



CASE STUDY

—
OLYMPIC[®]
BANKING SYSTEM

Cidel

THE IMPLEMENTATION OF THE OLYMPIC BANKING SYSTEM FOR THE CIDEL GROUP

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CLIENT BACKGROUND

Cidel Group is a Toronto, Canada-based international financial services group with several subsidiaries, which design and implement customized solutions to help domestic and international clients preserve, build and transfer wealth. It is registered and regulated as both an asset manager and a bank in its home market and in the US, and has a significant trust business. Cidel's business is divided almost equally between domestic and international clients, and between institutional investors and High Net Worth accounts. Its strategic network of operations with investment, trust and structuring capabilities is constantly innovating¹. Cidel is privately owned, with some 175 employees and \$14 billion of assets under supervision.



¹ In April 2020, Cidel won the Wealth Professional magazine's SIACHarts Inc. Digital Innovator of the Year Award in recognition of its outstanding use of technology and digital solutions in the wealth management and finance sector.

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THE CHALLENGE FOR ERI

Following the teaming up of Cidel Bank and Cidel Asset Management, there was an internal demand to streamline three different existing IT and processing systems to better calculate risk exposure and vulnerabilities, and to harmonise and standardise financial and investment reporting for clients in a transparent and compliant way.

Cidel Group hired a consulting firm in Canada and put out an RFP in 2014, which after an exhaustive search resulted in four final candidates. The selection process comprised extensive presentations from each of the short-listed candidates, covering the supplier's proposed IT architecture and the key functions responding to Cidel's business needs and requirements.

The Group wanted a bespoke, reliable and client-centric solution 'built on solid ground', which would bear the weight of future corporate planning and structuring but still offer sufficient flexibility and operational simplicity to be able to take advantage of opportunities for clients and the firm. Cidel also needed a system with an established multi-currency and multi-jurisdictional reach and expertise, able to accommodate changing policy and fiscal rulings.

As important as the technology architecture was the acknowledgement and integration of the values and principles which underpin and drive the Group's rapidly growing business. Cidel wanted a trusted partner which would scale with the firm, but without becoming another stakeholder or indirect participant in its corporate growth.



"This was critical for us, we wanted an experienced, stand-alone provider which had the expertise to support us. We did not want to be training the consultant or the provider."

Arthur Heinmaa, CEO of Cidel Asset Management

Arthur Heinmaa is responsible for Cidel's asset management operations and chairs the investment committee. He oversees the trading, research, operations, and compliance activities of the firm. A Chartered Financial Analyst with a 25-year career in the financial services industry, Arthur frequently lectures on capital markets at seminars and is a contributing subject matter expert for the CFA review program. He is a past director of several Canadian mutual fund companies and a past director of the Toronto CFA Society.

Arthur currently serves on the finance board of the University of Toronto as well as the following boards: The Scarborough Hospital Foundation, Integra Foundation, Victoria Village Hockey League and chairing financial service program advisory committee at George Brown College. He is a graduate of the University of Toronto.

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THE SOLUTION

After a comprehensive international search, the Cidel Group selected ERI and its OLYMPIC Banking System in 2016. ERI is an award-winning company² specialising in the design, development, distribution and support of the OLYMPIC Banking System, an integrated, real-time banking and wealth management software package. ERI is present in Geneva, Zurich, Lugano, London, Luxembourg, Paris and Singapore, and supports more than 300 banks and financial institutions across over 55 countries in Europe, the Middle East, Africa, the Americas and Asia.

The implementation of the OLYMPIC Banking System in 2017 achieved a number of positive outcomes for the Group, from improved efficiency in individual processes, to reinforcing its strategic vision. The system resulted in significant annual cost savings, both in license costs and IT support, reduced time spent on regulatory reporting required by OSFI, OSC, SEC, FATCA and AML and introduced enhanced security features to align user access with various securities legislation requirements.

Client reporting immediately benefited from increased accuracy and timeliness of performance reporting, including attribution analysis. The OLYMPIC Banking System facilitated flexible reports via the use of a data warehouse instead of pre-programmed stock reports. It also reduced the time spent on internal and external audits.

With STP trading and settlement at multiple custodians in multiple jurisdictions, trading staff were able to focus on trading, instead of trade settlement. As an example of the efficiencies obtained, Cidel Asset Management once processed for a single client over 77,000 individual trades, and settled the trades with multiple custodians. The entire transition management was completed without a single error or a failed trade. Together with a strong investment performance, this gave the client confidence to increase their allocation of funds to Cidel.

The robust IT and support system allowed Cidel to expand as a major player in the Ultra High Net Worth space and enabled client relationship managers to focus on service, instead of building reports. This helped Cidel grow its assets under management, even during the initial stages of the implementation. Integrating the bank functions into the wealth management operations enabled clients to quickly access loan facilities, and facilitated a new client facing website, eliminating the need to use a third party vendor.

Personal contact and people skills did not form part of the formal RFP process, but Cidel found this to be a key differentiator, building confidence both internally and externally.

“Numbers may be a central feature of the landscape, but it is real people and genuine relationships that bring wealth management to life.”

Arthur Heinmaa

² In 2019, out of 10,000 votes from across the industry and 121 nominated companies, ERI was the winner in the Best Banking System category at the City Financial Technology Awards (London, United Kingdom).

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OUTLOOK

Since the implementation of the OLYMPIC Banking System, the partnership between Cidel and ERI has evolved and grown. The inevitable glitches of a complex system are managed quickly, honestly and effectively by ERI and subsequent specialised modifications accommodated.

“The size and complexity of our data set is significant, we do not turn over systems easily. We have direct access to our data so we don’t necessarily need to go back to the system providers if we develop new projects. The architecture allows bolt-ons, but expectations about data management, and responsiveness of systems, are always very high.”

Arthur Heinmaa



Client awareness of back office infrastructure challenges varies. Individual investors rarely require any detail, but the issues are ‘front and centre’ for institutional investors, where mistakes can be very costly. Data management and integrity, transition management capabilities and disaster recovery protocols are critical for investor confidence.

That confidence has been tested even more through the global Coronavirus pandemic. Clients immediately wanted to know how restrictions would impact management and investment processes. With the OLYMPIC Banking System, Cidel was able to switch seamlessly to remote working through continuous simultaneous connections, with no disruption to staff, or to internal or external processes.

After three years, ERI continues to provide comprehensive, quality software with effective implementation and maintenance assistance for Cidel. Heinmaa quotes Scott Sagan of Stanford University from his book ‘The Limits of Safety’, who, referring to environmental disasters like Chernobyl commented: “Things that have never happened before happen all the time. The OLYMPIC Banking System ensures Cidel has the strength and flexibility to manage whatever markets throw up.”