

Sample case 3: FA market model and T&CS

SAMPLE CASES

Key questions



- What is **T&CS and Fund Administration market** and what are its dynamics, key **market drivers** and how the macroeconomic factors impact the market?
- What is the **market size by region and asset class**, and the **estimated trajectory** for the coming years?
- How are **various players** placed across the industry in various jurisdictions? How can market leaders **leverage Bain expertise**?
- Opaque market** with limited commentary on secondary; Major answer building through **expert interviews** and **market estimations**
- Lead time in understanding the market and generating insights for our clients is higher

Challenges/ Issues

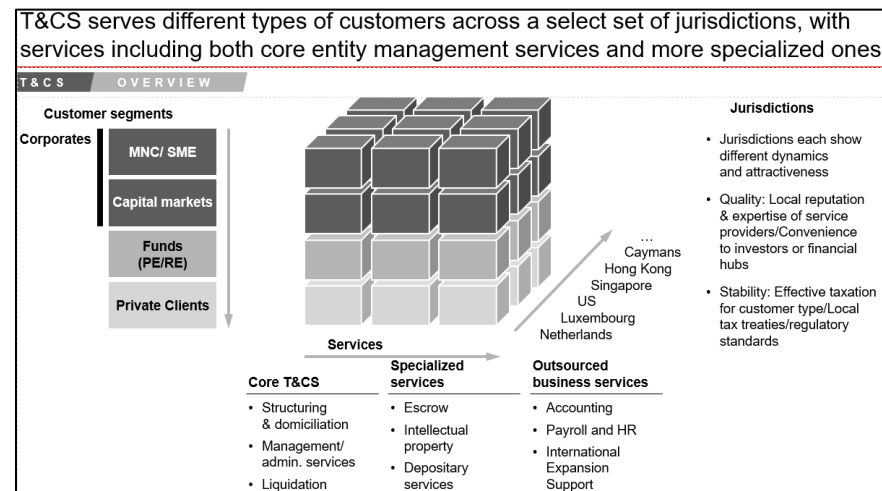


Approach & results



- BCN has been at the forefront of collaborating** with case teams on FA/T&CS cases across geographies
- Undertook massive exercise of **estimating the global market with jurisdiction-level insights**; lead numerous expert calls to build a consensus expert interview
- Built a **comprehensive primer** for case teams to understand the industry and **COVID impact on the market**

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2020-25F perspective: Going forward, growth in T&CS markets is expected to be mainly driven by an increase in billed hours due to complex regulatory requirements

T & C S	MARKET DRIVERS						T&CS		Forecasts:		INDICATIVE
	Incorporation revenue (5-15%)		Maintenance revenue (75-90%)		Liquidation revenue (5-10%)		Total market				
	# of entities incorporated	Price per incorporation	# of entities maintained	# hours billed per entity	Price per hour billed	# of entities liquidated	Price per liquidation	2020-25F CAGR (%)			
Specific evolution of drivers differs significantly between countries											
Corporate	1.3% Revival in corporate activity post COVID	-0.2% Growing in line with inflation	-11.11% Net liquidations in line with incorporations	-2.4% Increased 'Substance requirements' changes	-0.2% Growing in line with inflation	-1.3% 'Substance requirement' causing shake-out of entities	-0.2% Growing in line with inflation	-2.4%			
Private Wealth	-11.1% Stricter transparency requirements (CRS, FATA)	-0.2% Growing in line with inflation	-2.0% Net liquidations higher than incorporations	-1.3% Increased compliance requirements	-0.2% Growing in line with inflation	-1.3% Reg. causing shake-out of low-value entities	-0.2% Growing in line with inflation	-0.2%			
Funds T&CS (SPV)	-3.5% Strong underlying growth of fund industry	-0.2% Growing in line with inflation	-4.6% Net incorporations higher than liquidations	-2.4% Increased substance <u>remits</u> , by reg. changes	-0.2% Growing in line with inflation	-2.4% Reg. causing shake-out of low-value entities	-0.2% Growing in line with inflation	-3.5%			
Capital Markets	1.3% Demand for liquidity/ refinancing requirements	-0.2% Growing in line with inflation	-1.3% Net incorporations higher than liquidations	-1.3% Increased compliance requirements	-0.2% Growing in line with inflation	-11.1% Shake-out of low-value entities	-0.2% Growing in line with inflation	-2.4%			