

# AMERICAN BANKER<sup>®</sup>

THE FINANCIAL SERVICES DAILY

Wednesday, December 13, 2006

## SEI Pitching Alternative Model for Bank Offerings

■ BY MATT ACKERMANN

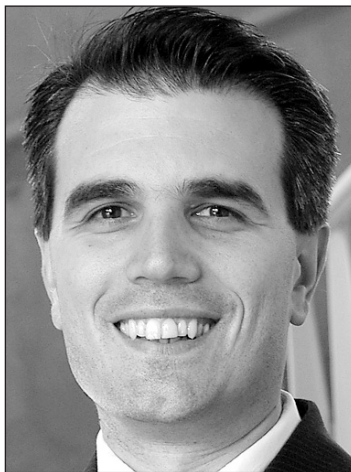
It is well known that banks have debated whether to offer proprietary investment products or open architecture, with many moving to the latter, but SEI Investments Co. is hoping a third option will help it get on the shelf at banks.

SEI is using an approach called “guided architecture” to attract bank and trust customers. The approach is already succeeding in foreign markets, and the company hopes it can gain traction domestically.

Two executives with the Oaks, Pa., provider of asset management and investment technology products and services said the approach is the next step for banks that dove head first into offering an array of nonproprietary products and now are looking to offer advice and a more finite list of products.

“Many banks a couple of years ago opened up their architecture and created a supermarket of mutual fund options, and their end clients were oversaturated, and they weren’t very satisfied,” said Joe Ujobai, an executive vice president of global private banking for SEI. “What we have done is work to create packages of investment solutions that each bank can administer on a platform to give them more functionality.”

The banks then offer advice with these products so that they can become the client’s “investment quarterback,” he said.



**Chiaradonna:** Foreign gains “will lead to success domestically.”

“These are all branded with the bank’s brand. Bankers call this ‘guided architecture,’ because now the end client isn’t just given a supermarket of options.”

SEI has used the guided architecture approach successfully in both Europe and Asia, Mr. Ujobai said; it has signed up banks in Switzerland, Hong Kong, Singapore, Monaco, Luxembourg, and the United Kingdom.

“A solution like this has been helpful for banks that are looking to get new clients and to really increase the business that they are doing with their current clients,” he said.

“By partnering with us, banks can spend their capital on hiring relationship managers, and we can spend our capital on creating the right investment solutions,” Mr. Ujobai said.

Al Chiaradonna, a senior vice president of global private banking strategy and innovation for SEI, said it has increased its assets under management 4.5% in the third quarter, to \$168.9 billion as of Sept. 30. Only 6.6% of those assets came from the U.S. bank channel.

SEI does not break out its growth in the international bank channel, but Mr. Ujobai said it is growing quickly.

“Banking distribution is only a small percentage of our assets right now, but it is clearly our fastest growing distribution channel,” he said.

Geoffrey Bobroff, the president of Bobroff Consulting in East Greenwich, R.I., said SEI developed a strong book of business through foreign banks over the past five or six years as it began offering funds of funds and a software package that helps advisers to construct portfolios for customers.

SEI has succeeded internationally because “the current generation wants more solutions-based investment offerings rather than a supermarket of options to pick and choose from,” he said.

Mr. Ujobai said guided architecture has caught on more quickly in foreign markets because, unlike U.S. banks that consolidated small money managers over the past 10 years, international banks did not have as many proprietary products on their shelves.

“People want choice, but to go back to the supermarket analogy, the shelves were

pretty empty, and then over the past eight years things got very, very crowded,” he said. “Now the clients want help in making these choices.”

Mr. Bobroff agreed that banks in Europe are more apt than U.S. ones to work with an open architecture third-party provider, because they have fewer proprietary products.

“SEI has an avenue for success overseas,” he said. “SEI’s exposure in the U.S. is really still with the midsize and smaller banks. The larger banks, domestically, are less inclined to use someone like SEI.”

Mr. Chiaradonna said he expects the guided architecture approach to help SEI to increase its U.S. bank distribution.

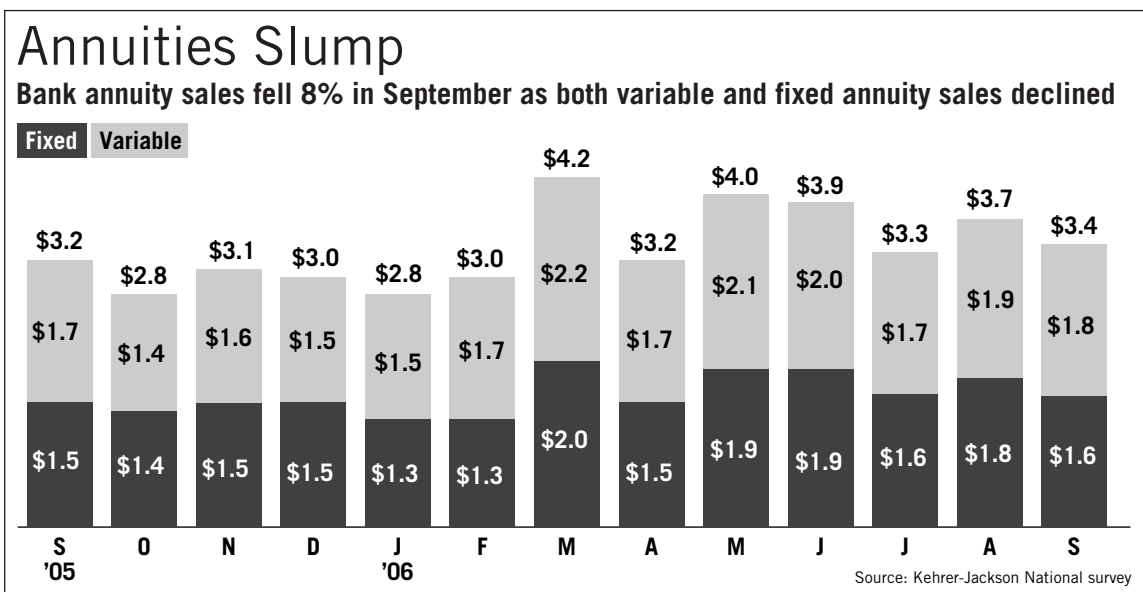
“Now that the world is flatter and we have established a track record for this approach overseas, it will lead to success domestically,” he said. “The U.S. banks are increasingly interested in what we have done globally.”

SEI already is working with 150 banking companies globally, including HSBC Holdings PLC, JPMorgan Chase & Co., U.S. Bancorp, SunTrust Banks Inc., National City Corp., Wells Fargo & Co.,

and UnionBanCal Corp., which is mostly owned by Mitsubishi UFJ Financial Group Inc.

Mr. Chiaradonna said there are increasing similarities between the approaches that domestic and international banks are taking to asset management.

“Banks, regardless where they are based, want to offer open architecture and relationship management, and they want to be the trusted adviser for their customers,” he said. “It is not about products. It is about offering the right array of solutions.” ■



**SEI** New ways.  
New answers.®

www.seic.com