in adapting their infrastructure to the new services. Their continual feedback helped us deliver continual improvements.”

Ola was impressed by the strength of collaboration, which has led to a solution that ticks all the boxes. “HSBC provided us with a test environment, which allowed our team to build, and rigorously test it against our requirements, and adjust it where required,” he says.

The whole process was also aided by HSBC’s implementation resource. “Having an implementation manager to provide regular project updates and information helped us know that everything was on track,” Ola says.

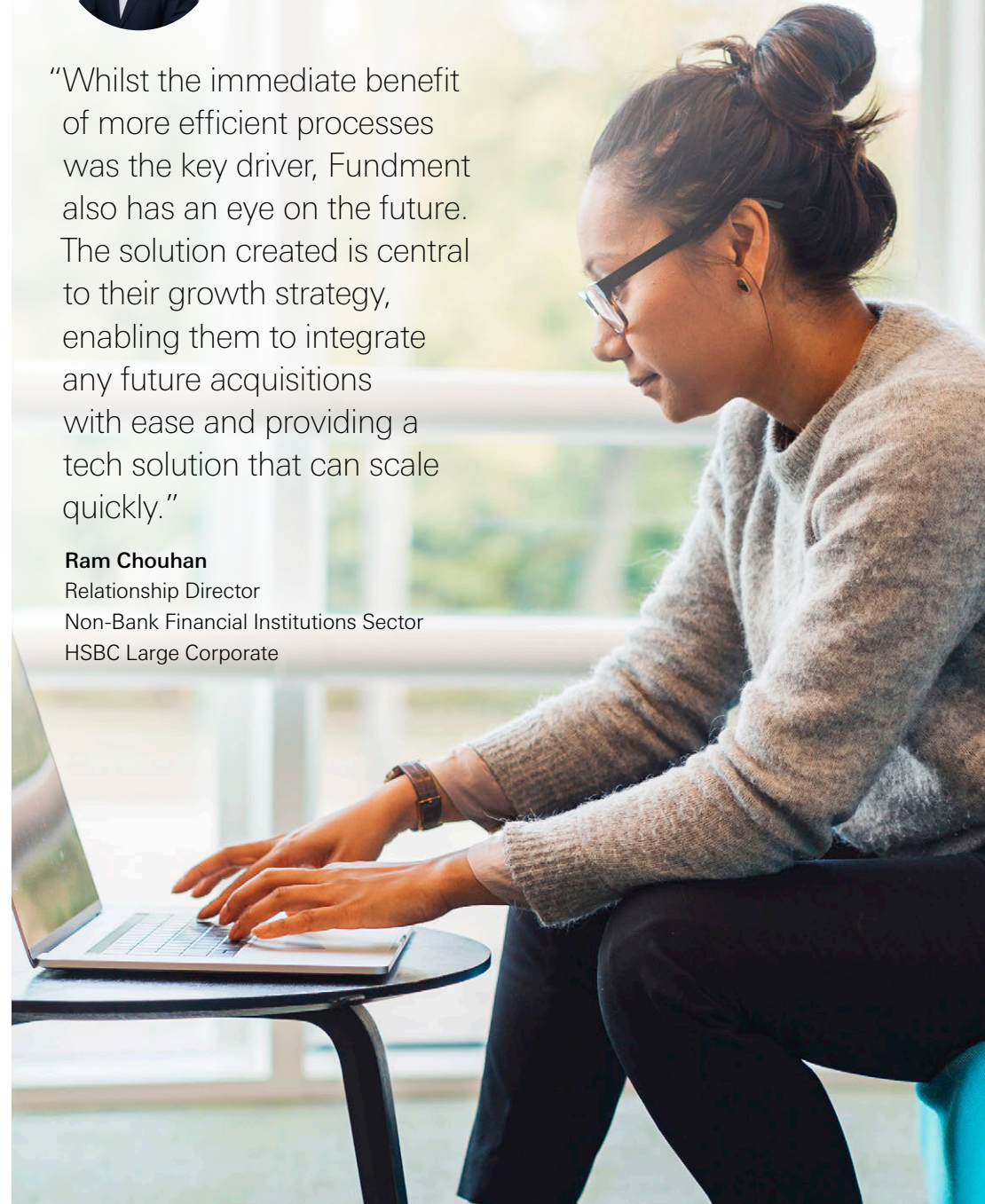
HSBC also managed the interactions with BACS, for example, ensuring that all systems and payment information was transferred quickly. The strength of the relationship developed between Fundment and HSBC also allows the solution to evolve. “With the API in place, it’s straightforward to bolt on further services from HSBC, and we’re already starting discussions around the Pay by Bank initiative, for example,” says Ola. “It gives us a strong base on which to build additional capabilities.”



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Ram Chouhan

Relationship Director
Non-Bank Financial Institutions Sector
HSBC Large Corporate





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