



# Why transfer agents play a pivotal role in cross-border fund distribution



## Transfer agents remain at the center of the cross-border fund distribution ecosystem and, in an increasingly digital world, the nature of their role is evolving at pace.

In an [Association of the Luxembourg Fund Industry \(ALFI\) Global Assets Conference](#) panel discussion hosted by State Street earlier this year, all panel participants agreed that transfer agents would remain crucial as new technologies, the distribution of new products and entry into new markets pose challenges.

“The transfer agent is pivotal in driving cross-border fund distribution,” said Deirdre Ryan, head of Business Origination for Luxembourg at State Street, who chaired the discussion. “But distribution strategy continues to evolve and is ever-moving.”

What does that mean in practice? Panelists discussed five key areas where the transfer agent’s role is crucial, and where change is underway or needed.

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## 1. Building trust through modernization and collaboration

Transfer agents play a critical role in the distribution process, but investors may not even be aware of their presence. While problems with a transfer agent’s service can be disruptive for investors, it’s likely that many will blame the asset manager or distributor. In this sense, a constant for transfer agents is the need to build trust with key partners — asset managers, distributors and the wider value chain want to know they can depend on the agent, noted Elisa Alonso Sanz, former chief operating officer of ABN AMRO Investment Solutions.

“Choosing a transfer agent is like picking a partner when you’re swimming in open waters,” said Alonso Sanz. “It has to be someone you can rely on absolutely.”

However, while trust is critical, transfer agents must work harder than ever to achieve it, particularly as the investment industry continues to digitalize. One example, according to Alonso Sanz, is that asset managers are now striving to be data-driven in everything they do.

**“The real challenge as we evolve the distribution model is how we can collaborate as an industry to move the technology in the right direction.”**

**Ruben Nieto Martin-Vares**

Managing director,  
Allfunds Blockchain at Allfunds



The ability to leverage the digital trail left by investors during transaction processes, as well as in interactions with websites such as information searches and literature requests, is crucial in this regard.

More broadly on digitalization, everyone's expectations have increased, pointed out Joern Tobias, global head of Investor Services Product Management at State Street. Tobias remarked that people expect the same level of frictionless digital service in their professional lives as they are accustomed to in their personal lives. "Transfer agents have to provide the same digital experience as people are used to receiving from Amazon, Netflix and other consumer technology businesses," he explained.

Ruben Nieto Martin-Vares, managing director, Allfunds Blockchain at Allfunds, highlighted that the investment industry should not seek to eliminate the role of the transfer agent, but to redefine its role in the new world. "The real challenge as we evolve the distribution model is how we can collaborate as an industry to move the technology in the right direction," he said. "When transfer agents are trusted partners – rather than a commoditized service – their contribution in this regard is highly valued."

## **2. Supporting the investor experience**

The basic need for transfer agents to deliver a smooth, problem-free experience for the investor is not new — just as the importance of building trust has been a constant.

But here, too, what that requires in practice is changing. Existing clients' expectations are increasing and new investors bring new types of demand.

"We have service level agreements with transfer agents, but investors don't care about that; they just want subscriptions and redemptions to go through without a hitch," said Alonso Sanz. "Now we need to accelerate the timescales for transfer agent activity."

In some cases, client demand is driving the need for acceleration; in others, it is changing regulation or market practice. For example, Alonso Sanz pointed to the move to T+1 settlement in the US, Canada and Mexico this year as a likely challenge for the entire post-trade sector.

Sebastien Rouyr, IFDSL's head of business development in Europe, highlighted the increasingly global nature of the client base, with asset managers now determined to distribute funds globally and needing the right partner to do so.

"That's the job of the transfer agent," he said. "Our industry in Luxembourg is strong and trusted. We need to deploy the right services and capabilities to serve investors and distributors across the globe."

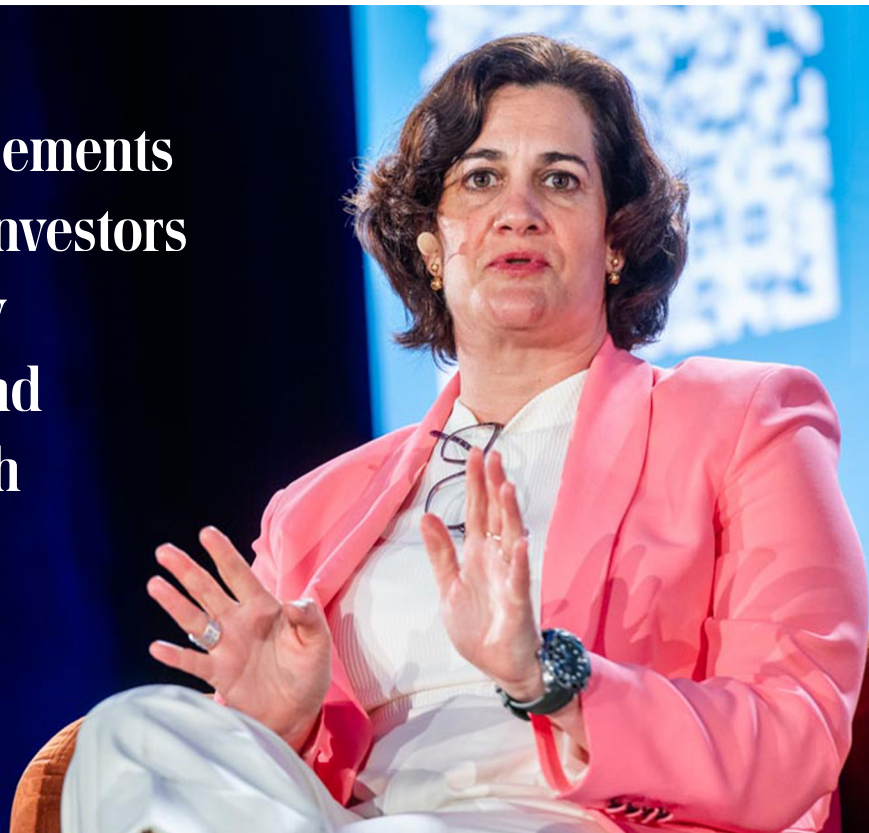
That will require the development of new communication protocols, Rouyr added, adapted for the cultural practices of different markets and the investment behavior and expectations of new generations of investors. "We've talked about trust, but partnership is the other key word here," he said.

"Distribution is an ecosystem where you have asset managers, investors, distributors, service providers and platforms all coming together, so it's important to keep a continued dialogue and effective partnership."

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**Elisa Alonso Sanz**

Former chief operating officer of  
ABN AMRO Investment Solutionst



### 3. Participating in new technology adoption: blockchain and AI

The key with new technology, warned Martin-Vares, is to concentrate on the use cases, rather than the technology itself. “The transfer agent has an amazing opportunity to help the industry embrace new technologies, but this has to be about creating a new experience,” he said.

Advances in blockchain are one area of such opportunity. Distributed ledger technology is now mature enough for widescale adoption to be possible, said Martin-Vares, but that will require the whole industry to work collaboratively, rather than focusing on individual proof-of-concept practices as it largely has up to now.

Transfer agents will be front and center in this shift, predicted Martin-Vares, rather than being disrupted out of business by it, as some have previously suggested.

“Blockchain is an amazing technology for recordkeeping, for registry, for many of the core activities of the transfer agent today,” he said. “But this is an opportunity for a new type of transfer agent able to offer an even better experience.”

Similarly the benefits and opportunities of artificial intelligence (AI) must be grasped, remarked Tobias. “Generative AI, for example, can bring information to investors’ fingertips within seconds,” he said. “With traditional transfer agent processes, this technology could bridge the gap until the full potential of blockchain can be exploited.”

Rouyr also pointed to the value of new technologies for transfer agents’ own operations. “We need to leverage these new tools to drive efficiencies in our own processes,” he said.

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#### 4. Working with new products and services

Another challenge for transfer agents will be to support the funds sector as the product set evolves. In particular, demand for semi-liquid products such as European Long-Term Investment Funds (ELTIFs) is now growing steadily. “We have worked with clients to design the operating model that is, from a transfer agent perspective, capable of servicing such products,” said Rouyr.

All the panelists agreed that ELTIFs represent a significant opportunity, both for the investment industry as a whole, and for

Luxembourg in its role as a leading location for the cross-border funds sector. However, any new type of fund brings new challenges for every player in the industry.

“The service we offer to clients will continue to evolve, along with the products we will be asked to service,” added Rouyr. “We have a key role to play. The investors and distributors expect a different service, and the asset managers require an operating model that will be adapted to such semi-liquid products.”

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**Sebastien Rouyr**

IFDSL's Head of Business  
Development in Europe



Again, close collaboration across the industry will be required. “You need to look at the complete value chain,” said Tobias. “Otherwise, you create a product you can service from a portfolio management perspective and at the transfer agent, but the distributor may fail to replicate aspects of the process.”

One example of nuance here is that ELTIFs are not suitable for every type of investor; regulatory boundaries may even limit distribution. That is something asset managers are coming to grips with, said Alonso Sanz.

“We need to understand who the client is, the capabilities to absorb new asset classes in their portfolios, and how this will affect pricing.”

Martin-Vares argued that ELTIFs represent another opportunity for transfer agents to leverage new technologies. “This is an opportunity for the industry to engage with a new kind of client, with a new kind of product, so this is fantastic,” he said.

“But it is also challenging, because private and hybrid funds have traditionally had quite heavy manual processes; the door is open for more digitalization and application of technologies such as the blockchain and tokenization.”

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## 5. Expanding into new markets

As asset managers focus on new markets, particularly in areas such as Latin America and the Middle East, transfer agents need to think carefully about how to work effectively with investors and distributors in these regions.

“You need to be able to adapt the service to the countries to which you’re exporting, by translating the regime that you’re offering,” said Tobias.

“That’s the biggest challenge – the regime is set, but you need to be local to address the cultural aspect of distribution in those markets.”

There are practical questions, too. Investors in these new markets expect the same level of service as their counterparts closer to home, with support available at a time of their choice. A follow-the-sun model for servicing local investors is critical to offering-real time access and support for these investors.

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**Joern Tobias**

Global head of Investor Services  
Product Management at State Street



Transfer agents may also have a role to play in the education process, said Rouyr, for example working with asset managers and local distributors who are new to the Luxembourg products and need help understanding what is required from a regulatory perspective.

“Transfer agency is a regulated function here. We must accommodate regulation, which may be completely new to some clients looking to launch products in Luxembourg for the first time, as well as for distributors who are not experienced in Luxembourg products. That requires sharing of expertise.”

## The way forward

One theme permeated through much of the panel’s discussion. Predictions of the demise of the transfer agent have proved premature. While the nature of the role continues to evolve in line with changing customer expectations, emerging technologies, new product development and ongoing market expansion, transfer agents are still very much at the heart of the distribution ecosystem today. “We all need to adapt and bridge the gap between legacy business and new investors,” said Ryan. “People and technology are the key.”



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