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China Merchants Bank: Delivering asset management solutions powered by technology

Case study

“Being able to offer international money market funds as easily and efficiently as domestic products helps bolster CMB’s fintech credentials.

Building a technologically connected ecosystem with many providers creates an important competitive advantage for us over other domestic fund platforms.”

Jiang Lan

Head of Strategy, Product Development and Client Services, China Merchants Bank
ZhaoYing Tong online platform

Application Programming Interface (API)

An API connectivity integrates real-time trading workflow, reporting statements and balance information data. Trading through an API connection happens in real time because the system is connected directly with all of the transfer agents; trades can be validated with an immediate pop-up response and auto settlement – all in less than five seconds. This is significantly faster and more efficient than traditional trading connections that require multiple steps and email confirmation, typically resulting in trade delays of five to 15 minutes.



The company: transitioning into a fintech

Since its founding in 1987, China Merchants Bank (CMB) has quickly emerged as one of the top 20 world banks by Tier 1 capital¹. Believing innovation will help attract fund flows and improve efficiency, CMB decided to expand its focus on fintech and distribute asset management products via its online platform² to provide an end-to-end digital client experience.



The challenge: installing API trading with an international partner

Shortly after expanding its focus on fintech, CMB digitized much of its operations with domestic asset managers. Highly manual processes, namely offline trading via fax, were phased out due to low operational efficiency, high operational risk and ineffective post-investment management.

As CMB began to implement digitization with international asset managers, it was clear from experience with domestic partners that the speed, efficiency and customization of Application Programming Interface (API) trading, compared to traditional trading transmission, was essential to enhancing CMB’s capabilities.

While CMB had integrated API systems with numerous domestic asset managers, connecting with an international partner for the first time brought several challenges:

- **Technology capability and resources** – CMB needed its partner to possess expertise in API, programming skills, information technology (IT) support and investment.
- **Need for customization** – differences between Chinese and international products and regulations required adapting the way product features were displayed on CMB’s platform.
- **Language and time zone differences** – CMB’s technology team and platform operate in Chinese and in the Asia time zone, whilst most international providers speak English and are based in the US and Europe.



The solution: bringing systems together

Through a long-standing relationship and money market investment experience, CMB knew about J.P. Morgan Asset Management’s wide range of currency options and that its platform, **MORGAN MONEY**, is one of the leading API-enabled liquidity platform. In addition, JPMorgan Chase’s commitment to technology – a USD 12 billion annual investment in technology and a team of 50,000 technologists³ – gave CMB confidence that it was collaborating on this new endeavor with a trusted partner and solution.

¹ Top 1000 World Bank Ranking 2021 results – The Banker <https://top1000worldbanks.com/> (June 2021)

² China Merchants Bank’s online platform is known as 招赢通 (pronounced as Zhao Ying Tong) or fi.cmbchina.com.

³ <https://www.jpmorganchase.com/news-stories/tech-investment-could-disrupt-banking> (data as of 31 December 2021).

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MORGAN MONEY

MORGAN MONEY is a multi-currency, open architecture trading and risk management system. The platform was built on an API foundation, published through JPMorgan Chase's public developer platform, to allow any API-enabled program to send and receive data on demand, in real time.

jpmorgan.com/morganmoney

“Our commitment to strategic partnerships and technology-enabled investment solutions strengthens our market insights and business agility when developing global capabilities to meet local requirements.”

Chinchin Ma

Head of North Asia Sales,
Global Liquidity,
J.P. Morgan Asset Management

“J.P. Morgan Asset Management shares China Merchants Bank's vision of delivering asset management solutions powered by technology.

MORGAN MONEY'S API technology – and the ability to integrate this capability into our distributor's platforms – is just one of the many initiatives enabled by our company's commitment to and investment in technology.”

Paul Przybylski

Head of Product Development,
Strategy and Client Services,
Global Liquidity,
J.P. Morgan Asset Management

The partnership was a pilot to both institutions. Among the first steps was to form a working group of business representatives, technologists and other subject matter experts from both sides, which met regularly over the course of six months. The group discussed CMB's objectives and needs and identified areas of customization, such as modifying the way cut-off times, interest balances and yields are displayed for the Chinese market. The group conducted several rounds of user acceptance testing (UAT) before moving on to production.

A bridging API was eventually built and enabled CMB's computer network to talk directly to **MORGAN MONEY** infrastructure. The first trade was done for a notional value with same-day settlement; it went smoothly and efficiently.



The best practice: committing and communicating

Business commitment and technology resources from both organizations were critical to the success. CMB had a clear vision to transform into a fintech, and its IT professionals had a high level of expertise in API from their previous experience with domestic partners. J.P. Morgan Asset Management leveraged the skills of **MORGAN MONEY** technology team and tapped into the company's technologist network across the globe to fill additional programming and language skill requirements, while also providing continuous education through its client services team.

A project roadmap, including a timeline, a checklist and milestones for both parties, also played an important role in this complex project.



The benefits: achieving a milestone in innovation

Since the two platforms have been connected, CMB and its clients have already realized the benefits of an API connectivity for their international money market funds:

- **Secure trading in real time** – CMB's platform users can now trade and access balances in real time via asynchronous API connections.
- **Improved operational efficiency** – CMB reduces trading errors by eliminating the old manual processes.
- **Seamless connectivity and customization** – CMB is able to provide live product information supplied by J.P. Morgan Asset Management on its platform in a consistent display with its other domestic products.

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