



DAILY NEWS AT SIBOS

Pelican

Sponsored by
Pelican

PRODUCED BY FINTECH FUTURES
THE ORIGINAL SIBOS DAILY 27 YEARS AND COUNTING

THURSDAY 26 SEPTEMBER 2019

www.fintechfutures.com/sibos

LEVERAGING DATA TO UNCOVER NEW CONNECTIONS



Will 5G change the mobile commerce experience forever? Yes, and more

Moshe Selfin and Ilya Dubinsky at Credorax discuss its easily accessible data and the effect it will have on mobile commerce.

Emerging Technology

Riccardo Lamanna at Street Global Exchange, explores how financial services has undertaken AI, data ledger technology, robotics and cloud technologies.

Turn challenge into opportunity with AI-powered payments and compliance solutions

pelican.ai | stand N120

Pelican



20th banking technology AWARDS

SPONSOR THE AWARDS

Sponsors can benefit from lead generation, exclusive networking, and brand awareness across all of FinTech Futures' channels.

Here are a few perks of sponsorship:

Before the awards

Positioning as the expert in your chosen category. Branding on our awards marketing activities. Branding on the Banking Technology Awards website along with a dedicated sponsor page.

During the awards

Physical branding at the awards ceremony. The honour to announce the winner in your sponsored category. A VIP table for 12 to attend and network on the day, including drinks reception and a 3-course dinner.

After the awards

Branding in the follow-up email to all the attendees and the entire FinTech Futures database. Branding on post-event coverage online and editorial in the Banking Technology magazine.

Discuss your custom package with Jon

JON ROBSON
HEAD OF SALES

EMAIL: JON.ROBSON@FINTECHFUTURES.COM
TEL: +44 (0)20 3377 3327

Contents

- 10 **News**
Breaking fintech news from across the globe
- 11 **Employment focus**
How to land a job in fintech?
- 13 **Insight**
Overcoming the challenges and efficiencies of Trade Finance Compliance
- 14 **Thought leadership**
Changing mobile commerce forever... and then some
- 17 **Spotlight**
The future of APIs – an enabler of business success
- 18 **Food for thought**
Digital cold callers and the end of civilisation
- 20 **Digital Focus**
Emerging Technology
- 22 **Sponsored Insight**
Moving from On-premise to Destination to Distributed Platforms and Networks
- 24 **Mobile Insights**
Taking on the apps
- 26 **Analysis**
Funding the revolution: the dawn of digital banking
- 29 **Interview**
Soaking in the present to form a better future with Herbert Schild.
- 31 **Sibos Roundup**

14

Changing mobile commerce forever... and then some
Moshe Selfin, CTO & COO and Ilya Dubinsky, VP of CTO Office, Credorax discusses the future of 5G and its easily accessible data, alongside its effects on mobile commerce.



20

Emerging Technology
Riccardo Lamanna, EMEA head of State Street Global Exchange, explores how financial services has undertaken AI, data ledger technology, robotics and cloud technologies.



17

The future of APIs – an enabler of business success
Andrea Melville, managing director, commercialisation and propositions at Lloyds Bank Global Transaction Banking, analyses the environment that will enable an even greater number of businesses to harness the benefits of APIs.

MANAGING DIRECTOR
AND EDITOR-IN-CHIEF
Tanya Andreyan
tanya.andreyan@fintechfutures.com
+44 (0)20 7551 9010

EDITOR
Sharon Kimathi
sharon.kimathi@fintechfutures.com
+44 (0)20 7551 9010

DEPUTY EDITOR
Alex Hamilton
alex.hamilton@fintechfutures.com

REPORTER
Ruby Hinchliffe
ruby.hinchliffe@fintechfutures.com
+44 (0)20 7017 5709

REPORTERS
Jane Conolly
Alara Basul

SALES MANAGER
Jon Robson
jon.robson@fintechfutures.com
+44 (0)20 3377 3327

BUSINESS DEVELOPMENT
EXECUTIVE
Sam Hutton
sam.hutton@fintechfutures.com
+44 (0)20 7017 7017

MARKETING MANAGER
David Taylor
david.taylor@fintechfutures.com
+44 (0)20 701 75379

MARKETING EXECUTIVE &
DESIGNER
Kiran Sandhu
kiran.sandhu@fintechfutures.com
+44 (0)20 7017 7377

ONLINE
www.fintechfutures.com/sibos The Daily
News at Sibos is an independent
publication, wholly owned by
KNect365,
an Informa business.

© Daily News at Sibos 2019

All rights reserved; Daily News at Sibos
material may not be reproduced in any
form without the written permission of
the publisher.

PRODUCED & PUBLISHED
BY
Fintech Futures
Maple House
149 Tottenham Court Rd
London W1T 7AD
UK

PRINTED BY
Hobbs the Printer Ltd
Hampshire, UK
DAILY NEWS
AT SIBOS
Published by
FINTECH
FUTURES

FF FINTECH FUTURES | FINTECH FORUMS

LEAD the discussion

MEET your prospective clients face-to-face

DISCUSS industry problems & the solutions

FinTech Futures will **produce, promote** and **host** a forum for you and at least 40 delegates

TO REACH NEW CLIENTS TALK TO:

Jon Robson

Head of Sales

Email: jon.robson@fintechfutures.com

Tel: +44 (0)20 3377 3327

Sam Hutton

Business Development Executive

Email: sam.hutton@fintechfutures.com

Tel: +44 (0)20 7017 7017

Editors note



Leveraging data to uncover new connections is the theme of this year's final edition of the Daily News at Sibos.

Moshe Selfin, CTO & COO and Ilya Dubinsky, VP of CTO Office, Credorax discuss the future of 5G and its easily accessible data.

Both Selfin and Dubinsky believe that speeding up mobile connectivity a hundred-times over will most certainly bring the vast computational power of the cloud closer to the end user as AI technology and augmented reality data will be relayed to remote data centres, analysed, and returned to consumers in digestible form faster than ever.

Riccardo Lamanna, EMEA head of State Street Global Exchange, explores how financial services has undertaken AI, data ledger technology, robotics and cloud technologies – questioning whether some of this technology is a fad, or whether it will become essential.

Andrea Melville, managing director at Lloyds Bank Global Transaction Banking, analyses the environment that will enable an even greater number of businesses to harness the benefits of APIs. Melville believes that APIs will draw data and invoke action from different systems to enhance a process' capabilities.

I hope that you have enjoyed this year's Daily News at Sibos. The digital editions are all online – free to read – with all the insightful features and news from the week.

Check out our website for more on data, cybersecurity, geopolitical changes and other topics highlighted in the conference.

Until next time, it's goodbye for now and see you at Sibos in Boston next year!

Editor, Sharon Kimathi

Why operational excellence in payments is critical to your future success

Live at Sibos with Red Hat

Improving your operational efficiency is on the forefront of competitive advantages. And it's your leadership that is helping you thrive in this hyperconnected world. But could you be doing more? Should you be considering different approaches?

Join us for this virtual fireside chat from Sibos with Red Hat, CIBC and Nordea Bank and learn:

- Steps taken to improve the design of their payment operational processing
- Strategic tips and lessons learned in building and executing payments strategy
- How technology that simplifies complexity can also help create a more agile culture?

Thursday September 26th at 10 am

Moderator: Sharon Kimathi, Editor of Fintech Futures

Speakers:

1. Tim Hooley, Chief Technologist for EMEA Financial Services at Red Hat
2. John Cowan, Senior Vice President at CBIC Banking
3. Sophia Wikander, Head of Mobile Pay, E-commerce and Business Innovation at Nordea Bank

The webinar will be live on the FinTech Futures BrightTALK channel on 10 October. Sign up on the FinTech Futures BrightTALK channel to tune-in to the discussion.



Sibos 2019: “Digital transformation will happen quicker in LatAm than Europe”

There will be a “leap frog” in Latin America’s digital transformation progress soon, beating Europe’s time to digital, says McKinsey’s senior partner Carlos Trascasa at Sibos London. as reported by Ruby Hinchliffe.

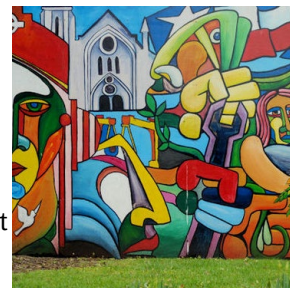
Trascasa predicts “the spike” will hit soon, and whilst it will be good for the Latin American population, it won’t be such good news for banks trying to make healthy margins on their products.

Technology “goes ahead of human beings, it’s not a blocker,” says Trascasa in response to fellow panelist, BNY Mellon’s digital officer Anthony Brady, who conversely believes technology can “bedazzle us” like a shiny hammer making everything else look like a nail.

One of Brady’s main messages for South America was that technology should always come second, after the problem you’re solving for the customer.

For fintech Adhara’s CEO Julio Faura Enriquez, blockchain offers a massive opportunity for change in Latin America. Enriquez says banks in the region are “quite interested” in the topic of cryptocurrencies now and are “a lot more advanced than they were a year ago”.

He puts the popularity of blockchain in certain parts of South America down to geography. Whilst Mexico is “the most mature for regtech”, national banks are not as interested in blockchain because they have no need for



it. Whereas in Argentina, “a much more difficult financial landscape”, firms are very interested in cryptocurrency as an alternative to their current financial system.

This is a friction running throughout different parts of Latin America – whilst fintechs should, in theory, be a tool to aid banks in return for regulatory aid, the region is host to populations massively

dissatisfied with government and central banks, urging fintechs to take a rip and replace approach rather than one of collaboration.

Enriquez believes blockchain will be able to offer visibility on, and hence life, liquidity, paving the way for real-time payments, hedging and mobile banking for the 70% of Latin America’s population who have mobile phones.

To do this, Enriquez says the region needs connectivity. “That means getting everyone in the same place and that needs governance,” says Enriquez, “both on a regional and international level”.

This means Latin American banks will need to overcome “regulatory caution” and stop turning to solutions internally, says Brady. Especially when the region has seen a 61% increase in fintechs founded between 2017 and 2018.

© Albert Bridge

Sibos 2019: “Blockchain is not a magic wand,” says Euroclear

Belgium-based financial services company Euroclear says “blockchain is not a magic wand” on a panel discussion at Sibos in London about the vulnerabilities of blockchain as reported by Ruby Hinchliffe

Euroclear’s CISO, Vincent Laurens, is of the strong belief, in line with the rest of the panel, that blockchain is not a ‘one size fits all’ solution.

Fellow speaker, Hyperledger’s director Marta Greater-Piekarska, agrees, saying “there are places where blockchain just doesn’t work”.

Debating the differences between permissioned and permissionless blockchains, it was clear banks are still skeptical as to what they can do, if anything, with permissionless-based solutions.

“Permissionless is problematic for banks, because we need to know what we’re dealing with and who has access,” says Nordea Bank’s head of emerging technologies Ville Sointu. “We’re trying to understand as

a bank whether there’s a reason to use permissionless networks in a secure way at all.”

The issue of cybersecurity seemed to be a sticking point for the panel as the industry is still working on it for blockchain.

In the meantime, Greater-Piekarska points out that “if you don’t feel comfortable with your data being shown on the blockchain, then don’t put it on there.” For her, this level of visibility has to be a given on blockchain technology, otherwise it defeats the point of what the software stands for.

The inherent contradiction between the need for the visibility of data on the blockchain, and the need for banks to have a secure, closed system, makes permissionless blockchains somewhat of a conundrum for established financial institutions.

Sointu concludes that “we need a constitution for these networks, as this will help manage the risk”. The theory being, if all institutions can refer to a written law, then accountability is far more transparent when data breaches occur.

HSBC launches trade finance API for bank guarantees

UK-headquartered bank HSBC has launched a new trade finance API which it claims will give financial institutions and their clients the ability to build applications with “full visibility” of their bank guarantees, as reported by Alex Hamilton.

The bank states in a release that the development of the API is a “key component” of its wider API strategy. It adds that it will release further trade finance and bank guarantee APIs over the rest of the year.

“APIs are fundamental to the digitisation of trade finance,” says Surath Sengupta, global head of financial institutions, portfolio management and distribution for global trade and receivables, HSBC. “Through the introduction of APIs we are improving the customer experience in cross-border trade by providing clients with access to the products and services they need from their platform of choice.”

HSBC handles half a million bank guarantees a year. “The bank guarantee API is the first of several APIs we’re developing. We’re looking forward to working with our network partners to realise the full benefits of open banking and improve the customer experience.”

ING Bank and Standard Bank are already working with HSBC to integrate the Bank Guarantee API into their banking platforms, according to the bank.

Mark Buitenhok, global head of transaction services at ING said: “Trade is an important domain for ING to innovate and create new enhanced experiences for our corporate clients.

“This pioneering API connection with HSBC fits perfectly in our ambitious open banking strategy, to be a bank of the future based on openness, co-petition and co-creation. More APIs will enable new open business models that we work on at ING.”

Sibos 2019: MUFG “ready to work with fintechs”

Japan-based Mitsubishi UFJ Financial Group (MUFG) is “ready to work with fintechs”, revealing it already has its eyes on some and wants to open up the conversation as much as possible, says its EMEA head of cash and liquidity management Alan Verschoyle-King in an exclusive interview with FinTech Futures.

The hope is that MUFG will change its international face which currently looks like a corporate bank outside of Japan, tapping into the financial institution (FI) space and changing the current statistics: that 95% of its EMEA clients are corporates.

Though historically an build and buy bank, MUFG is keen to have an open dialogue with fintechs now and hints that soon there maybe be some partnerships or acquisitions in the space.

“When Japanese organisations commit to do something, they stick to it,” says Verschoyle-King, who describes MUFG as a “multi-local bank” which ranks “top-three” in Thailand, Indonesia and Vietnam.

The ideal scenario for MUFG would be that services such as pooling, netting and interest optimisation are “regionalised”, says Verschoyle-King. That way, Asia would see “consistent capabilities” across the region.



To achieve this, the company are “going back to basics” by taking stock of its position in the market and undergoing the “cathartic process” of re-evaluating what its customers want, says Verschoyle-King.

This approach has been “incredibly helpful” for the firm, by confirming that clients are in fact consistent in what they do and don’t want from MUFG.

For Verschoyle-King, the three main “challenges” in this evaluation process have been establishing client satisfaction, internal partner compliance and culture assurances. All these challenges have, however, been “comfortably manageable”.

Reflecting on the themes at Sibos this year, Verschoyle-King feels as though the drive for “real-time” in everything is not always what MUFG’s clients want. He warns of the danger of immediacy in all things becoming “a blue thing in isolation”, an “answer looking for a question” rather than the other way round.

Sibos 2019: Aligning compliance with real-time payments

With faster payments redefining transactions, consumers now expect greater transparency and banks should focus on the “implications of data” to stay innovative, says Marion King, director of payments at NatWest as reported by Alara Basul.



In an audience vote during the panel, 65% of attendees voted that business and compliance sectors are working together to define how to best address the challenge of real time payments. 23% agreed that there

Banks need to balance consumer expectations for greater speed and also meet regulatory demands in order to balance risk controls. Data is now at the core of every proposition. Can the industry keep up with the innovation?

King believes it can. “Consumer expectations have surpassed safety, speed and simplicity. It’s now about the implications of data and managing these expectations. Being able to control your data and your finances is key - not just for consumers, but also for corporates managing liquidity and cash flow. The impact of open banking is changing entire business models.”

King says banks need to aggregate their vast datasets and use artificial intelligence to spot unique trends to stay both secure and innovative. “Consumers are vulnerable, but there’s also a lot of sophisticated crime going on.”

Fellow panelist Patricia Sullivan, managing director and global co-head of financial crime compliance at Standard Chartered, agrees: “clients love faster payments, but they also love transparency on their payments. They understand payments may get held up, but they don’t like not knowing any updates. The Swift gpi tracker is extremely effective when it comes to combating this.”

were clear guidelines on this topic.

Facing the opposing forces of regulation vs. speed require implanting new technologies in order to succeed, according to Sullivan. “When picking new technologies, we need the right expertise to enable the change. We need to work with vendors who have the time to help integrate the data at a high quality in order to get the technology deployed.”

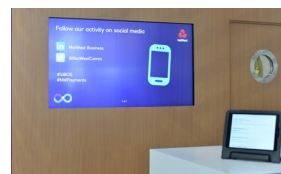
Jocelyn Norval, interim global head of screening and ABC at Barclays, says that success in open banking requires working with regulators. Barclays “brings regulators on their journey” to look at the concepts of error and alerts from both humans and machines. “It’s not always 100% either way. There’s a lot of statistics, but computers can have an element of error as well.”

She adds: “It’s important to co-innovate. We can do a lot more in the fraud space – sharing utility and data between banks will help fraud and financial crime and ultimately help payments get faster.”

Nilixa Devlukia, head of regulatory at Open Banking, says the mix of payments and regulation is the perfect storm. “The internet has enabled us to expect everything instantly. The same now goes for payments.”

Nationwide invests in digital lettings agency Bunk

UK-based challenger Atom Bank has selected Google Cloud to underpin its application and product development as reported by Ruby Hinchliffe



head of text-to-speech.

“To take advantage of cloud native innovation and ensure we can meet anyone in the race for speed and efficiency we’re replatforming the bank,” adds Bhattacharya on the Google deal. “By leveraging Google Cloud we are delivering core business needs and creating an architecture that is efficient and resilient.

“Atom’s vision for banking and our scale ambitions make building in the cloud the natural way for us to develop and grow,” says Bhattacharya. “The quality of the relationship and the tooling on offer made Google Cloud the ideal partner for fulfilling this ambition.”

The Atom Bank CTO says that the selection also happened because it wanted a “partner, not just a provider”.

The bank had been using a third-party data centre since 2015. According to Google, the “clear benefits” of the cloud for spinning up new products and services meant that Atom turned to the Google Cloud solution.

“The types of products we offer today run very effectively on our current technologies, but things have changed,” says Atom Bank CTO Rana Bhattacharya.

Atom revealed in July that a £50 million funding round would go towards creating products on a new cloud-based platform provided by Thought Machine, a core banking provider led by Paul Taylor, a former Google

© AndSus - Adobestock.com

REAL-TIME / INSTANT PAYMENTS ARE HERE! CLIMB ABOARD FOR FREE

Volante Technologies is offering FREE RTP / instant payment processing on the cloud as a service

- US TCH RTP, SEPA RT1 or TIPS instant payments
- FREE implementation and onboarding
- FREE service and no transaction fees

Limits apply

To learn more visit Volante at Sibos 2019 stand **Y120** or email **info@volantetech.com** or visit **volantetech.com/FreeRTP**

Volanté

Europe and Asia
Level 2, 40 Bank Street,
Canary Wharf, London,
E14 5NR, UK
Office +44 (0)203 926 5460

North America
Harborside 5,
185 Hudson Street, #1605
Jersey City, NJ 07311, USA
Office +1 (201) 258 7459

Latin America
Paseo de la Reforma 296,
Juárez, 06600 Ciudad de México,
CDMX, México
Office +52 (55) 8000 6381

Middle East and Africa
Suite 20 & 21, 30th Floor, Reef Tower,
Cluster O, Jumeirah Lake Towers,
Dubai, UAE, PO Box 5003316
Office +971 (0)4 448 7352

Sibos 2019: Banks must improve data handling to root out financial crime

Banks need to improve the handling of their data before they attempt to apply artificial intelligence (AI) or machine learning systems to root out money laundering and financial crime, according to a panel on the second day of Sibos 2019 in London, as reported by Alex Hamilton.

"When you go looking for financial crime it is a very fringe phenomenon in a very wide market," says Marc Fungard, global head of research and analytics at HSBC. False positive rates are not at a place where they could or should be, he adds, and a better understanding of the context around data is needed.

For Salla Franzen, chief data scientist at SEB, banks need to stop modelling outliers and start modelling behaviour. She says that understanding the networks of clients using analytics tools is crucial help see how things are connected.

Stuart Breslow, managing director and head of financial services at Google, says that the false positive rate with the systems some banks use verges on 100%.

"Walking into work and knowing that you're clearing all of these alerts just doesn't motivate you to get out of bed in the morning. Very little financial crime is being detected. Smart criminals know exactly what the systems are looking for, while dumb ones tend to do things that lead them to be captured."



When financial institutions are looking to improve their processes, says Breslow, "the first thing is data, the second is data and the third is data." Most large financial services providers are a consequence of

mergers and acquisitions and a lack of investment in tech and data, he adds, so the biggest problem is solving for the data.

David Hardoon, special advisor for artificial intelligence at the Monetary Authority of Singapore (MAS), believes that if it were just about data and technology the industry has "enough people out there to solve it". It's not a matter of taking the existing review processing and placing an AI system on top, he argues, but about trying to understand the underlying requirements of the industry.

Breslow adds that "this is the moment of reinvention" for the infrastructure of the industry. "It's a moment of opportunity to clean up a bunch of legacy systems and create a common data taxonomy and an understanding of what data one needs for this purpose.

"This is the data all these institutions need to run their business effectively. There's growing acceptance and there is an opportunity for the reinvention of the regulatory environment."

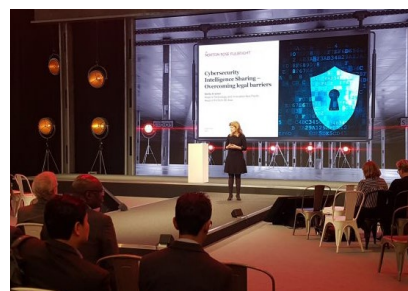
Sibos 2019: Cultural barriers need to fall to make cybersecurity more transparent

"It's critical not to let the bad guys win [the cybersecurity race] by letting them take advantage of our fragmented regulatory landscape," says Norton Rose Fulbright's head of technology and innovation Stella Cramer at Sibos London, as reported by Ruby Hinchliffe

"It's really hard to accumulate data on cybersecurity breaches because lots of incidents aren't public," says Cramer, who admits this is down to a "cultural barrier" in banking when it comes to data sharing.

Cramer, who is also FinTech Southeast Asia's head, ranks firms in order of vulnerability to cybersecurity threats, starting with retail banks, then moving to the increasing risks to central banks, and finishing with the emerging dangers creeping up on fintechs who rely entirely on technology to function.

In a US International Monetary Fund (IMF) report based heavily on media reports to get a better indication



of private as well as public breeches, the data extrapolated revealed 75% of banks do have information-sharing arrangements with regulators, but only 32% of regulators send information back to banks about

potential threats and what to look out for.

This is why Cramer puts the onus on banks to anticipate risk, telling them to go "further than International Organisation for Standardisation (ISO) requirements".

One tip Cramer suggests to organisations which find banking secrecy barriers impenetrable is to anonymise as much data as they can, but ultimately her message is one of breaking barriers down so more organisations feel they can admit and share their vulnerabilities.

How to land a job in fintech?

By Hardik Shah – Group Head of Product, Currencies Direct

Most fintech employers are looking for more than tech experience alone. The growth of the sector over recent years that today's prospective candidate must also deal with complex issues including regulation, project management, product management and address points of trust, assurance and security in the customer journey.

The demand for broad ranging abilities, from interpersonal skills to programming proficiency, can be daunting if you're trying to take your first steps into the industry. So, how can you prepare yourself?

Fintech wants you

Expectations for fintech candidates have changed significantly. Roles are now fluid and integrated, with teams and individuals collaborating in smaller, more dynamic and highly incentivised ways.

The good news is, regardless of your background, you can jump in at the ground level - either joining a start-up or selecting the more traditional paths offered by larger financial services organisations. The latter can provide solid experience and a steady wage plus benefits, which may be preferable to the potential rollercoaster ride of start-up culture. With that said, smaller organisations may offer the opportunity for increased innovation and disruption and are often more agile - it tends to be the first movers on exciting new developments in the industry.

Bag the basics and upskill

Beyond enthusiasm, energy and a willingness to jump in with both feet, employers (be they start-up or corporate) look for much the same areas of expertise when considering potential candidates:

- Analytical skills
- Financial knowledge
- Commercial acumen
- Programming skills
- Cyber-security/data protection knowledge

• Recognised qualifications (including degrees in subjects like Computer Science and Software Engineering)

• Examples of industry experience

Soft skills are also important such as excellent communication, interpersonal and problem-solving skills, with an emphasis on thinking outside the box. Some experience in sales, marketing and working with promotional projects will add to your employability.

Code and collaborate

Depending on the role you're targeting, programming knowledge could give you a decided advantage. Experience with one of the mass-computer languages can be a huge benefit. Examples include React, Java and Swift, which have different applications depending on the platform you're coding for.

If you can code, potential employers will want to see examples of your proficiency, so work on a portfolio which highlights your skills and innovative thinking. In a perfect world your ideas will be finance-related, but anything proving good lateral thinking will impress.

Getting to grips with cyber security is also key as fintech solutions need to embed invisible security measures into fast and friendly interfaces without compromising on either aspect.

Collaborating on profit-free projects is another good way to give yourself an edge. Joining groups on Reddit's r/INAT (I Need a Team) is a great opportunity to familiarise yourself with project management software and best practices for teamwork. Become a face at your local tech hubs, attend forums and tech talks and network, network, network!

Qualify and compete

It has been said that anyone can break into fintech given a willingness to work hard. This may be true, but having desirable qualifications is still a must.

If a full degree is impractical there are plenty of short study courses available on

and offline, including:

- The Oxford Fintech Programme (8 weeks/online)
- The Certificate in Finance and Technology (CFT/18 modules online)
- Centre for Finance Technology and Entrepreneurship (CFTE/16 modules online)

If you intend to take the corporate path into fintech, invest maximum time and effort into your qualifications, as big finance inevitably favours graduate CVs, especially those which demonstrate post-bachelor learning.

The University of the West of England in Bristol offers a full Financial Technology Masters degree, which is a post-graduate opportunity designed to enhance your existing degree qualification with globally marketable skills. Several other universities across the UK offer similar courses, so do your research.

The Graduate School of Business - with campuses across Europe - offers an International Masters in Finance and Digital Innovation with an emphasis on young graduates who want to specialize in digital tech.

The Open University also offers a variety of bachelor and post-graduate degrees in IT, from communications and software to data science. All courses are online and can be explored further at open.ac.uk/computing-and-it.

The rewards of hard work

The dusty behemoth of old finance rewarded the ruthless and the well connected. The modern phoenix of fintech turns this outmoded concept on its head - rewarding enthusiasm and a hardcore work ethic with opportunity.

There's never been a better time to enter the Silicon Valley of our age and take your first step toward becoming a truly upskilled innovator. Fintech needs you!

Don't let legacy technology impact your customers.

The world of payments is moving quickly. Are you ready?




We enable banks and financial institutions to move from their siloed, legacy payments infrastructure to a cloud-native single API payments platform.

Process ACH, real-time and international payments through a single point of access and scale on demand.

Compliance, regulation, maintenance and security is all built in, insulating you from future changes.



We want to hear about your business and where you're headed.

 www.form3.tech
 info@form3.tech
 [@f3fincloud](https://twitter.com/f3fincloud)

Overcoming the challenges and efficiencies of Trade Finance Compliance

By Colin Camp, Senior Director - Business Development & Sales, APAC, Pelican

The growth in cross border trade to around \$16 trillion per annum creates an environment that is rife for abuse by bad actors to launder money or finance terrorist or criminal activities through the guise of a legitimate trade.

According to the International Narcotics Control Strategy Report (INCSR) hundreds of billions of dollars are laundered each year by means of Trade Based Money Laundering (TBML). A recent PWC report highlighted that 80% of illicit financial flows from developing countries are accomplished through trade-based money laundering. With sums of that magnitude, it is not surprising that TBML is highly resourced and sophisticated. Hiding under the huge volumes of legitimate trade, it is also extremely difficult to detect. Techniques such as falsifying documents, document consistency checking, under- or over-invoicing, and misrepresenting financial transactions, are difficult to trace as they involve multiple parties, jurisdictions and transactions.

Regulatory bodies around the globe are stepping up scrutiny on TBML and banks are increasingly obliged to take more stringent action to ensure they are not facilitating any illicit transactions. The Monetary Authority of Singapore (MAS), the Hong Kong Monetary Authority (HKMA) and the Financial Conduct Authority (FCA) in the UK are some of the global regulators that have issued guidelines and red flag checks around trade finance, echoing those issued by the International Chamber of Commerce (ICC), Bankers Association for Finance and Trade (BAFT) and the Wolfsberg Group. These red flag checks define the key attributes in trade finance transactions that indicate a high risk for TBML and are now seen as the global standard for due diligence for

which financial institutions must screen and monitor.

For banks, compliance can be complex and costly. Keeping track of trade finance transactions and monitoring for indicators of TBML is currently a highly inefficient and costly labour-intensive process for banks across the globe. TBML is difficult to detect because of the complexity within the Trade Finance process itself, the high number of entities and data sources involved, and a long-held reliance on paper-based documentation and manual processes. The ICC Global Trade: Securing Future Trade 2018 report states that there are four billion pages of documents currently circulating in trade at any one time.

The unstructured, inconsistent format of Trade Finance documentation, including text, PDF and image files, create automation and screening challenges. Trade instruments such as Bills of Exchange, Bills of Lading, Letters of Credit, Invoices, Insurance Documentation and SWIFT MT7xx series are heavy on free-format text and unstructured data, and do not lend themselves well to most compliance filters, which require formatted, structured data in order to accurately and correctly detect non-compliant items. In other words, it's easy for a misrepresented price or quantity of goods, or a false customs declaration to go unnoticed.

With such a complex task, with multiple document formats and data sources to monitor, a digitised process leveraging the unique capabilities of Artificial Intelligence technology providing Augmented Intelligence (helping humans become faster and more efficient on their tasks rather than completely replacing them) becomes the only solution for banks wishing to meet their TBML compliance

obligations. Unstructured data from the various paper-based trade documents must first be scanned and put into machine-readable text format with the help of optical character recognition (OCR) technology. Once the data is in a format that can be processed and analysed, the Artificial Intelligence (AI) discipline of Natural Language Processing (NLP) can be used in combination with knowledge based techniques to interpret the text, understand the context and derive meaning from it and to extract key trade information automatically. This machine readable ASCII information can then further processed by intelligent AI techniques to compare, to identify and provide alerts for red flag indicators and sanctions subjects.

By harnessing the unique capabilities of AI technology, banks are able to go beyond the efficiency benefits of simple document management workflow, to be able to intelligently monitor and rapidly detect money laundering activities, without the burden of having to employ large numbers of expensive, error-prone and time-consuming human resources to tackle difficult compliance checks manually. By providing this Augmented Intelligence, trade finance operational and compliance staff can concentrate on real issues requiring investigative skills rather than the mundane manual tasks of reading and checking of documents and inputting of data into screening tools.

While TBML remains widespread, red flag guidelines and sanction watch lists will continue to evolve and grow. It is only through flexible, intelligent, automated AI-powered solutions providing Augmented Intelligence that banks can keep up with and adapt to heightened regulation required to tackle this growing international crime.

Changing mobile commerce forever... and then some

What lies beyond 5G's impact on mobile connectivity and mobile commerce? *Moshe Selin* and *Ilya Dubinsky* of Credorax discuss the future of new retail, augmented reality/artificial intelligence driven experiences, and smart store technology. They're a lot closer than we think

Several use-cases were driving development of the 5G standard. Most of them revolve around massive and ultra-reliable internet of things (IoT), such as smart meters, remote driving and so on. For the widespread mobile broadband, 5G means an incremental – even if by a large margin – improvement to the services that are already available.

The pattern of the future of the 5G rollout varies, too.

Countries such as China, Japan and Korea are likely to see fast and widespread deployment of the mobile broadband internet based on the standard. In Europe and the US, the process will be much more nuanced: there is little immediate demand for the upgrade where mobile broadband is already widespread. In Europe, 5G will initially be used for industrial IoT and use-cases such as smart factories. In the US, plans are in motion to provide broadband connectivity to suburban and rural areas where it is currently sparse.

WHAT IS 5G?

5G brings lower latency and higher throughput on mobile devices. In layman's terms, this means better gaming and video streaming experiences for the end user, which will in turn boost sales in these vertical markets. But will it affect mobile commerce as a whole? Well, yes and no.

Speeding up mobile connectivity a hundred-times over will most certainly bring the vast computational power of the cloud closer to the end user. AI technology and augmented reality data will be relayed to remote data centres, analysed and returned to consumers in digestible form faster than ever. Imagine, for instance,

fitting clothes with a selfie camera; picking a matching accessory while streaming your reflection in the mirror; or choosing, measuring and selecting furniture and appliances for your home using an augmented view of your apartment. Even designing (and immediately ordering) an entire landscape for your backyard after walking through it with your tablet could become commonplace.

There's no doubt that these technology factors will improve the mobile shopping experience. Combined with better mobile broadband coverage and fast growth

“As 5G deployments pick up pace across the globe, so will mobile and cross-channel commerce.”

Moshe Selfin and Ilya Dubinsky, Credorax

in streaming and gaming services, 5G adoption will become a major growth driver behind mobile commerce.

But such improvements of the consumer experience can only go so far. The true and revolutionary impact of low-latency, ultra-broadband mobile internet will be seen, in time, in the offline-meets-online space and in new retail, embodied by cashier-less stores such as Amazon Go.

The new, augmented reality (AR)- and artificial intelligence (AI)-driven experiences of shopping at home or on-the-go will be taken to a new level when it becomes truly integral with brick-and-mortar retail. Imagine being in a café near a jeans store, browsing its inventory with your mobile and trying some of it on virtually. You then walk in the store to find the denim waiting for you in the fitting room, or already paid for and at the counter – depending on whether the store is fully automated or still has an attendant.

The latter of these two scenarios, in which a person is still present to assist, will become more optional than obligatory, as full automation becomes more accessible. Cameras are already cheap and advanced video recognition will become a commodity that's available as a service too. Once the pioneers in the field figure out the right sensor fusion (meaning the configuration and processing to complement the video stream), deployment of 5G will usher in an era of widespread and scalable chains of unattended commerce.

How fast will it happen? There are many inhibiting factors that will delay the realisation of the new retail. For one, the devices aren't in wide usage yet and the upgrade will take time – mass production of 5G-capable components for end-user devices doesn't even exist yet, meaning compatible smartphones are not yet widely available on the market. There's also the issue of relevant AR, AI and smart store technology, which still needs a few more years before becoming a commodity suitable to service mass markets.

So, while the rollout of 5G will happen fast in Asia first, we don't foresee other markets going at the same speed. One thing is certain though: as 5G deployment picks up pace across the globe, so will mobile and cross-channel commerce. **bt**



©alexandertrou - Adobestock.com



**Rising client expectations.
Earnings pressure.
Cost containment.
Regulatory demands.
Sound familiar?**

**Let's talk solutions:
Stand # D121**

To meet the industry's biggest challenges, leaders at top-tier financial institutions are turning to Pega. Our unified platform maximises revenue, minimises costs, and rapidly scales global operations. Join us at Sibos and learn how to combine intelligent automation with smarter decision-making for real, lasting transformation.

pega.com

The future of APIs – an enabler of business success

By Andrea Melville, managing director of commercialisation and propositions at Lloyds Bank Global Transaction Banking

With almost 50% of financial institutions planning to invest in APIs in the next year, Andrea Melville, managing director, commercialisation and propositions at Lloyds Bank Global Transaction Banking, explores the environment that will enable an even greater number of businesses to harness the benefits of this technology.

Application program interfaces (API) have been a cornerstone of software development for decades. However, regulatory changes and the Open Banking revolution mean APIs are becoming synonymous with both innovation and disruption in financial services – and at this point in time, present a bigger range of opportunities for our sector than ever before.

Evolving expectations are a key driver of change in our industry. Increasingly, the elements that individuals experience and value in their personal interactions with financial services providers are now expected in the business space, too. Better visibility, more channel flexibility and choice of payment method are now crucial in ensuring that a business can compete effectively and achieve its growth ambitions.

APIs are key to unlocking this.

At their heart, APIs are connectors that draw data and invoke action from different systems to enhance a process' capabilities. In our increasingly complex and digitalised world, businesses can use APIs to enable everything from improvement of front-line customer journeys to streamlining back-office functions.

Because of this, they have become an important strategic enabler. For example, APIs allow the integration of banking services into a firm's own

platform, transforming the experience provided to its customers as well as maximising the investment made in the channel. APIs can bring a business' diverse financial data into one place to avoid frictions generated by multi-banking.

APIs are also facilitating the creation of Open Banking marketplaces, which are becoming increasingly commonplace. These marketplaces provide businesses with the ability to access – conveniently and in one place – their financial data as well as product information across a range of providers so they can compare and purchase products that best suit their requirements.

In essence, through greater connectivity and transparency, APIs are transforming not only what the financial services market can offer, but the customer experience. The whole provider-client value exchange is being shaken up.

Our approach

Indeed, APIs enable us at Lloyds Bank to offer a more tailored proposition to clients. We take a collaborative approach to API development, seeking client input throughout the entire process to ensure not only ease of integration but maximum value.

Our most recent Payables API was launched earlier this year. This enabled clients, using our API, to execute payments to their customers in near real-time. Three clients went live from its launch and have been able to directly enhance their proposition. One client, for example, can now issue funds within seconds of agreeing the provision of credit towards new vehicle purchases, improving overall

“ In our increasingly complex and digitalised world, businesses can use APIs to enable everything from improvement of front-line customer journeys to streamlining back-office functions. ”

-Andrea Melville

customer experience and satisfaction. It's a significant change that enables a customer to drive away with their new car on the same day, with obvious benefits to both customer and business.

We're committed to helping our clients prosper – and our increasing use of APIs is facilitating this. They enable us to support our clients in ever-more advanced ways and, in turn, this means that they can provide an enhanced proposition to their own customers.

Eventually, APIs will deliver even greater changes for the financial services sector. Even in the 12 months since Sibos 2018, the number of UK financial institutions using APIs to strengthen their proposition has increased significantly. As more firms invest in their own digital transformation, we're set to see even greater and more sophisticated adoption of APIs across our industry. As we come into Sibos 2019, that's an exciting place to be.

Digital cold callers and the end of civilisation

By Leda Glyptis chief of staff at 11:FS and CEO of 11:FS Foundry.

You know that LinkedIn message you receive out of the blue, either through inMail or a new connection? Or the email you receive on the back of a conference announcing its delegate list? Or the barrage of emails you get by virtue of your company having email addresses that are way too easy to guess?

The email is usually formulaic and short.

We are a digital something or other and sell digital services for your delectation.

We may be a start-up.

A revarnished body shop or a subsidiary of an analogue giant.

This is what we do and I think you need this thing even though it may be exactly what your firm also does or entirely irrelevant to your business. The message is written in a way that is light, airy, friendly and digitally aligned with the zeitgeisty language we now know and love. But that is where the alignment stops.

Because the message is evidently boiler plate of the worst kind.

It is evident no research has gone into who gets sent the message. No matter: it's a numbers game and you've been chosen to be a witless target.

If you are like me, you delete those without thinking.

That's not actually true.

In fact, you delete them thinking that it is sad someone sits at a desk all day sending irrelevant emails

to irrelevant people and loosely wonder whether they get enough business back to warrant continuing this carpet bombing, by human means or bot. And why and how can they think they can get away with peddling intelligent digital services and personalised design in the most impersonal, unsophisticated way possible and not get called out or at least see the irony.

And then they email again.

Usually, it's the same message topped and tailed with a lament that they haven't heard back from you, a concern for your well being (you haven't responded, said one I got recently, is that because you missed my first mail, don't care or are being chased by a hippo? It was complete with a picture of a man being chased by a hippo. Is that not what you had in mind when you mentioned human-centric tech and personalisation?).

So you ignore it. But wonder.

I wish I could be in one of their sales meetings, seriously. Where they agree on a sales approach appropriate to their brand, business targets and sales ethos, sign off on it and implement against KPIs and conversion targets. Someone somewhere came up with this as a good idea and someone else went "you know what, Kyle, this will work, bro".

Whatever else you may think of it, this strategy is all about persistence and your resistance.

Because even if you don't reply to the hippo jibe (are you made of stone? Not even a smile? No. I thought so), they come back. This time the email comes from someone else. It's more personal. Upbeat. Faux familiar.

People like us, the email says, we understand each other.

"I am not selling, I am just reaching out to a like minded individual to talk about transformation, leadership, life long learning oh and that thing I am selling."

And if you still don't respond, and admittedly most will have left you in peace by now, there are some that go for the final assault. If you don't want to buy my service, would you at least hire me? Mentor me? Date me? Will you at least consider helping me do what you do but for a competitor? In the name of community.

You spelled "business" wrong

Don't get me wrong. There is nothing wrong with cold calling.

I have done it. And I have responded to it.

Potential vendors.

Potential customers.

Mentees. Industry contacts.

Although seriously, not dates. What's wrong with people?

I have done business via cold calling on both sides of the fence. It works. Just not like this. You can't be this lazy. You can't reuse your assets to this extent.

You need to do some research,



do some work, give people a reason to respond by targeting them for their needs, position and organisational function and by curating your message to show that you have done that work and chose to reach out to them despite not knowing them because you feel you have something specific they may want to hear.

Cold calling works. Assuming you do a little bit of legwork.

And yet.

Could I be totally wrong about this?

If this blanket carpet bombing keeps happening, it means it works enough times to make sense to keep doing it. Be it badly paid humans sitting in a low-rent office, in a minimum wage town or bots churning out nonsensical messaging, if it keeps happening (and it does keep happening) then it will work enough to justify spending the money on still doing it.

In which case the industry is in more dire need of reform than even I thought.

And although I hope these are bots, down deep inside I know its humans going through the motions. Badly paid, uninspired humans. Who have no idea what they are sending to whom

and why, who have no visibility of how they could make it better and no understanding of the irony of peddling digital services, in the era of intelligent orchestration and human centred design, in a way that is dehumanising, formulaic, undifferentiated and opportunistic.

You see a cold caller who is as persistent as they are annoying.

I see the biggest challenge to the promise of the digital future we all strive for.

Not that we will get it wrong. But that we will forget to do it for and with everyone. Opportunism trumping the art of the possible every single day of human history and sending our civilisation accomplishments careering back to the start line.

Because this way of selling the garden variety, non-boutique digital services shows we don't eat our own dog food, we don't leverage our own capabilities, we don't consume our own analytics, we don't believe in the value of personalisation any more than the cynical bankers do. If we do this because it works then we are no better than what came before. And come on... wasn't that the whole point?

Emerging Technology

By Riccardo Lamanna, EMEA head of State Street Global Exchange

At some point, the technology that we take for granted today will be subject to the same questions: is it a fad, will it become essential, how does it simplify, or will it disappear in a few years' time?

Amazon for example, could not be the world's biggest retail platform if the world's biggest stores had been convinced that the appetite of consumers would move towards online platforms. Apple's place in the mobile phone market could not have been carved out if Nokia and other major handset manufacturers had recognised how ubiquitous touchscreens would become.

But those industries' biggest names did not use their advantages of scale and consumer awareness of their brands to cement themselves as the go-to providers of new services and products that people wanted, so usurpers were able to do so.

This reticence is understandable. Not all new technology turns out to be as successful as the internet or the touchscreen, as anyone with a long unused collection of mini discs will know.

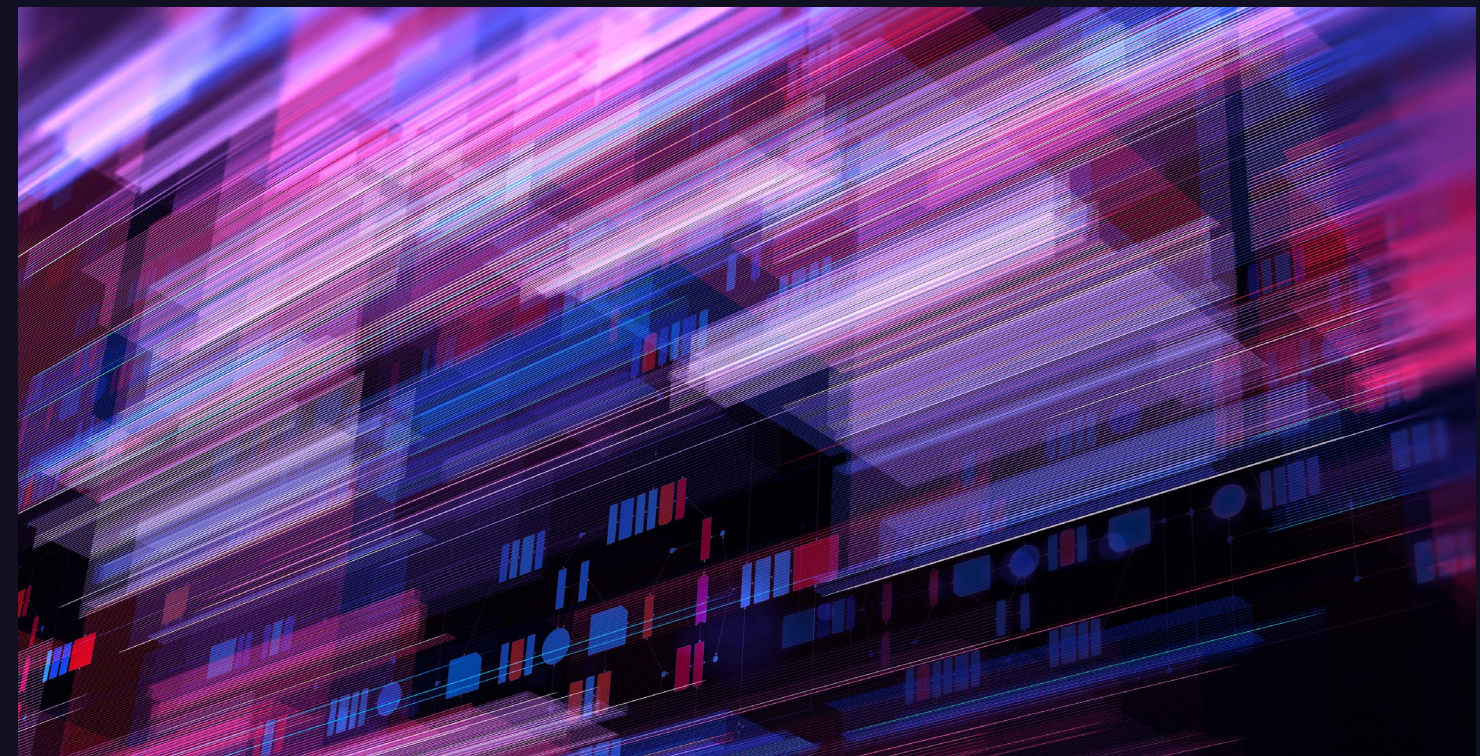
Financial services firms have been exploring the potential uses of various emerging technologies for some years now, but they have not yet taken significant steps towards implementing and embedding these new technologies into their business. For example, we have yet to see broad adoption of data migration from mainframes to the cloud, or the use of distributed ledger technology to make that data simultaneously available to multiple accessors, in

combinations or formats relevant to them. The same can be said for applications of artificial intelligence (AI) and robotics.

That exploration into artificial intelligence, data ledger technology, robotics and cloud was undertaken with a view to establishing the viability of these technologies. State Street's research among asset managers and asset owners, New Routes to Growth, gives some insight into what conclusions have been drawn. Between 2017 and 2018, the proportion of executives surveyed who consider emerging technology (specifically cloud computing, distributed ledger, artificial intelligence and robotic process automation) to be a significant factor in helping their organisations achieve their strategic goals rose from 18% to 48% (from the least significant factor, to the most).

This 30% (or 167%) increase suggests that respondents have carried out their own individual exploration of the importance of emerging technologies, which has begun to bear fruit for asset managers and owners justifying investment into these new technologies acting as a driver for growth.

When asked where they saw applications for these technologies, the responses covered a wide range of functions: investment strategy, for example investment analytics; distribution, such as gathering client data; and internal operations, where cyber security was a popular response.



“They have not yet taken significant steps towards implementing and embedding these new technologies into their business.”

- Riccardo Lamanna, EMEA head of State Street Global Exchange

Respondents also indicated a 'root and branch' overhaul of existing systems might be in order to take advantage of technology-enabled efficiencies. However, the difficulty and cost of marrying them to legacy systems was often an impediment to this approach, creating a reluctance among the most senior management to make the necessary commitments.

Another interesting theme that emerged from the research was in the types of organisations respondents had entered into partnerships with in order to explore these new technologies. Established technology providers were common, as were universities and other research focused organisations.

State Street works with a wide range of universities globally.

Taking one example, State Street in Ireland has a long relationship with University College Cork (UCC), dating back to the 1990s when it established one of its first joint graduate programmes with the university.

The goal of the collaboration is to help with the proactive development of services and to respond to the increasingly complex and personalised business demands in the industry. In partnership with UCC, State Street launched a collaborative research and development programme for students based in Ireland.

This programme focuses on emerging technologies and the impact on financial services. Masters and PhD students who participate in the programme publish new and

innovative research and bring that research to proof of concept. State Street works closely with these students to enable them to build a greater understanding of how these technologies can be applied within financial services combining theory and practical application.

However, core financial services firms, such as banks and investment organisations, were also popular choices for partnerships. This perhaps suggests an issue that could divide the industry into companies that provide technology services, along with their traditional business lines, to peers who focus on their core investment business.

There is precedent for this type of split in fund distribution. Many asset managers have platforms that host third party funds alongside their own, often offering administration services through 'wrappers' like pensions or ISAs.

The market for these emerging technologies is still nascent and, as such, it is still difficult to predict how the landscape for the provision of services associated with them will develop. However, the growth of investment, and belief in them as solutions, means that these developments are likely to be significant.

Moving from On-premise to Destination to Distributed Platforms and Networks

Most efforts to digitize global trade finance have been unsuccessful, mainly because of limitations of legacy trade platforms and networks managed by banks, corporates and Fintechs. That means that trade transactions involving multiple parties still remain very costly, risky, complex and are mainly based on manual processes. These inefficiencies and siloed systems limit companies how, where, and with whom they can conduct and finance global trade.

Over the last decades, there have been two key paradigms in trade finance technology underpinning the digitization and connectivity efforts in the market.

1st Paradigm: On-premise Software. Enterprise software systems are deployed as single instances hosted in data centers or on dedicated servers operated by each user. Usually, these systems are developed in-house as completely custom, proprietary software specific to that particular user.

While these on-premise software solutions have made internal processes faster, more digital, and more efficient, they still inject tremendous amounts of cost, risk, and friction into trade finance transactions involving parties outside of that on-premise system.

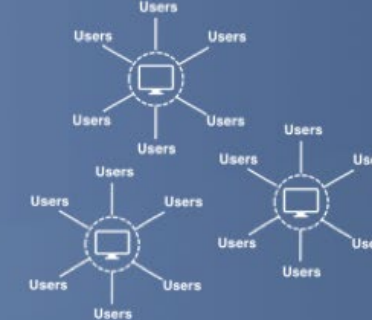
2nd Paradigm: Destination Platforms. In the 2000s, destination platforms emerged to address the problems of the first paradigm. They have attempted to digitize and streamline multi-party trade transactions by bringing all trading parties onto centralized “destination” platforms with all trade data stored in a single database owned and operated by a third-party vendor.

Mostly offered as Software-as-a-Service (SaaS), destination platforms create serious issues regarding data custody, residency, control, and privacy that have proven impossible to address. Moreover, while exchanging data and facilitating transactions between users on the same destination platform is easier,

On-Premise Platform



Destination Platform



Distributed Platform



facilitating transactions between parties on different destination systems has proven to be just as costly, complex, bespoke, and risky as on-premise software.

Because of the inefficiencies of both paradigms mentioned above and with the advent of new technologies, emerged a brand-new paradigm: Distributed Trade Platforms and Networks.

Distributed trade platforms and networks have the potential to create a truly digital and connected trade ecosystem. It can help banks, corporate clients, and all others involved in global trade cut costs, eliminate friction, reduce risk, and enable new ways of doing business. The new paradigm is powered by blockchain technology that supports long overdue and fundamental improvements in the way we manage the flow of goods, assets, money, and credit in support of global trade.

These distributed trade platforms and networks allow users to connect-once-to-connect-many. Users require only a single interface and single integration to connect to and transact with all other

participants across the network, regardless of which software system, platform, or network they use. Whereas today a corporate or a bank must perform N number of integrations for N number of counter-parties, with distributed trade platforms they must integrate only once to connect seamlessly and transact with all of their partners and clients.

This may sound like a solution from the future, but it is actually already a reality with the Marco Polo Network. Currently, the Marco Polo Network includes over two dozen banks and leverages innovative technology from TradelX, R3 and Microsoft. The network has already conducted several successful transactions with major financial institutions and their corporate clients across the globe.

The Marco Polo Network, has some of its foundational infrastructure provided by Microsoft Azure. The network is using an innovative, integrated application stack comprised of Azure SQL Server, CosmosDB and Corda blockchain technology from R3

Because it's an open, cloud-native

network, Marco Polo Network members can share best practices, run pilot programs, and adjust the platform to meet their specific needs. Marco Polo has a host of Azure security controls such as Log Analytics, Security Center, Application Gateway, and Azure DDOS Protection implemented into the network infrastructure. This ensures that the Marco Polo Network is well-positioned to maintain the highest levels of trust, transparency, standards conformance for all members across the network.

The potential benefits of these new distributed platforms and networks such as Marco Polo in digitizing and connecting the global trade ecosystem cannot go understated. In the same way that the internet transformed information technology and gave rise to the largest and most transformative businesses in human history, so too can distributed trade platforms and networks create a flatter, smarter, more connected, and more open ecosystem.

Taking on the apps

By Alex Moulton, Chief Creative Officer, Trollbäck+Company

Revolut, Simple, Wealthfront, Moven, Personal Capital, N26, Wealthsimple, Acorns, FutureAdvisor, SIGFIG, Chime, WiseBanyan, Simple, Mint, Hedgeable, Betterment – in the past decade the financial services market has opened up with the traditional, established giants joined by a host of new players in financial planning, budgeting, peer-to-peer payments, robo-advisors, and mobile-first platforms.

At the same time, big tech is moving into the category. Recent analysis of more than 20,000 banking and payments institutions across seven markets by Accenture revealed that 17% of players in the market have entered it since 2005. It concludes that this is posing a significant threat to existing financial services firms.

“Most banks start conversations with people by deluging them with comparative data about their financial products. It often turns people off”

- Alex Moulton

The threat is real, significant and imminent. How can big finance ready itself? It's the question that big finance's c-suite execs should be asking and it's the question we started out with when we recently audited the leading financial services brands. We discovered five substantial steps they can take right now to increase consumer engagement and start taking on the apps.

1: Leave fintech to do its thing

Fintech has presented a welcoming visual identity and a slick user interface. Just as 50 years ago you trusted your bank with its solid, imposing presence on main street, today you may choose to trust it because it looks like Uber, Instagram, Spotify.

However, while financial marketing would like to convince us that modern banking can be easy and time-saving, the fact remains that personal finance is still complex and difficult for most people to manage. Big finance has longevity, scale and gravitas. It needs to stop trying to replicate the look and feel of the apps, and instead find fresh ways to rebuild trust on its own terms.

2: It's about the love

Money is a far more emotional issue for people than big finance appears to realise. An October 2018 study by the American Psychological Association highlighted that 81% of Gen Z (ages 18-21) and 41% of adults claim that personal debt is a leading source of stress.

Yet, most banks start conversations with people by deluging them with comparative data about their financial products. It often turns people off. While not removing the data, big finance should focus instead on the emotional side of the brand narrative through sharing, authentic customer stories and proof points of real impact in communities.

By establishing a differentiated brand voice that focuses on real people's lives, not only on service differentiation, financial institutions can build long-term cross-generation brand affinity. Sharing personalised anecdotes and using language that describes an optimistic future are major contributing factors to building brand love.

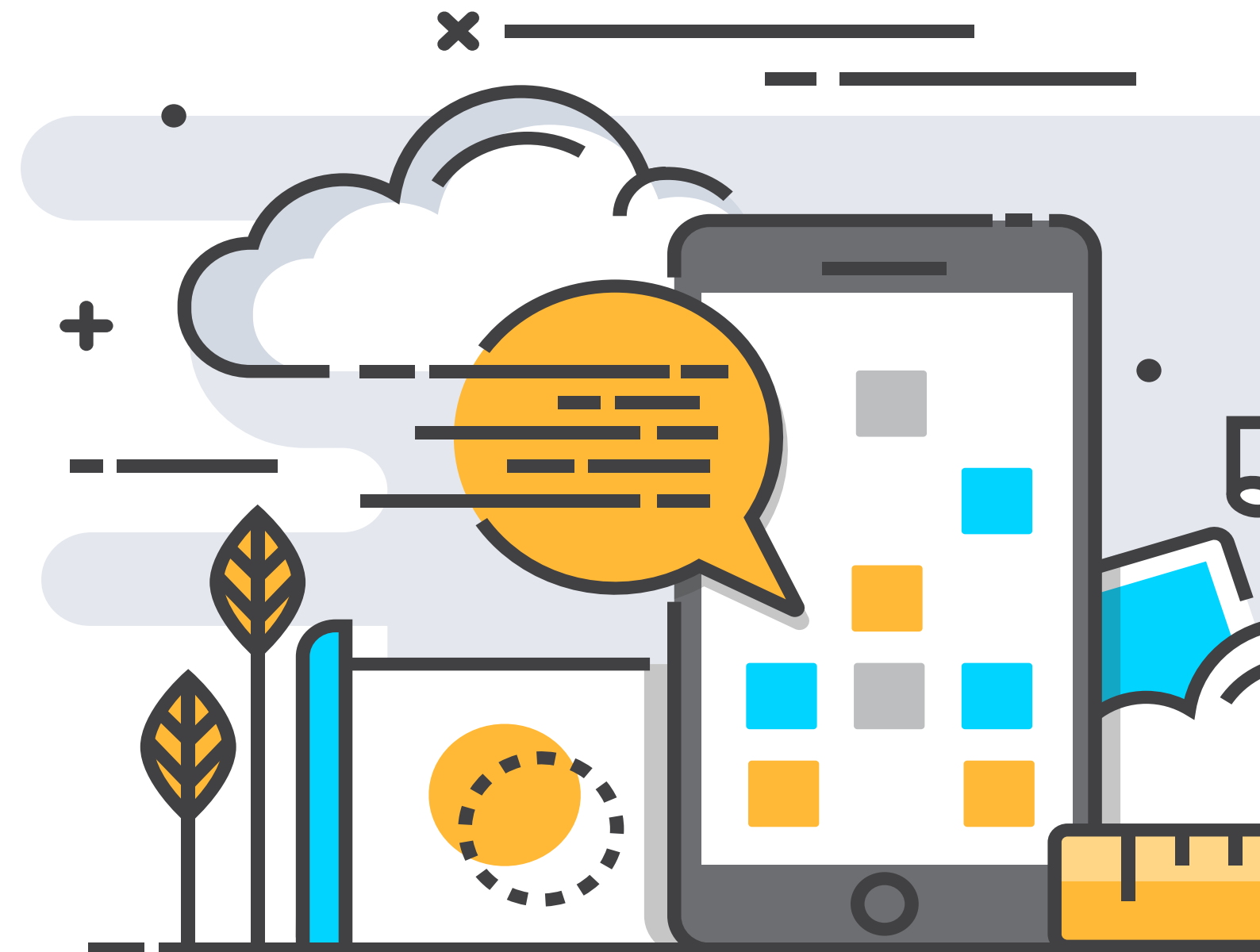
3: Be interesting and useful

People are much more likely to engage with brands that reward them with useful information that they can put into practice and share with others in everyday life. Banks have no shortage of this information but need to find ways to share it with their customers.

They need to design systems that allow them to repurpose insights and facts into easily-shareable tips, infographics, visual stories, videos, and animations that drive engagement across all communication channels.

4: Reflect your audience

Mobile-first and digital banking relies on visual communication, but in most cases the photography and video used



by these organisations is remarkably limited and uncreative. This is limiting financial brands' ability to authentically attract diverse audiences with powerful narratives and emotions.

This is a meaningful opportunity for brands to consider how imagery can support different perspectives and stages of a client's journey or help humanise an institution through a diversity of faces, opinions, and life stages.

5: Look beyond the visual

As one final insight, consider how strategic sonic branding can support a better brand experience across mobile, digital, phone, connected

devices, and branches. There are huge opportunities to improve the customer experience, reduce friction and amplify brand love. Financial organisations are doing very little in this area and falling behind the advancements being made by other brands that span retail and digital touchpoints.

Time to act

This is not an issue for tomorrow; it is happening today. Fintech start-ups have shown what is possible and big tech is circling the opportunity. Look at Amazon starting to provide payment services and loans to merchants on its site. Facebook recently gained an electronic money license in Ireland.

Last month Ant Financial, the Chinese financial services giant spun out of Alibaba, acquired London-based payments company WorldFirst.

At its core this is not a race for attention, but for trust. Last year, 45.3% of respondents to WEF's Global Shapers Survey said they "disagree" with the statement that they trust banks to be fair and honest. Only 28 percent of the more than 30,000 millennials surveyed said they agree. For anyone working in those financial services firms that is a worrying statistic, and one they should take steps now to address.

Funding the revolution: the dawn of digital banking

By Aubrey Hansen

If you happen to have noticed a decrease in waiting times at your local bank branch recently, you're not alone. The digital banking revolution is taking the world by storm and traditional banking giants are feeling the squeeze. The youth of today may never know the stress of rushing to the bank on their lunch break only to be faced with a mile-long queue.

These days, physical bank branches are becoming an antiquated idea, with many new online digital banks featuring no physical branches at all. From the early days of simple cash transfers and a basic ATM card, the digital banking sector has now evolved to become a serious contender in the financial world. Let's look at some of the major tech start-ups that are leading the charge.

Wirex

London-based Wirex is a fintech start-up that's licensed by the Financial Conduct Authority (FCA) with its finger on the pulse of the emerging assets industry. Back in 2017, the budding start-up formed a strategic partnership with Japanese banking giant, SBI Group, to secure a \$3 million funding round, solidifying its place as a serious financial player in the Asian market. Following a brief period of regulatory uncertainty in Japan, Wirex has now been accepted as a Type II member of the Japan Virtual Currency Exchange Association (JVCEA), bringing it one step closer to acquiring a full FSA-license.

Wirex understands the complex and varying investment needs of young professionals who have

become disillusioned with slowly-maturing stocks and bonds. It has embraced the rapidly growing digital assets industry and is working in partnership with forward-thinking financial providers to enable safe and secure investment solutions for the nascent sector. It remains one of the few digital banks that offers the opportunity to spend digital assets directly via a Visa debit card.

N26

A relatively new start-up, N26 has broken into the digital banking scene with a flurry of large funding rounds. In January this year it closed one of the largest private equity financing rounds for a fintech business in recent European history. The massive \$300 million Series D funding round brought N26's total valuation to \$2.7 billion - making it one of the most valuable tech start-ups in the world.

Raisin

German tech start-up Raisin is a modern-day saving and investment platform that offers an innovative way for small-scale investors to enter the larger market. It provides a simple entry point for new users to access a host of different investment opportunities from 65 different financial institutions worldwide.

Earlier this year Raisin closed a Series D funding round to the tune of \$114 million, driving its overall valuation past \$200 million. Online payments giant Paypal is just one of many high-profile companies included in its impressive list of investors.

Developing custody solutions in the digital banking world

With the growth of digital banking and the alternative asset classes that come with it, the preparation of new custodial solutions has become paramount. Traditional solutions are not enough to cover emerging financial technologies, creating a need for advanced custody solutions that meet the requirements of new

government legislation. Forbes recently highlighted the need for well-developed custodial solutions to enable fresh institutional investment entering the digital asset space.

EQIBank

Relatively new fintech start-up EQIBank is at the forefront of the provision of custodial solutions for digital and alternative assets. A strategic relationship with world-famous Kentucky-based insurer, Kingdom Trust, gives EQIBank unrivalled access to some of the most advanced custodial solution technologies available.

"We are constantly seeking ways to improve our services to clients," said EQIBank CEO, Jason Blick, "and a secure and transparent approach to digital asset exposure has been something funds and asset managers have demanded."

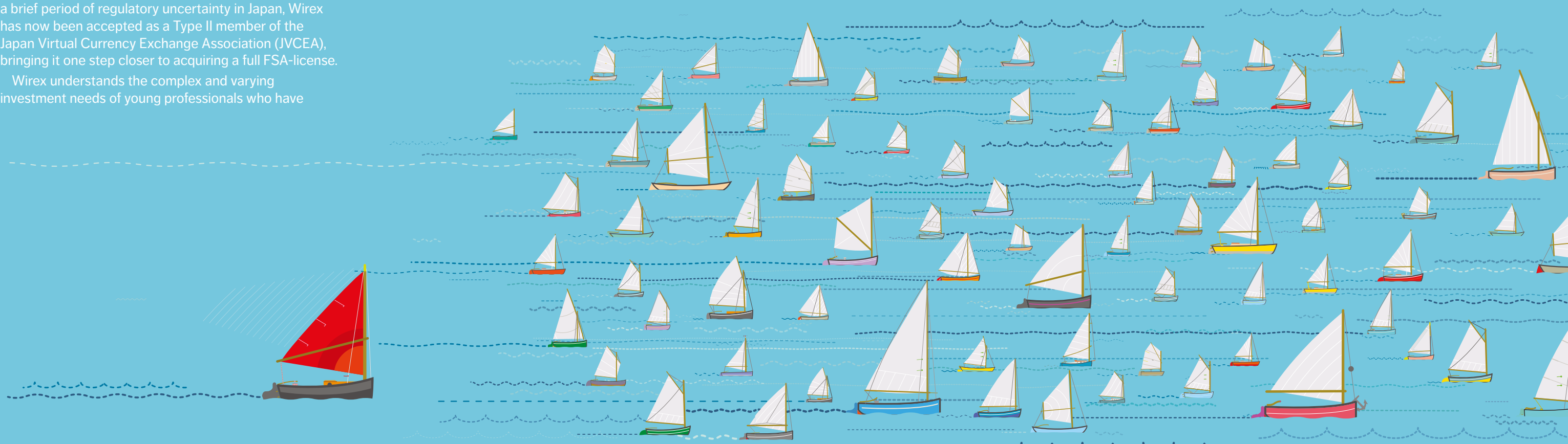
Kingdom Trust oversees \$12 billion worth of investments for its 100,000 clients globally and can now ensure EQIBank clients assets for up to \$50 million for a single event.

Fidelity digital assets

Major US investment firm Fidelity Investments, one of the largest financial services providers in the world, recently formed subsidiary company Fidelity Digital Assets to offer its customers digital asset custody solutions. The new subsidiary provides institutional-grade, vaulted cold storage to secure digital assets offline. The move follows four years of research and development into the emerging digital asset industry extensive testing of sophisticated cybersecurity systems.

"We just completed a survey of about 450 institutions, so everything from family offices to registered investment advisors to hedge funds," Tom Jessop, head of corporate business development at Fidelity Digital Assets, told The Block following the launch of the new company. "It's interesting, I think about 20% indicated that they currently allocate to digital assets with an intention to grow that."

© Spirit Boom Cat - AdobeStock.com



Build Your Digital Future, Now.

Learn how to turn great ideas into high-impact business applications, fast.

appian.com/finserv

Appian

Appian

INTERVIEW | DAILY NEWS AT SIBOS

Soaking in the present to form a better future with Herbert Schild

By Martin Morris, senior staff writer, FinTech Futures

Herbert Schild, financial services industry lead at Appian, is responsible for the company's financial services strategy across the DACH region (Germany, Austria and Switzerland), as well as globally for private equity firms. FinTech Futures decided to catch-up with Schild about ongoing developments in the marketplace.

Tasked with helping drive growth, managing risk and increasing the efficiency and effectiveness of businesses through low code automation in their business processes, Schild has a management pedigree that includes previous stops at Santander Bank, PwC and Ernst & Young.

And with an MBA from Suffolk University, Boston; a BA in neuropsychology from Northeastern University, Boston; as well as having studied European law at the University of Vienna, his academic credentials can best be described as 'eclectic'. Yet also highly relevant for his role at Appian.

For Schild, looking to the future also means recognising the present and while agility and time-to-market may be pre-requisites for the bank of the future, he notes the current market is still feeling the after effects of the financial crisis, eleven years on.

But he adds that fintechs are shaping the way incumbents look at their future, observing that they are learning lessons in agility and responsiveness.

"The more processes that are automated and streamlined on the back end, the more customers will enjoy a seamless experience that caters to their specific needs."

- Herbert Schild, financial services industry lead.

The key for Schild, going forward, though, is establishing trust and improving the customer experience, noting that: "As consumers demand a more personalized service, technology will support a bank's ability to deliver."

To support this, cloud, low-code, artificial intelligence, etc. should be major components in a bank's service arsenal. It will also allow for competitive differentiation.

As he puts it: "The more processes that are automated and streamlined on the back end, the more customers will enjoy a seamless experience that caters to their specific needs."

"The young, nimble fintechs are able to respond to customer expectations, changing business strategies and evolving regulations very quickly. Established financial institutions will need technology partnerships that support this agile approach," says Schild.

For future business processes he adds: "IT will offer the flexibility financial institutions need, to make it align with their business processes, not the other way around, as legacy systems forced us to do."

"Usability like simple drag-and-drop functionality allows folks without any IT background to bring their ideas to life. And agility comes in during implementation: deploy in days, not weeks or months," he says.

"In addition, business processes need to be integrating with existing systems so there's no duplicate data or redundancy. Technology is what drives financial institutions to better understand their customers and thus improve business processes in the pursuit of serving them where they are,

"This means the expansion of low code automation from the first line of defence (LOD) towards the second and third LOD," says Schild.

Schild is dedicated to ensuring that Appian's low code supports seamless governance, risk and compliance programmes by enabling functions from workflow management for risk and controls into a unified view for compliance departments to better monitor risks and escalations.

Digital transformation for today's challenging landscape



CONTROLS



REGULATIONS



REVENUE



RISK

Our customers tell us that they need to use transformative digital strategies to remain relevant in today's challenging financial landscape. Strategies that will allow them to improve operational control, reduce costs, build new revenue streams, mitigate risk and comply accurately with regulation.

To help you make the journey towards digital transformation, we provide a range of solutions for the transaction lifecycle. AI and Blockchain technologies are now embedded in all of our solutions, which are also available in a variety of deployment models.

Digital transformation. Reaching the summit just got a little easier.

sibos

LONDON

23 - 26 Sep 2019

Stand Q131

info@smartstream-stp.com
smartstream-stp.com



Until next time, it's goodbye for now and see
you at Sibos in Boston next year!

Artificial Intelligence eXplainable & Auditable



PAYMENTS



FINANCIAL CRIME
COMPLIANCE



OPEN BANKING

STP + Self Learning (SL)
Sanction Screening + SL
Instant Payments
Payment HUB + Gateways

TBML Digitisation
PSD2 API Interoperability
KYC Digital Onboarding
Business Apps

Visit us at **sib|os** stand **N120**