CASE STUDY:

NZXWT as first provider in New Zealand to offer API connectivity with Calastone's funds network for fund management order execution

BACKGROUND

NZX Wealth Technologies (NZXWT) is one of the fastest growing providers of outsourced wealth administration, custody services and technology solutions in the New Zealand market with more than $11 billion in funds under management. Headquartered in Auckland and owned by the New Zealand Stock Exchange, NZXWT serves clients ranging from large institutional investors to niche advisers and wealth managers throughout New Zealand and the Pacific region.

Offering a dynamic, modern, and robust platform experience, NZXWT is driving technology innovation and continuously looking for ways to deliver further operational efficiencies which benefits investment managers as well as end investors in terms of speed, security, and cost savings.

CHALLENGES

With NZXWT's original fund management order execution process, trades were manual, relying heavily on emails and hand-inputted data. This increased the risk of human error and stretched out the time it took to complete and receive confirmation on placed orders. "We wanted to be able to act quickly on strong opportunities and deliver for clients," explained Kelly Good, NZXWT's Head of Product. But with the current system's set-up, "it was a slow process which would not scale with our business growth."

In addition, as the platform grew in popularity, efficiency and scalability became even more important — both to NZXWT's bottom line and its clients' experience. NZXWT were looking for ways to service their fast-growing client base without increasing resources, eliminate bottlenecks and focus on crafting the best possible experience for its clients.

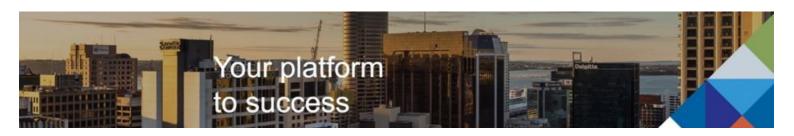## SELECTING CALASTONE AND IMPLEMENTATION: ORDER ROUTING

A number of NZXWT's clients were already familiar with Calastone's global network. "Calastone is really quite reputed," Good said. "We knew we could trust them." So, in 2023 NZXWT turned to Calastone and became the first New Zealand firm to provide an API connectivity to Calastone's network. This automated all end-to-end fund management order executions, resulting in a faster, more secure, and streamlined process. "The Calastone API delivered efficiency and global best practices to make our fund order processing work on a larger scale while also reducing operational risk by removing manual handling," Good said.

When NZXWT spotted a gap in their program of work for the summer, they took action, fitting the Calastone API implementation within a self-imposed deadline. They started small and steadily by rolling out test projects with the internal operations team, then to individual SaaS clients. With each successive client, the onboarding got easier: for NZXWT's second client, the process took only two days. Part of this, Good pointed out, was thanks to Calastone's strong API documentation. "It was a really well-oiled machine."

Equally impressive was how quickly Calastone's Operations Team acted to onboard, connect, and support NZXWT throughout the process. "We had direct contact with the support team," Good said, "and we could access the right people at the right time."

"You know when an order has been received, and nothing falls through the cracks."

Kelly Good, Head of Product, NZX Wealth Technologies

BENEFITS

After NZXWT implemented its API connection, it immediately increased the number of trades flowing through its platform; what Good referred to as a combination of onboarding more clients and attracting additional funds to the service. All the hours that used to be spent performing trades, inputting manual data, and sending emails were suddenly redeployed to more strategic tasks. Clients, she noted, provided 100% positive feedback.

Accuracy and speed also increased, with confirmations of placed trades accelerating by at least a day. "It's all one touch and fully digital," Good explained. "You know when an order has been received, and nothing falls through the cracks." This made the platform feel more modern, reinforcing NZXWT's role as an innovator in the New Zealand wealth management industry. Now, when the firm thinks about how it wants to shape future processes, Good said, "Calastone is the gold standard."

When NZXWT first went live with Calastone, it placed around 20 trades per day through the new connectivity. This number keeps growing and NZXWT now has days when over 90 trades are executed automatically through the API to the Calastone network.

LOOKING FORWARD

As NZXWT enters a new year with many new clients expected to be onboarded, Good is confident that they have the technology, processes and capabilities in place to manage the predicted growth efficiently. In fact, NZXWT's work with Calastone has prompted more ambitious conversations about future technology innovation. "What else can we augment or automate?" Good asks. NZXWT's platform is built on an open and modern architecture leveraging the cloud. Delivering New Zealand's first API connectivity to Calastone is yet another example of NZXWT leading the wealthtech innovation in New Zealand and the Pacific Islands.

NZXWT is also set to benefit from economies of scale. As more clients join the firm's network, the benefits conferred by the Calastone API connection will increase: more hours saved; more errors averted. And the timing is perfect. In 2024, Good and her team will complete the fourth SaaS API connection to Calastone's global network. "Leveraging modern technology makes things easier," Good concluded, "it's an easy sell."

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