

Interview with Licia Napoléon Bonaparte and Flora Karasso Rupf Phoenix Global Services SA



Licia Napoléon Bonaparte, Founding Partner, Phoenix Global Services SA

holds a master's degree in international relations from IHEID in Geneva, a certificate in compliance management from the University of Geneva and a certificate in corporate governance from Harvard Business School. She has over 25 years of experience in private banking, business creation and development, risk management and compliance, spanning roles including company secretary, chief risk & compliance officer and head of corporate strategy at leading banking institutions in Geneva. She has also set up and managed a bank (accepted as CEO by FINMA). Licia co-founded Phoenix Global Services with Flora. For many years she also lectured at the Institut Supérieur de Formation Bancaire (ISFB) in Geneva.

Our role has been to build trust and explain the paradigm shift from an AMLA supervisory system to prudential supervision.

Our relations with the supervisory bodies have been fruitful, and they have generally been very cooperative.

Our exchanges with FINMA have also been cordial and productive. A genuine partnership has developed. FINMA's practice has evolved over time and new requirements have been introduced, making the finalisation of certain cases more complex. Files submitted by the same provider could have been handled by the same FINMA contact.

3. What solutions does Phoenix Global Services SA propose to ensure that asset and portfolio managers can continue to comply with the requirements of FinSA/FinIA? In your view, will there be further regulatory obligations and increased regulation for asset and portfolio managers in the future?

Phoenix offers a wide range of tailor-made solutions that enable asset and portfolio managers to comply with the new regulatory requirements quickly and cost-effectively, including advisory assistance, risk and compliance outsourcing and monitoring, and the option of buying our reporting tools, internal documentation and certain contractual documents.

We are witnessing a proliferation of regulations and the constant revision of standards. Calling on the services of professionals is valuable to avoid making mistakes. It is only a short step from breaching a law to FINMA sanctions. Compliance with these obligations must be absolute, since any breach can have serious consequences, which may be prudential in nature and even jeopardise the licence to operate issued by FINMA.

4. In principle, the strategic decision to outsource makes it possible to improve cost efficiency, particularly in view of the expected increase in regulatory costs. Can you put a figure on the cost savings from this outsourcing decision (percentage range, compared with insourcing)?

The challenge of insourcing is threefold. You have to find a compliance and a risk specialist, as well as their deputies. We note that FINMA has tightened the screws on the skills of risk officers. And in the end, you still have to find employees who are willing to not necessarily work 100%.

The advantage of outsourcing is that such FINMA-approved specialists can offer their expertise on an à la carte basis. The savings are substantial, up to 70% depending on the number of hours chosen.

Flora Karasso Rupf, Founding Partner, Phoenix Global Services SA

holds a master's in law from the Aristotle University of Thessaloniki in Greece and a bar exam (Thessaloniki Bar Association), as well as an LLM and a certificate in compliance management from the University of Geneva. She is also a certified ICI Master Coach. Flora has more than 25 years of experience working for asset managers in Geneva as a legal, compliance and trust officer. She has been with Phoenix for 15 years, managing projects in risk management, in particular with banking institutions. Flora sits on various boards of directors.

Flora and Licia are members of the Groupement des Compliance Officers (GCO) and the Swiss Risk Association (SRA).



5. How is the competition in the market for compliance outsourcing solutions? How does Phoenix Global Services SA stand out?

We are seeing an upsurge in new companies and even law firms. For our part, we favour prospects who come to us by word of mouth. We concentrate on building long-term relationships with all our clients. At Phoenix, we have total control over the quality of the service provided. Some of our competitors sub-delegate to external providers or use auxiliaries.

According to the supervisory bodies, FINMA, auditors and our clients themselves, Phoenix stands out for the precision of its services and the methodical structure of its tools. Our staff have the seniority to work quickly and efficiently and are skilled in both risk and compliance management. You have a single point of contact for risk and compliance management and a single deputy. With some of our competitors, you can end up with four different contacts.

Our outsourcing packages are transparent and include the provision of internal documentation, contractual documents and sophisticated reporting tools. There are no nasty surprises, hidden costs or services not included.

6. For small portfolio managers (e.g. one-(wo)man shows), what do you think are the success factors for continuing to operate competitively and profitably (in terms of organisation, business model, etc.)?

The major challenge for one-(wo) man shows is to ensure continuity of operations and, for those approaching retirement, plan for the handover of the business. Phoenix

helps them think matters through and also offers M&A Services.

All in all, this type of model works very well and remains profitable. The portfolio manager is either a niche manager and/or has long-standing clients or is a start-up.

Outsourcing the risk and compliance function gives them the comfort of professional risk management while allowing them to concentrate on their core business and avoid any potential wrong steps.

7. How will the asset and portfolio manager sector develop over the next few years, and what do you see as the greatest opportunities and challenges for the asset and portfolio management sector?

The raison d'être of asset and portfolio managers is based on independence and personalised service, an open-architecture product offering and stable, predictable human contact that clients no longer find with banks.

The biggest challenges remain the constantly changing regulatory environment and the accumulation of incompressible costs, doing without third-party remuneration, and offering better performance and more competitive rates.

Smaller structures that achieve comfortable profitability will not seek to join other structures and will maintain their independence. However, some synergies are developing in terms of cost-sharing, e.g. sharing premises.

Contrary to the market's initial expectations, we have not seen many mergers. Marriages are always complicated.

8. What are your strategic priorities for Phoenix Global Services SA as it continues to grow?

Phoenix is consolidating its long-term relationships with a growing number of asset and portfolio managers. The growth is organic. A new partner joined the company in 2021, Marie-Noëlle La Ngoc, whose long experience has accelerated the development of the asset and portfolio management segment. New partnerships are in the pipeline.

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