

The feasibility of funds integrated inquiries via mobile ePassBook APP

Abstract

Study Focus

Having been cultivating the financial market in Taiwan for 10 and some years, in addition to the fundamental service of the registration of the dematerialized domestic funds, TDCC has also constructed the MOPS, Market Observation Post System. With this digital platform, investors can make queries of the offshore funds and the futures trust funds announcements. The funds trading platform has also been constructed for Funds and Securities companies to apply for funds subscriptions for investors under their names. As the backend service and resolution provider, TDCC offers various information sources of the funds market, however, all information sources operate independently, when a query for information/data is made by an investor, each different channel must be inquired separately. To be in sync with the prevailing tendency of Fintech development, all entities with information resources must dedicate themselves to providing versatile integrated information services as well as enhance the information values. Therefore, TDCC is earnestly scrutinizing all the retained funds information, and thoroughly seeking a more efficient application in conveying integrated funds information for investors' references in hope of creating more adequate funds market information services.

In order to better meet the needs of the users in the market, TDCC has been consulting with many funds companies, including Securities firms, Trusts and Consulting companies, to get a better grasp of their current services and contents of investors' fund inquiries. We realize that all organizations have set up their own official websites in order to enable their investors to make purchases and search for the transaction related information. However, this information service is limited to funds traded within a particular company. The costs of developing and maintaining an APP is greater, not every company is willing to open that can of worms; plus, both the funds subscription and redemption payments involve the accounting systems of banks, so the companies can only calculate the amount of payables and receivables, they would not be able to learn about whether the payments are remitted or received by the investors in a timely manner. Besides, in order to look for the information and announcements related to funds, investors must find them in the funds announcement platform of TDCC; since these information are not available in the websites of the funds companies.

With regards to the mobile technology services, the *ePassBook* by TDCC has serviced the market for some time, and investors are fully enjoying the convenience of immediate bank passbook registry online, hence the instantaneous control of their assets; tens of thousands of accounts have been activated. Once the integrated funds information query function is made available in the *Funds ePassBook* APP within the original *ePassBook*, investors can look up their stock or funds investments in one single integrated platform, and some information of their interests such as shareholders meetings, payments and remittances can be posted onto this platform. It will be considered beneficial in market information integration. This study of the feasibility of funds integrated inquiries via *Funds ePassBook* APP focuses on the following objectives:

I. The Funds Service Scopes of TDCC

Since our inception in 1989, TDCC has been providing convenient and secured book-entry operations for centrally deposited securities. In order to strengthen our role as an intermediary in other domains, we have been successively planning some fundamental services for the funds market since 2000 in issuing registry, funds transactions and funds investments. Our service scopes cover Investment Trusts, Offshore Funds Companies and their agents, banks, Securities and other dealers; many of our services directly reach out to the general investors. Not only do

we cater the efficient systematic assistances to the industry, but the potent adequate support to the authorities in administering the market and ensuring investor equity.

II. The Demand for Integrated Funds Information Applications

TDCC has constructed the MOPS, Market Observation Post System which integrates all website links to funds investment information of investors' interests, be it Offshore funds and the Futures trust funds announcement platforms, or the websites of Securities Investment Trust Association and the market observation post system of Taiwan Stock Exchange. The MOPS makes it more time-efficient for investors to search for desired sites for information. In 2018, we proactively seek and plan for collaborations with Taiwan Securities Investment Trust & Consulting Association, with the construction of the combined Domestic and Offshore Integrated Funds information announcement platform; we provide all instant market information of both domestic and offshore funds to the investors.

In addition, an investor must physically be in all a sales agency if he/she wishes to open an account for trading funds. Therefore, all information related to funds can only be inquired within that particular agency. From an investor's prospective, if TDCC can provide a single platform for all inquiries and supply the holding funds information of all entities, and combine with the aforementioned domestic and offshore funds information announcement, it is believed that information efficiency in the funds market can be elevated, therefore a superior funds market in Taiwan can be developed.

III. Functionality analysis of the ePassBook by TDCC

The *ePassBook* APP was released on March 29, 2017 by TDCC, this smart phone application incorporates mobile technologies that enable investors proceed with online bank passbook registry to promptly access their assets. Besides, this APP allows investors to install passbooks form various dealers; all their investments of their depository and clearing accounts can now be managed within one device. In November 2017, the number of the activated accounts exceeded 200,000.

When compared with the conventional papered passbooks, the *Funds ePassBook* by TDCC presents more flexible inventory analysis pages to the investors, the most updated inventories can be examined with mobility. The dreadful commute to and from a business location of a securities dealer is no longer necessary. All investments made with different dealers can now be clearly reviewed with one easy application. The *Funds ePassBook* does not just dematerialize the old fashioned papered passbooks, it also establishes an innovative digital channel for investors, facilitates them with a range of comprehensive and immediate services through market push notifications and stock affair information according to their investment targets.

IV. Inquire Integrate Funds Information with ePassBook

One of the main objectives of utilizing *ePassBook* by TDCC is to replace the conventional papered ones, therefore, the reminders for updating the bankbooks, counter services and other conventional affairs still remain. However, the practical funds transactions are different from stock transactions; the reconciliation statements investors receive from the funds trading agencies clearly state the trading details and balances, moreover, it is no longer necessary to prompt for bank books to process the transactions. Hence the planning of investors obtaining integrated information relate to funds to be queried via *ePassBook* APP. There are multiple channels for applying for query approvals, namely, through *ePassBook*, through trading agencies and/or Securities Investment Trusts. From the aspect of facilitating the investors with integrated information, it is advised that investors can inquire all information from across all agencies where they have invested with one granted approval of *Funds ePassBook* application.

For the purpose of authenticating the aforementioned funds information integration inquiry does come from the investor him/herself, it is recommended to include a clause which

clearly states the consent from the investor in his/hers consent form and declaration during the application process, or in the application process online. Nonetheless, can this be a sufficient, adequate verification for the application? We still need to seek consensus from both the authorities and the industry with regards to the level of authentication vs. the risk of implementing this service before we proceed with any practical planning in order to constitute the full foundation of this initiation. The *Funds ePassBook* provides only queries for funds transactions, announcements and other integrated information; funds trades, account transfers and other services are not yet authorized. When applying for the activation of query services of *Funds ePassBook* within *ePassBook*, we advise that the investor's D.O.B, cell phone number and the one-time OTP password are to be prompted by the system for verification purpose. Considering the risks that come with the convenience of Funds ePassBook information inquiries, this authentication precaution can further verify the queries are from the investors.

Conclusion and Resolutions

I. Diversified Funds Information with the Added Value of Integration

If we look into all the current platforms for funds services, dealers make purchase with their accounts for their investors and the payment remittance information, and our funds dematerialized registry are all processed via the data system constructed by TDCC. Not only the information of investors' funds investment are retained in our database, we can also consolidate all their cross-dealers' transactions into one. The establishment of the domestic and offshore funds integrated announcement platform can provide the comprehensive information of declaration announcements of funds. From the aspect of investors' asset management, in addition to providing funds transactions, payment and remittances, as well as the update of their investment targets; TDCC can now supply the investors with the integrated invest position and announcements for their references to bring forth the added values of the information integration.

II. Integrated funds information queries by mobile APPs

Having met with various funds trading entities, we understand that all of them have constructed dedicate links on their websites for offering funds subscriptions and funds transaction inquiries to their investors, however, this information service is limited to funds traded within a particular company. The costs of developing and maintaining an APP is grand, not every company is willing to or is able to allocate the resources for this involvement. Plus, both the funds subscription and redemption payments involve the accounting systems of banks, so the companies can only calculate the amount of payables and receivables, they would not be able to learn about whether the payments are remitted or received by the investors in a timely manner. Besides, in order to look for the information and announcements related to funds, investors must find them in the funds announcement platform in TDCC; such information are not available in the websites of the funds companies.

As stated, if TDCC can take the APP approach to integrate the funds transaction statements, payments and remittances, public announcements and instantaneous push notifications; we can surely differentiate our servicing scopes from the existing websites and APPs of the current funds companies'. Furthermore, the integrated funds information services by TDCC, *Funds ePassBook*, will be made available under the existing *ePassBook*, so that investors can concurrently manage their stocks with one single mean; it will be the ultimate best and more efficient asset management tool.

III. Overall Market Benefits of Integrated Information Queries via ePassBook

The *ePassBook* mobile APP by TDCC launched in 2017 is fused with innovative mobile technologies so that investors can perform passbook registry and manage the updates and

transactions of particular investments with their mobile devices. In addition, investors can install and initiate different passbooks from different accounts with different Securities so as to have an instantaneous understanding of their assets; some 200,000 accounts have been activated.

The integrated information services can be a great addition to the ePassBook by TDCC, with one single interface platform investors can inquire some information of their interests, such as stocks and funds investments. Other information, namely the shareholder meeting notification and funds payments and remittances notifications can be promptly delivered to the investors as well. This can be beneficial for market information integration. In the future, we may add some information of different targets, or we can collaborate with banks and other trading companies in exchanging information, so that we can gradually optimize the benefits of the integration platform in cross market information.

IV. Fintech is to Developed under the Premises of Information Security and Discretion of Personal Data Protection

The objective of the Funds ePassBook APP stated above is to administer an approach for investors to inquire all the related information and data in the capital markets with the benefits of Fintech. This intention can only be served, and Fintech implementations can only be exerted when the information security and personal data protection are attained.

When positioning the Funds ePassBook, we want to distinguish the functions of this APP from existing ones provided by other funds agencies; hence the investors may only inquire the related market information of their funds. They may not subscribe to any funds, and they may not perform any book-entry operations. They may, however, confirm the correctness of the transactions they completed with the funds agencies via the Funds ePassBook APP by TDCC; and all of these data and information are projected to be preserved in the Cloud Storage of TDCC for safekeeping. TDCC must employ the highest standards as far as the information security is concerned. Additionally, when it comes to the issue of investors' personal information discretion, regardless which above mentioned approach does the investors choose to apply for the Funds ePassBook, we must verify that such application does indeed comes from the investor himself/herself. When and only when such personal consent is verified can an investor begin to inquire cross-agency data, and this is essential for preventing the personal data and related funds information from being obtained by a third party.

Envisioning the future, when the function of integrated funds information queries by Funds ePassBook APP is completed, TDCC can consider uplifting our current services in stock registry accounts, bills and stocks affairs and bonds affairs to discover more opportunities for advancements. In addition, we also need to look into the possibilities of cross-discipline collaborations with banks and other entities in information exchanges. For instance, with banks; we can provide a single platform service for investors' bank payment flow queries. And with Fund companies, we can facilitate and expedite fund statement deliveries. All are to cultivate the Fintech economic climate, and to further our core values and ideals of being the proficient and accomplished administrator in backend financial solutions.