Santander fintech guru trades punk rock for funds

INTERVIEW

Belinky brings his disruptive tactics to conservative bank's asset management arm

SIOBHAN RIDING


Tony Healey/FT

Mariano Belinky is an outsider in the staid world of fund management. The asset management chief of Santander, one of Spain's most conservative institutions, is a former fintech guru with a passion for punk rockers the Ramones and a large collection of bass guitars, including one that hangs on the wall of his London office.

The Argentine's maverick bent seem at odds with the path of the €200bn asset management business he leads. When he became chief executive of Santander AM in 2018, the company had just retreated from an ambitious plan to merge with Italy's Pioneer — a transaction that would have created a European fund powerhouse valued at more than €5bn. After that deal collapsed, Santander abandoned the pursuit of an independent future for its asset management unit and decided to bring it back under head office control.

With an eye on the lucrative asset management fees at a time of low interest rates, Ana Botín, the bank's executive chairman, bought out Santander AM's private equity backers, Warburg Pincus and General Atlantic. She rolled Santander AM into a newly created internal wealth business, headed by Victor Matarranz, who previously worked with Mr Belinky at McKinsey and chose to bring his former colleague on board.

Sitting in his office overlooking Regent's Park, the self-assured Mr Belinky, who stands out with his bright red braces, ponders whether the move away from a big merger was the right one.

Did Santander AM lose out by not becoming part of a bigger group given Pioneer was then swallowed by Amundi to form Europe's largest asset manager? "I don't know," he says bluntly. "There is a lot of value in scale in the asset management industry, as you see with the big passive players." But he counters that being bank-owned provides other benefits.

Chief among them is access to a vast network of bank branches through which it can sell its funds. "Distribution is critical," he says. "If you don't have your own distribution it's tough to differentiate yourself. We see that from the asset managers who come to our private bank for distribution deals."

Santander bringing asset management back in-house bucks a trend for banks that have cut ties with their fund arms. Credit Suisse and Barclays offloaded large parts of their investment businesses after the financial crisis. Crédit Agricole and Deutsche Bank have kept majority stakes in Amundi and DWS respectively but, having floated a portion of their equity, the asset managers operate with greater autonomy.

But Santander's strategy reflects a parallel development in the way funds are sold. Last year, Mr Belinky launched a range of funds that are Santander AM branded but use external managers. These so-called sub-advisory arrangements have boomed in recent years. They are popular because they give much-needed distribution to independent managers, while expanding the investment expertise of bank-owned asset managers, which were historically guilty of pushing underperforming funds.

Mr Belinky took action after noticing Santander AM's large amount of "mushroom funds", vehicles that were launched at the behest of the bank but then stagnated because of poor performance. "We didn't have the capability or the expertise to bring alpha to our customers in those asset classes, so I said 'Why don't we mandate them out?'"

Bank-owned groups like Santander AM have economic motives to favour this strategy. It allows them to negotiate institutional-style fees with external managers while skimming off large management fees from retail investors — a boon for banks that have suffered a drop-off in revenue from fund commission bans.

After closing or merging away its underperforming funds, Mr Belinky wants to focus on areas where his business has expertise and which correspond to customer demands. One of these is solutions — a hot area in asset management where strategies are designed to deliver an outcome linked to a customer's life-event such as retirement or funding education.

Another priority is so-called illiquid alternative strategies, mainly focusing on real estate and private debt. Data from Preqin show that money raised in private debt funds outnumbers capital deployed by about one and a half times, but Mr Belinky says his unit's proximity to its parent's corporate investment bank provides an edge. "We are lucky to be attached at the hip to the largest originator of project finance and infrastructure in Latin America, and the third or fourth in Europe," he says.

Mr Belinky has an equally sharp focus on Santander AM's distribution strategy. Its biggest market is Spain and it wants to get bigger in Latin America, where it punches below the weight of its parent — the dominant bank in the region. But Mr Belinky is in no hurry to expand into the US, where its parent is not present.

As a result, the scope for Santander AM to take part in M&A is limited. "We've looked at a number of things but we struggle to find a rationale beyond 'scale is good'," says Mr Belinky. "It would have to be a transaction that made strategic sense in terms of more distribution or products that are transferable to our client base." Despite his "more of the same" strategy, Mr Belinky is bringing some of his disrupter tactics to bear at the company by ushering in technological changes. Last year, it adopted BlackRock's back-office platform, Aladdin, to improve efficiency and accelerate its digital transformation.

Mr Belinky, who in his spare time plays in a band and confesses to occasionally playing his bass guitar in the office "to relax and distract myself", previously headed up InnoVentures, Santander's venture capital fund investing in fintech start-ups. "I had great fun," he says, reminiscing about how he used to "show up to work in a heavy metal T-shirt and jeans".

He now conforms to a more corporate way of dressing but it's clear he is a fan of an informal dresscode. "I think in general people don't necessarily appreciate formality and feel more at ease when they are not wearing a suit and a tie." But that's not to say Santander AM's employees will be playing punk classics in the office any time soon.

CV

Born *1975* Buenos Aires

Total pay not disclosed

Education
2001 BA in computer science and philosophy, New York University

Career
1995-98 La Capital del Plata, quant trader
2001-04 Bridgewater Associates, research technology associate
2008-14 McKinsey & Company, corporate investment banking and risk management practice
2014-18 Santander InnoVentures, managing partner
2018 to present Santander Asset Management, chief executive

Santander Asset Management

Established	1971
Assets	£197bn
Employees	800
Headquarters	London/Madrid
Ownership	Banco Santander