

Passport to Financial Freedom



As Chief Technology Officer, **Nirup Krishnamurthy** leads Northern Trust's Worldwide Technology Group. The group provides clients with agile, cost-effective technology solutions to meet their financial needs.

Nirup Krishnamurthy, Northern Trust's chief technology officer, discusses the trends in financial technology and how Northern Trust helps clients view and manage their complete financial picture online.



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Q: Many investment techniques seem to begin with institutional investors and then migrate into the personal realm. Does the same hold true with technology?

Yes. At Northern Trust, we see many of the trends that first take hold in the institutional realm migrate over to the personal wealth space. This phenomenon happens much more frequently and rapidly today than just a few years ago. For example, multi-asset strategies used by corporations for years are becoming a significant demand among affluent individuals and families. Now

that many personal clients manage their wealth like institutional investors not private investors, this makes sense.

Northern Trust's online account management systems are evolving to take advantage of the more advanced reporting techniques currently available to our institutional clients. These changes will allow personal clients to view their investment programs holistically. For example, just as institutional investors would want to see a company's investment performance delivered in a single report, our personal clients also want the same holistic

view of their assets, regardless of whether they're held by Northern Trust or not. These clients also are requiring deeper and broader reporting capabilities that include views of accounting and tax information and investment performance.

Q: What are some examples of technology that Northern Trust developed for its institutional clients that personal clients now benefit from?

There are many. Personal clients benefit from Northern Trust's extensive performance analytics capabilities. Collecting financial data and then analyzing and reporting performance are very complex activities that we have significant experience in managing. In 1977, we were the first custodian bank to offer a performance analysis product that was capable of integrating U.S. and non-U.S. assets. The same global performance, analytics and calculation engine first used for our institutional clients is now used to deliver our personal client performance reporting services. We also use a single data repository that easily facilitates the access and manipulation of both inbound and outbound transactions and information. Because we don't have to segregate the data before we can do anything with it, we've sped up the process and made it less vulnerable to errors.

Several years ago, Northern Trust introduced online account aggregation capabilities to our personal clients to allow them to view assets and liabilities held outside of Northern Trust alongside their Northern Trust accounts. This allows our clients to gain a comprehensive view of their total financial picture.

Q: Besides saving time, what are the advantages to seeing all accounts in one place?

The convenience factor is certainly an advantage. But, as I mentioned above, one of Northern Trust's core strengths is our performance analytics, and we've been at it a long time. Just as a client wouldn't want to move from one Web site to another to cobble together all of his or her investment information, Northern Trust's advisors have a distinct advantage with our single data repository and performance analytics and calculation engine. Our clients benefit from the breadth of investment advice they receive because projections and recommendations are based on a total view of their portfolios.

Q: What security measures does Northern Trust take to protect clients who use these online tools?

Northern Trust uses the latest security technology to protect clients, as well as physical and procedural safeguards that meet and exceed today's federal standards. For instance, Private Passport requires all clients to use 128-bit secure sockets layer (SSL) compliant browsers. This allows all of the information transmitted between clients' computers and our servers to be encrypted. And we actively — and constantly — monitor industry security trends and practices to ensure that we are supporting the highest level of security possible for our users.

Our servers are equipped with firewall technology that protects them against unwarranted intrusion and ensures only approved client requests are processed. All Northern Trust data centers are located in secured facilities where all activity is logged and monitored to ensure that no attempts have been made to breach our security.

Q: Online bill payment is becoming increasingly popular. What types of procedures do you have in place to protect clients using this service?

In addition to our many technical security measures, Northern Trust has a number of operational procedures in place protecting users of our bill payment service. When new users sign up for online bill payment services, for instance, we require an enrollment verification waiting period. During this time, we are able to contact our clients by both mail and e-mail in order to verify and, ultimately, confirm their request.

Additionally, payments made using Northern Trust's online bill payment are subject to a \$200,000 per payment limit, and all payments drawn from a client's account online are subject to the same review procedures and risk thresholds as standard paper transactions.

Q: What technology developments are you considering for personal clients?

We are looking to leverage the enhanced reporting capabilities available to institutional clients for our personal clients. These include the ability to weave a client's internal and external financial account data throughout the entire online account management experience. This will not only give clients the ability to review their accounts held both at Northern Trust and external financial institutions, but will allow our clients to proactively monitor and manage all of their financial matters in one place, and help them make informed decisions based on their total financial picture. ■