

CASE STUDY

Morgan Stanley



Morgan Stanley

Since its founding in 1935, Morgan Stanley and its people have helped redefine the meaning of financial services. The Firm has continually broken new ground in advising their clients on strategic transactions, in pioneering the global expansion of finance and capital markets, and in providing new opportunities for individual and institutional investors.

“The Lean Management Thinking Programme provided the team with the opportunity to learn new tools and techniques for presenting efficiency ideas to senior management.”

Morgan Stanley Lean team



Lean Project

The project objective is to make recommendations for the most cost-effective settlement model(s) for Prime Brokerage transactions in the EMEA region. The Prime Brokerage Business provides custody services for clients of Morgan Stanley. The fundamental element of this service is the settlement of client transactions which are facilitated by Morgan Stanley’s agent network.

On a daily basis, clients send a list of transactions to Morgan Stanley and these transaction details are used to generate instructions to the agent network. Each single instruction and any subsequent amendments or cancellations generate a cost to the Firm.

The current settlement process has been in place for a number of years, during which time there have been advances within the market place and the Firm has placed a greater focus on cost control. This is an opportune time to review the current approach taken to settle Prime Brokerage client trades with a view to reducing cost.

Outcome(s)

In each of the sub project areas outlined above information was produced to demonstrate the true cost of processing. For example, the management of errors in pre-matching to clients was **9,200** per month tying up resource. Within pre-matching to Brokers the team identified a monthly tally of **35 hours** waiting, **46 hours** of inappropriate processing and **118 hours** in defect rectification.

By building up data on communication issues the team were able to demonstrate **199 hours** of monthly waste on various process issues, with too many process steps and too much non-value added (NVA) activity. Waiting NVA per trade equated to **2.6 hours**.

At the settlements stage the team identified opportunities through the development of the system infrastructure which will lead to the reduction in volume of transactions sent to agents. Potential savings of **30%** were identified based on the estimated cost per Swift transaction and inter-company movements. This will see the development of a “many to one settlements”.

The process improvement approach taken by the team on this project is not a new way of working for the company however the course facilitated a group of people from different departments to work together collaboratively on a project in the context of Lean Management Thinking. The project plan is now to achieve a **20%** reduction in support to Prime Brokerage trade flow which could yield significant savings.

This programme is now available co-funded with a Government contribution of 90% via the apprenticeship scheme. For further details call **01253 808380** info@rkmsuk.co.uk



Centre No: 045767

