PUTTING BLOCKCHAIN TO WORK

Know Your Correspondent’s Correspondent

Micah Willbrand,
Director – Global AML Product Marketing at NICE Actimize

MODERNIZATION-IN-PLACE

Santino Failla,
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Payments in 2016: Where next?

Kris Kubiena,
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Managing Director at GFT, responsible for the company’s UK and Poland businesses
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Financial IT is a Finnet Limited publication.

ISSN 2050-9855

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The volatility in global markets through the first trading days of 2016 provide a clear signal that, for better or worse, 2016 is likely to be a different year to 2015. The U.S. Federal Reserve has actually begun to lift interest rates. Energy prices have fallen sharply relative to where they were in January 2015, and they had already been sliding for a while at that time. The International Monetary Fund has revised down its economic growth forecasts further. And the geopolitical risks have been increasing – thanks mainly to developments in Europe. The moves by governments within the European Union – in the wake of the arrival of a wave of refugees from the Middle East (and elsewhere) and the terrorist attacks in Paris – to restrict free movement of people across national borders represents a huge rethinking of the entire European project. It has become easier everywhere to identify politicians who advocate populist solutions.

In short, recent developments are consistent with less trade, less economic and political cooperation and less expansion for many (but emphatically not all) countries. The pace of globalisation has slowed in the last few months. Governments are placing greater emphasis on compliance, regulation and – for financial institutions – Knowing Your Customer. There is an opportunity for any FinTech company that can help financial institutions to turn compliance into a source of competitive advantage. The bank that can first meet the requirements of regulators, across all the legacy infrastructure in the various national markets in which it operates is the bank that will enjoy an edge relative to its rivals.

There are other opportunities as well. Any innovation that reduces the cost of payments is one that promotes trade and growth in challenging times. Reduced costs are associated with a move towards immediate payments. Reduced costs also come from greater usage of mobile payments. Ultimately, it should be normal for individuals and companies to use mobile devices to initiate payments that are immediate and cross border. Payment costs are like a regressive tax. They hit poor individuals in developing countries harder than rich individuals in developing countries, people in developed countries and companies. The general move towards lower payment costs should boost the economic welfare of hundreds of millions of people.

Of course, not everything will change in 2016. Blockchain was the hot topic of Sibos 2015. One certainty is that it will remain a topic of crucial interest to FinTech companies, financial institutions and the customers that they serve over the coming year. Above all, Blockchain remains a wildcard. It may be that its greatest impact is outside the still slightly mysterious world of crypto currencies – as it is used to support the global financial infrastructure. And the infrastructure will continue to evolve, as financial institutions work to address the limitations of legacy systems.

Welcome to 2016. It will likely be a challenging year for investors and financial institutions. However, FinTech providers will be able to make it a little less challenging.
I am taking the liberty of my publisher prerogative and give my thoughts from Sibos 2015 that was held in Singapore. I know that many of you will be saying that Sibos is long over and 2016 has begun with new opportunities. I do believe that there are some valuable takeaways.

Veterans of many Sibos events will recognize that there is a buzzword, or hot topic, at each Sibos. In 2015, that word was BlockChain. Everywhere you went, everyone you talked to mentioned or spoke at length about BlockChain. A clear example are the many interviews that Financial IT did throughout Sibos.

There is a lot of promise with the BlockChain technology. Distributed ledgers can benefit many bank processes, such as payments and Cash Management, but I am prepared to say that Trade Finance and Supply Chain Finance will be the biggest beneficiaries of the use of BlockChain. The ability to contain a transaction and all of its parts, so that only those with security clearance can have visibility into what is contained in that particular ledger, is a huge step forward. This is what the banks need. The promise is that this will reduce the cost and concerns that banks have to working with SMEs who need the financing the most.

There is also promise for the legitimate use of crypto currencies in trade, allowing the movement of value across borders and currencies, quickly, securely and inexpensively. The concern and suspicion that has resulted from BitCoin, where the secrecy of participants and the shutting of platforms, rightly gave much concern regarding crypto currencies. This is not representative of the market, usability and benefits of crypto currencies and I am betting that there is a role as a trade currency in the near future.

The combination of crypto currencies with virtual gaming is a match made in heaven, as it gives a full online experience no matter what country or currencies are used. This allows the players to break free of payment concerns and foreign exchange implications. This is but one example of the benefits crypto currencies brings to the need to buy and sell on the Internet with in the proper compliance and regulatory requirements.

Take the following example from the ever increasing world of virtual gaming tournaments. Their popularity has reached the point where more people view them on line than the Super Bowl. The World Championship tournament in Seoul, Korea, has just recently been completed for Vainglory, which is a MOBA, multiplayer online battle arena. This is the most popular of the eSports games which have quickly gained traction worldwide.

Congratulations to Ardent Alliance, the winning team from the USA. Their team consists of three starters: FlashX, MICSHE and iloveJoseph along with a sub, ShinKaigan. This team was a clear underdog going in and found a brilliant maneuver at the end to make the final kill by Bao Nguyen, the Tournament MVP.

There is much potential for the virtual gaming industry to benefit from crypto currencies and BlockChain technology. Watch that space....
In this age of anytime, anywhere transactions, payments have become a sophisticated, brand-defining specialty, with non-traditional players pushing the envelope and grabbing market share. Conventional business models are being challenged like never before. Consumers in emerging markets may not even have bank accounts, yet are making payments on their mobile devices.

To remain not just viable but vital, banks must offer exceptional consumer convenience and reach. Payment systems should extend the reach, not set the limits, of banking practice. However, legacy systems with obsolete technology and disparate interfaces are keeping banks from keeping pace. Maintaining these systems is onerous, but the business case for a single integrated payment system is not always possible to secure. In particular, banks do not want to toss out systems that are working and represent a huge IT investment.

Since any system replacement effort comes with risk, the risks and rewards of maintaining versus replacing legacy systems must be weighed carefully. For those unable to replace systems in a ‘big bang’, there is a solid middle ground. Modernization-in-place (MIP) leverages existing systems while progressing toward a bank’s transformation vision.

So, what is Modernization-In-Place (MIP)?

**Immediate performance gains.** MIP focuses on achieving immediate performance gains while preserving the value of legacy technologies and pursuing the bank’s transformation roadmap. By proceeding incrementally and using extensive testing along the way, successes accumulate in a series of small project steps, leading to better operational continuity and quality outcomes.

**New functionality.** The MIP approach does two things: it modernizes the existing legacy application in place and creates a more open and nimble architecture going forward. This makes it easier to introduce new functionality and accommodate unplanned changes required by the ever-changing regulatory and financial climate.

**Using technology that is at hand already.** MIP maps a path for evolution while creating the “building blocks” of technology that are immediately available. The journey starts by moving data to an open and standardized environment, and then exposing decades of rich application functions as services to the enterprise.

**Uses existing and trusted platforms.** MIP allows banks to realize new functionality and value-added services by using the same trusted platform on which they rely, and for which they cannot afford anything less than exceptional uptime.

**STP.** One area where modernization is particularly welcome is straight-through processing (STP). As messages come in, banks want to minimize the amount of human interface. Inbound messages with missing or incomplete information increase costs due to manual intervention to repair and lower transaction times. Working closely with our clients, CGI has consistently been able to increase STP rates. For a tier one bank, this could represent savings of up to 50 full-time equivalent (FTE) employees.

**Lower risk.** With MIP, risk is significantly reduced because this kind of modernization is done on the same hardware, with the same people and the same external interfaces, whereas a “big bang” approach would require new hardware, new software, new skills, new people, etc.

**Setting the priorities.** MIP also helps financial institutions with the identification and execution of priorities. More STP means fewer errors. Flexible rules mean that the system is designed to suit bankers, not IT staffers. Scaleable, modular elements make it possible to centralize systems and to eliminate costly silos. User-friendly dashboards and data analytics make it easier to manage liquidity in real time.

In short, MIP gives financial institutions flexibility – but without exorbitant cost and risk. MIP helps them to identify the best way of revamping legacy applications in order to support business growth.

For more information, email banking.solutions@cgi.com.

**About Santino Failla**

Santino Failla is Director, Chief Payments Solutions Architect at CGI. He has 30 years of financial industry experience with expertise spanning numerous channels: high-value transaction systems, high volume transaction messaging, low value payment processing, ATM and POS card systems, securities trading and clearing, and data warehousing. Prior to joining CGI, Santino was responsible for all aspects of delivery and operations for Fundtech’s Global PayPlus payments product line worldwide. Prior to that, Santino was the Chief Solution Architect and product manager for Global Payments and Financial Services at Logica.
Since our founding in 1976, CGI has been at the forefront of change within financial services. With 16,000+ financial services professionals, we work with more than 2,500 financial institutions in 40+ countries, including 24 of the top 30 banks worldwide. We are helping our retail and wholesale banking clients reduce costs, achieve strategic objectives and drive competitive advantage.

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In the past few years, we’ve seen intense pressure from regulators to crack down harder on money laundering abuses within the Hong Kong financial system. As one of the leading international financial centers, Hong Kong has long been perceived as a weak link in the global regulatory system. However, that reputation started to improve in 2013-2014 with the efforts of the Hong Kong Monetary Authority to improve the integrity of the financial system. These initiatives appear to be leading to what many say could be a watershed year for Hong Kong in 2016 as the territory moves toward further increasing the enforcement of its renewed regulatory regime.

As the chief stepping stone between China and the rest of the world, Hong Kong represents a strategic clearing hub between east and west. Due to this position, there is pressure to ensure that integrity and trust remains in the network – especially with the further liberalisation of the Chinese renminbi in 2016. Thus, the HKMA has put specific emphasis on correspondent banking relationships to ensure that financial institutions are not only properly onboarding and monitoring their correspondent banks from an ownership and news perspective, but that they are also better monitoring transaction flows between the banks. This process is commonly referred to as “Know Your Correspondent’s Correspondent” (“KYCC”).

KYCC is emerging as an important global consideration for financial institutions – not only with respect to awareness of how their correspondents trade from a geographic and business type perspective, but also with respect to how correspondent’s correspondents are trading. This requires an extra level of sophistication and more time dedicated to reviewing KYCC data and how money involved in transactions is flowing. Some of the considerations to be reviewed include whether or not the correspondent bank is receiving and sending the correct mix of international transactions, and are the business areas served continuing to fit the appropriate profiles.

Trade finance transaction issues are closely aligned to correspondent banking issues, as most trade finance transactions require a correspondent banking relationship to complete them. Hong Kong, like Singapore, is a hub for global trade and the regulators are ratcheting up their attention in this area. Singapore has just released AML guidance related specifically to trade transactions and the HKMA is expected to do so as well in early 2016.

Additionally, we have seen a general push specifically related to sanctions screening for entities and vessels. This screening has moved into screening so-called “Dual Use Goods” (“DUGs”). DUGs are products which usually have restrictions attached to them on where and how they may be traded – usually military vs. peaceful uses. Uranium is an example of this type of product. For most countries, Uranium needs to be traded to power nuclear power plants, but for certain countries (such as North Korea) Uranium trade is banned as the Uranium could be used to produce nuclear weapons. Therefore trade financial organizations need to look at both the product and where the product is going to ensure sanctions are not being broken.

Another sophisticated area of trade finance is over and under invoicing. Over invoicing is a basic type of money laundering used to hide proceeds of criminal activities by portraying the transfer of funds as legitimate trades. For example, a criminal in China may want to move US$50mn of illegally gained funds out of the country. This individual would agree to buy US$50mn worth of timber from a friendly timber company in the United States (often through a series of anonymous holding companies). On paper, the individual would complete the transaction, perhaps for one tonne of timber. The money is transferred, but in fact no timber is ever delivered. So while it appeared to be a legitimate trade, in fact it was just a way to launder money.

Under invoicing is another way to get around import/export duties, VAT and other tax regimes. In this scenario, an importer may be bringing in 10 luxury automobiles valued at US$100,000 each. However, they are declared with a value of US$40,000 on the paperwork associated with the trade. Thus, US$60,000 is undeclared and the tax monies are lost to the government.

While these are easy examples to understand, the detection of these schemes within financial institutions is quite difficult. In the timber example, the financial institution will not only be asked to uncover the beneficial ownership structure of the parties trading, but also to determine if US$50mn is an appropriate price for one tonne of timber. And in the automobile example, they would need to determine if the cars are being declared at their appropriate value. This is what regulators will expect from financial institutions moving forward.

We believe that the regulatory regime in Hong Kong will only get more stringent and sophisticated over the coming years and will be marked with significant enforcement actions against financial institutions that do not adhere to the strengthened HKMA regulations. The time is now for financial institutions to begin to evaluate systems which can uncover complex money laundering operations, ensuring that all appropriate data and information is auditable and is able to demonstrate to the HKMA that the appropriate due diligence and monitoring has been executed.
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Putting BLOCKCHAIN to work

2016 should be the year in which Blockchain-based solutions for financial institutions and other organisations move from prototype to commercial reality. In the meantime, Blockchain should assist organisations to think in new ways, as GFT’s Gareth Richardson explains.

Financial IT: What is the problem or client need that GFT’s Project Jupiter seeks to solve?

Gareth: Project Jupiter is the GFT Blockchain incubator which seeks to identify, analyse, assess and advise on the suitability of Blockchain as a suitable technology for a range of specific business needs.

Project Jupiter uses a range of criteria to assess the suitability of Blockchain. GFT has currently developed a high level working prototype solution that addresses a number of critical business issues in a new, innovative, and disruptive way. Our work to date has centred on an internal learning and development process and we are now testing
our hypotheses and our Blockchain model with potential market participants. We expect to receive feedback by the end of March 2016 that will allow us to further refine both the business model and the technology solution.

GFT’s initial target audience includes any organisation seeking to develop a Blockchain programme, where the benefits of Blockchain can be readily achieved and cost efficiency can be gained through adopting a new operating model. Past experience show that GFT’s prototype process works and is a valid model that can be used to fast-track any Blockchain development.

Financial IT: What do you see as being the likely impact of Blockchain on the modus operandi of financial institutions and other corporate clients?

Gareth: The potential exists for Blockchain to transform how people do business and cooperate with one another. Such improvements cannot be made with technology alone and the current Blockchain phenomenon is now encouraging traditional industries with rigid and established legacy processes to look at how they can do business differently, while promoting disruptive thinking.

Our practice supports the review, integration and interoperability of emergence of Blockchain initiatives. In addition to this, GFT has developed its prototype using an agile development methodology across our various development centres. Our approach should produce a ready-to-use solution that is based on Blockchain.

Financial IT: Could Project Jupiter achieve the same positive outcomes without Blockchain?

Gareth: Whilst GFT’s Project Jupiter is specifically focused on Blockchain –based outcomes, the solution that we developed so far is partly based on existing supply chain and stock management software. Our solution seeks to improve and enhance these models in a cost- effective way.

Financial IT: In general, is Blockchain really being used by FinTech companies and their clients – or is it just an interesting discussion topic that will feature at one or two Sibos conferences before being supplanted by something else?

Gareth: The Blockchain, or distributed ledgers, principle is not a new solution. However, the technology to support shared ledgers in a cost effective and efficient manner is a new development.

Blockchain is an enabling technology with great potential. In the future it is likely to underpin a large range of operational processes, and a way in which the underlying Blockchain platform is largely irrelevant (much like TCP/IP and HTML is no longer referred to in Internet parlance today).

We do not consider that regulatory constraints apply to Blockchain specifically. Rather, the constraints apply to the operational processes that require regulation. It is likely that the regulators will embrace Blockchain technology with enthusiasm due to the increased transparency that it naturally provides.
The title of a recent American Banker conference, Digital Currencies + the Blockchain, reflects the positive evolution in discussion around the transformational technology of the blockchain or distributed ledger. Compared to the earlier headlines from articles in industry publications, the focus of discussion has shifted from the Bitcoin, apocalyptic claims of the end of fiat currency and the demise of the banking system, to a more useful examination of the means by which the new technology can be incorporated into, and transform the day-to-day functioning of the transaction banking ecosystem.

While some members of the transaction banking world are generally familiar with the fundamentals around the new technology, there is still a general lack of awareness regarding the subject. For those in the transaction banking world who, for whatever reason, have not familiarized themselves with the latest developments in the blockchain discussion, this article is presented as a layman’s guide.

To appreciate the full dimensions of this potential transformation, it is useful to review the basics of the transaction banking ecosystem. Transaction banking, at its most elementary description, is the provision of payments, trade and securities services. In this discussion, the focus will be on the payments function with the caveat that virtually every trade or security transaction – the other pillars of transaction banking – start and/or end with a payment.

The current transaction banking ecosystem dates back centuries, fundamentally to Italy and the Italian merchant class of the Renaissance. Goods and services were sold from one party to another with those sales requiring payment from buyer to seller. Rather than moving physical currency or precious metals for payment, as in the past, the merchants established offices in the main centers of trade and commerce, and moved money by entering debits and credits on double entry ledgers which were also a new invention of the time. Goods and services moved in the physical world; payments moved on books.

It is striking that transaction banking today shows remarkably little change from that original 14th century design. One of the few changes was produced by the introduction of the telex after World War II. This fundamental "disruption" of the transaction banking operating model created multiple product lines where there had only been one. Prior to the introduction of the telex and the realization that money could be moved by telex faster than the underlying details of the transaction (be it a simple payment, a trade or securities transaction), there had been one business line, commonly known as the international business. But with the "new technology" separate payments, trade and securities businesses were created. These three business lines grew in size and management hegemony until recently when some of the major transaction banks have tried to reintegrate them, if not as one unit, at least under one central management structure.

The entrance of SWIFT onto the transaction banking scene with the first SWIFT messages exchanged in 1977 was, in fact, not the disruptor many have claimed. SWIFT simply helped organize, codify, speed up and make more secure a business which was becoming increasingly difficult to manage effectively with the growing volumes of transactions. Despite Citibank’s attempt at bringing order to telex based payments with its Mardi system in the 1960’s, an industry wide approach was needed to bring standardization and consistency to operational practices. SWIFT provided that and went on to become the backbone of the transaction banking ecosystem.

With the aim of speeding up and controlling risk in the movement of payments, transaction banking also created a host of intermediary entities to facilitate the movement of money. A series of clearing houses (CCPs), depositories (CDPs), and low and high value payments systems emerged. (Familiar names from the US in this ecosystem include CHIPS, The Fed Wire, ACH, DTCC; from Europe: CHAPS, FPS, CLS, TARGET2, STEP2, Euroclear.) Today there are over 200 such entities which make up the transaction banking ecosystem. While these organizations were set up to provide greater safety, it is increasingly
evident that they generate unique risks of their own and immensely complicate the efficient conduct of transaction banking functions, not to mention adding significant costs.

Similarly, the introduction of the internet in the 1990's served to speed up the processing of transactions, but did not fundamentally change the operating model.

With the creation of this vastly complex system of intermediaries, it is not surprising that an equally complex network of regulators developed to safeguard the public interests. The events which brought the world banking system close to collapse in 2008 only intensified the political demand for more regulation and hence the increased administration and cost burden for transaction banking. The dimensions of this burden are seen in stark detail when looking at the US regulatory landscape with dozens of Federal and State regulators to whom the banks are accountable.

Given this degree of complexity, with multiple hubs and spokes creating significant points of operational friction and cost, it is understandable that transaction banking was a tempting target for those who wanted to disrupt the system and start a new system based on new technology; a fresh approach to organizing what is a basically simple system but which had, over time, become overly complex.

The catalyst for a fresh approach was supplied on January 3, 2009 in a white paper published under the name of Satoshi Nakamoto entitled "Bitcoin: A Peer-to-Peer Electronic Cash System." (https://bitcoin.org/bitcoin.pdf). Whoever the author, the white paper sent a title wave of irreversible change throughout transaction banking.

The Bitcoin was "commercialized" by the work of what Michael Crain describe in his Observer article (http://observer.com/2015/02/the-race-to-replace-bitcoin/?utm_source=fark&utm_medium=referral&utm_campaign=ta) as "anti-establishment ... young companies backed by brilliant cryptographers, complex programming and security protocols and varying degrees of anti-establishment fervor." With some of the early players suggesting "We've got to work within the system to destroy the system" the initial and often heated discussion focused on Bitcoin and the role it would play in transforming transaction banking as we know it. But as the discussion became more measured and evolved into a broader discussion of blockchain technology and distributed ledgers, it became increasingly clear that those who started out to "destroy" the transaction banking ecosystem were, in fact, the very players who are on the verge of saving it.

There is a growing consensus that transaction banking is at the edge of a sea change which will surpass our current ability to predict or define. What are the basic elements of blockchain technology which is producing this sea change? What does blockchain technology offer transaction banking?

The answer to this question is complex at best. There are a multitude of products and services being created and offered under the umbrella of this vast new area of technology. The technology not only impacts the payments segment of transaction banking but the other two pillars – trade and securities as well. It also important to note other diverse areas of potential in the non-monetary space such as KYC, notary services, smart contracts, digital IDs for smart property, mortgages and asset ownership in the supply chain. For simplicity’s sake, however, the focus here is only on the wholesale payment infrastructure – the payment rails – of the transaction banking ecosystem, and the answers are reduced to their simplest, most basic dimensions.

Blockchain is a decentralized ledger which keeps track of all the transactions taking place across a peer-to-peer network(s) on which it operates and facilitates an internet of value exchange. This may be an open source public ledger blockchain as in the case of the Bitcoin, to which any entity may have access, or a private network blockchain to which access is controlled and which supports the offerings of Ethereum, Hyperledger or the more well-known Ripple Labs. The Bitcoin blockchain is referred to as “permissionless;” the Ripple

About Whitman E. Knapp

Whit Knapp is the Chairman of GTBInsights, LLC a US-based consulting firm that advises financial institutions on developments in Global Transaction Banking. He brings to this role over forty years of transaction banking experience, both as a practitioner and as a consultant. Whit spent 24 years in senior international transaction banking positions with the Bank of Boston, and then 20 years as a leading market research consultant to virtually all major global transaction banks. Whit’s commitment to the industry is seen from his long standing engagement with BAFT and his association with the ICC.
blockchain is referred to as "permissioned." (The taxonomy around the blockchain ecosystem is still in its formative stages; as such, purists will suggest that Ripple does not operate on a true blockchain. For the moment the term blockchain will be used in its most inclusive sense and as the generic term for distributed ledger.)

In the public, permissionless Bitcoin blockchain model, transactions are added in blocks to the public ledger, and are authenticated and confirmed by proof of work algorithms with digital signature cryptography for validation of contract. In private, permissioned blockchains, a consensus algorithm is used instead of a proof of work to confirm the addition of transactions to the blockchain.

With the exponential increase in interest in blockchain technology, there is concern that the Bitcoin blockchain may not be sufficiently scalable to meet the increase in volume of transactions required to support other payment offerings, distinct from the Bitcoin, as well as non-monetary offerings. To meet this need, developers have put forward the concept of "side chains" which are pegged to the Bitcoin blockchain as the solution. These would be attached to but separate from the Bitcoin blockchain and circumvent the concern that the Bitcoin blockchain does not have the capacity to support new payment or other developments. (Editor’s note – since this paper was written new proposals, Bitcoin XT, Bitcoin NG and BIP 102 have been introduced to increase the scalability of the Bitcoin blockchain, and a meeting of the leading thinkers around blockchain technology has just taken place in Montreal to address this issue – http://www.coindesk.com/scaling-bitcoin-day-1-constructive-debate-shines).

How does blockchain technology benefit transaction banking? The technology allows the transfer of payments from peer-to-peer across the Internet without the intervention of a central intermediary. Buyers and sellers, payers and payees interact directly with each other with no need for verification of a trusted third party. Identity and transaction detail are encrypted by public-key cryptography, and a transaction record is created on a publicly accessible chain in the case of Bitcoin or a private node as in the case of Ripple. Intermediaries such as CHIPS, The Fed, Target 2, and Step 2, described earlier are no longer required, significantly reducing costs and increasing the speed of transactions. The reduction of operating expense, in the area of $15 to $20 billion a year according to some experts (http://www.coindesk.com/santander-blockchain-tech-can-save-banks-20-billion-a-year/), and the lowering of capital requirements given the reduction in transaction latency, has the potential to create significant new financial dynamics in transaction banking.

Despite its substantial promise, the new technology is incredibly complex and will take years rather than months to fully sort out. At the moment there are more questions than answers to fundamental issues surrounding it. A brief review of some of these issues:

- Which version of the blockchain will predominate? The permissionless or the permissioned blockchain? Or will both be used depending on the underlying type of transaction.
- Therefore, will the blockchain be a public or private distributed ledger?
- Inherent in this discussion is whether authentication of transactions in a chain will be by the proof of work or consensus method?
- What is the legal underpinning of the transactions? How will title to the assets transferred over a distributed ledger be proved?
- Is the current Bitcoin blockchain capable of absorbing the anticipated volume of transactions in its present construct? Will side chains prove a viable option for increasing capacity?
- Can wholesale and retail payments be linked in one seamless system? Can mobile payments be incorporated to provide the first/last mile connection to the consumer?
- As the ecosystem evolves and frees itself from the friction injected by the old hub and spoke, central counterparty system, what will be the role of the existing lynch pins of that system, i.e. correspondent banks, clearing houses, securities depositories etc.?
- What relationship will develop between the traditional players, the FIs, and the aspiring FinTech companies heavily backed by capital from Silicon Valley and other venture capital sources?
- What changes in regulation and regulatory structure are going to be needed to ensure the security of transactions and guard against fraud?
- Are we ready to make another change in nomenclature, moving from blockchain to distributed ledger as the central underlying feature of the new transaction banking ecosystem?

Answers to these questions will shape the future of transaction banking and will form the agenda for multiple conferences, workshops and articles over the coming months, indeed years. However, at the end of the day, the success in commercializing the new technology will be determined by the fundamental question of how well "Blockchain meets CARL." CARL – Compliance, Audit, Risk and Legal. CARL represents the real world within which all players in this space must function. These are the controlling foundations of the transaction banking ecosystem, and therefore the foundations – rules of the road – which any individual, group of individuals, or company, no matter how bright and talented, must learn to work if they are to succeed in changing that world. Success will only be achieved by learning how to operate effectively with CARL.
Three years ago I was invited to a hackathon by a PR friend of mine. "A hacka-what?" I asked. 'A bunch of developers are going to spend the weekend at Google Campus building payments apps...for fun,' she responded.

"O-K..." I said. I had nothing else going on that Friday evening anyway. You see, my PR friend invited me to the hackathon because I was a FinTech journalist (or financial technology at the time). One of her clients were sponsoring the event.

I wrote about how big banks used data, rolled out enterprise technology and basically patched together old legacy systems with chewing gum and duct tape (OK, I'm sorry...middleware). The types of developers I interviewed wore suits and ties and oversaw projects that took two years to complete before they jumped ship to another bank and another two year project.

So I went down to Google Campus in London to watch the launch of an event that would see people in t-shirts and jeans build payment applications over a weekend...for fun.

When I walked in one of the sponsors were giving away bottles of beer, in exchange for a tweet. "I'm down with Twitter," I thought. So I sent a tweet, was handed my beer and when I turned my head I walked right into someone I knew – someone who worked in IT, at a bank. He had just bought a beer with a tweet and there was no suit and tie in sight. At that moment I thought, "This industry is changing."

My old faithful world of enterprise architecture and traditional thinking in banking IT was giving way to a fresher, more agile and leaner world of FinTech – and there were many people from that old world who wanted to learn and grow with it.

This year I left journalism, after 20 plus years, and started work as managing director of a startup accelerator aimed at the financial services space – Startupbootcamp FinTech in London.

The FinTech programme is part of the Startupbootcamp family of accelerators which run 14 programmes around the world in various industries. FinTech was launched in London in 2014 and has since expanded into Singapore and New York. London even saw the launch of our new InsurTech programme which will see its inaugural cohort of startups arrive in January 2016.

In 2015 the London FinTech programme saw 450 startup companies from around the globe apply. We ended up choosing nine, who spent 14 weeks growing and shaping their business in the Startupbootcamp accelerator.

For the sake of a shameless plug – our 2015 class of FinTech startups were:
1. BondIT – Bond allocation software using machine learning
2. Cybertonica – Online payment fraud prevention – also using machine learning detect fraud
3. Delio – Wealth management platform that looks for private investment opportunities for a bank’s wealth clients
4. MoneyFellows – Online interest-free credit and social savings
5. Obsidian Solutions – Cloud-based investor relations platform
6. StockViews – Crowdsourced equity research sold back to institutions – small/mid-cap stocks and bespoke research
7. Tradle – Retail Banking KYC/Compliance on the blockchain
8. Walnut Algorithms – Artificial intelligence algorithms for intraday trading
9. WoraPay – Mobile payments platform allowing any merchant to take any mobile payments allowing consumers to order and pay

Now, one of the more unhelpful (and untrue) narratives of the
The FinTech revolution of the past few years has been the corruption of the term ‘disruption’. True technology disruption introduces new business models brought on by innovative technology and practices. Read the list of Startupbootcamp FinTech startups above. Giddy commentators have waxed lyrical about the demise of ‘dinosaur’ banks who will soon be wiped out by the meteoric rise of FinTech firms for some time. Yet all of our startups in 2015 are all looking to work with, sell into and partner with (yes you guessed it) big banks and asset management firms.

The global financial services of the future will evolve and change as a result of a shifting ecosystem of partner banks, APIs, startups, global telecoms, alliances and technology behemoths. This is done by re-using existing banking infrastructure; by building partnerships between banks and providers of innovative technology (the startups); and by taking advantage of the fact that banks are already compliant with global regulations.

Don’t get me wrong – banking and traditional financial services – as it has operated for decades needs (and in a lot of cases welcomes) a kick up the pants. That ‘kick up the pants’ comes from changes in technology that have led to evolving customer behaviour which is impacting business models, consumer applications and enterprise architecture faster than you can spell ‘private blockchain’.

A great way for traditional banks and firms to get a handle on all this change is to work with FinTech startups. Working with startups allows the established players to get a handle on the new tech trends emerging on the scene. In some cases, if the bank is able to allow startups to begin proof of concepts and pilots, those within the bank can play and experiment with that technology to see if it can be adapted and scaled within an enterprise environment.

The trends we saw this year at Startupbootcamp were:
- Cloud
- AI/Robots
- Machine learning
- Mobile
- Social savings
- Blockchain (of course)

All of these ’trends’ will affect more than just guys in t-shirts who spend their weekends building payments apps and buying beer with tweets. They will affect banking and financial products for years to come. The guys who wear ties and the women who wear heels to work need room and permission to play and experiment with these emerging trends.

This permission to play and experiment is contrary to the prevailing culture of many banks – which is one of constant measurement and the reduction of risk. At this year’s unBound conference in London, PayPal’s head of startup relations, John Lunn commented that the best way to kill any innovation project is to ask: "How do we measure this thing?"

However, by establishing a separate innovation lab inside a bank – away from core infrastructure – that is accessible and available to all business units is one strategy that can be used to circumvent traditional banking IT culture.

Three years ago the startup and FinTech community welcomed some old financial IT folks to take part in a hackathon. Today, banks are looking to open their own doors to the new wave of FinTech entrants, which will have lasting positives effects on our industry for years to come.
Interview with Fiserv’s Team at Sibos 2015.

Financial IT: We are here today at Sibos 2015 in Singapore, one of the financial capitals of the world. I am sitting here with Fiserv. Travers, can you give us some idea of the important points for Sibos that Fiserv wants to address this year?

Travers: Fiserv has been present at SIBOS for many years in a row. And our key objective is to bring our entire product portfolio to the exhibition. It ranges from our core banking and account processing capabilities, through to our mobile banking, digital and online capabilities. These are at the top of mind for the front office and all of the components that sit in the middle (P&L, risk and analytics, KYC, workflow processing, document management, etc.). Fiserv is, broadly speaking, a full service financial services technology provider. And our key objective is to ensure that both our brand and solution suite is represented. There are a lot of conversations going here at Sibos. We want to hear from clients – what’s interesting to them, what do they need and how our offers may be evolved in the future.

Financial IT: In short, Fiserv stands out for the breadth of its offering. Marc, give us some view of one specific area: let’s look at the international payments.

Marc: I think when you look at international payments and some of the great trends that are emerging, specifically for this region, a key one is the faster payments network in Australia. Strongly supported by SWIFT, it’s one of the key topics that attendees are talking about. You have probably heard about the new payments platform that is being built currently; this is the initiative that SWIFT is leading. We are working with SWIFT on that. The new network will probably be one of the most advanced and real-time of any globally. The ability to make real-time and immediate payments is a quantum leap forward. They are just not possible through traditional global networks. So one of the things that we are looking at, at Fiserv, is how best to offer the whole range of overlay services over this platform once it’s built. It will transform how Australia’s banking system works with digital solutions.

Financial IT: Andrew, looking forward, what would you highlight?

Andrew: I think one of the major things that I am seeing is around digital disruption and what it means to financial institutions. And I think what is driving that, putting technology aside, is consumer behavior and how consumers interact with banks on a daily basis. Obviously, fintech companies have had, and continue to have, a huge impact on how consumers behave. The value chain of banking is changing. In some countries, the process of disintermediation – the assumption of core functions such as payments by non-banks – is accelerating. Of course much is being driven by the technology that is in the consumers’ pockets. Smartphones mean that consumers expect instant gratification and service on a 24/7 basis.

Financial IT: Sibos strikes me as a snapshot of what is happening in the industry. Would you identify any specific Fiserv solutions that are very relevant to the industry’s pain points?

Marc: Customers want things in the context where their life is at. And that’s real time relevant contextual information on their mobile device. They want to know how their specific situation can profit them. They want banking services that are directly relevant to what they are actually doing. That’s the key thing for us: to enhance mobile and digital banking services so that they are much more contextual than they have been historically. Before they were more transaction and bank product based. And this migration to being more relevant to customers’ lives is crucial for us.

Andrew: This Sibos is in Singapore, the heart of Asia, a region where over half of the population doesn’t have any relationships at all with financial institutions. This means that they remain unbanked. And as the world becomes more digitized, a financial institution’s ability to play a role in mainstream economy depends on its ability to interact with these people. Reaching the unbanked through clever use of technology is a massive opportunity. Digital and financial inclusion was a hot topic at Hong Kong seven years ago, which was my first Sibos. It was a major area of interest for Innotribe. At the end of the day, it is also a governmental issue. People cannot be discriminated against through lack of access to digitization and financial institutions. Even relatively poor people are living digitally. Even in Cambodia, say, a person may not have a bank account, but may well have the lightest Android phone. The reality is that every day you go and talk on your mobile phone. Today, many people are forced to go and do those interactions in the physical way because they don’t have another way to move their money. How financial institutions reach out in new ways to both the unbanked and the banked in this part of the world will be one of the most interesting things to watch in the coming three years.

Financial IT: Travis, Marc and Andrew, thank for spending some time with Financial IT.
Marc Mathenz,
*Managing Director, Asia Pacific, International Group*
Marc Mathenz is the managing director for the Asia Pacific region in the International Group at Fiserv, Inc. (NASDAQ: FISV). Joining the company in early 2015, he oversees business development, sales and marketing, operations and customer relationships for the region.
Previously, Marc was with First Data Corporation, most recently as senior vice president (SVP), head of Asia Pacific, responsible for managing the First Data business across 12 countries and prior to that role as Chief Financial Officer, Asia Pacific. Mathenz has held a number of senior posts based in London including Henderson Private Capital Ltd, GorillaPark Ltd, Tomkins Plc and Credit Suisse First Boston. He received a Master's of Business Administration from London Business School, U.K., and a Bachelor's of Business Administration from Goizuetta Business School at Emory University, U.S. He is also a member of the Association of Chartered Certified Accountants (ACCA) and a Chartered Financial Analyst (CFA) charter holder.

Andrew Parker,
*Asia Pacific Sales Director, Digital Channels, International Group*
Andrew Parker is the Asia Pacific Sales Director for Digital Channels at Fiserv, Inc. Andrew works with new and existing clients across the region to assist them in realizing the full potential of digital banking. He is passionate about helping clients innovate to accelerate growth, reduce costs and improve customer experience, particularly in mobile. He works with banks to help develop a compelling business case for investment in digital channels and works with them to successfully execute on their digital banking and payments strategies. Andrew has over 15 years of experience in delivering electronic payment technologies to banks across Asia Pacific. With Fiserv for seven years, he previously held management roles for payment technology companies in Australia and New Zealand.

Travers Clarke-Walker,
*Chief Marketing Officer, International Group*
Travers Clarke-Walker is Chief Marketing Officer, International Group and was previously Managing Director of Europe, Middle East and Africa at Fiserv (NASDAQ: FISV). Appointed in January 2014, Clarke-Walker now leads global strategy for product and marketing for the International Group.
An established thought leader in the fintech sector, Clarke-Walker regularly appears at financial industry events as a keynoter, panelist and fintech solution judge. He also contributes his perspectives through bylines and blogs in industry publications and on websites. He chaired the judging panel for the 2015 – FinTech 50, identifying the game changing fintech firms across Europe.
Prior to joining Fiserv, Clarke-Walker was the managing director for Innovation and Payments at Barclays Retail Bank, where he brought to market Pingit, the UK's largest mobile-to-mobile, peer-to-peer payments platform, and Cloudit, the bank's revolutionary document storage platform. In addition, BeSpoke for Barclays Customers, My Business Works – Software Package for Small Business Owners and the roll out of Personalised Debit Card were brought to market under his leadership. Before his appointment to managing director, Clarke-Walker was the product and marketing director for Business Banking.
Prior to joining Barclays, Clarke-Walker was sales and marketing director for EDF Energy, where he oversaw a holistic rebranding initiative for the company, which included partnering with the London Olympics as the Bid and Country Sponsor and bringing Nectar Points to millions of energy customers through the Nectar program. Clarke-Walker is a Fellow of the Institute of Sales and Marketing Management and a Member of the Chartered Management Institute.
Financial IT: Kris, tell us about VocaLink.

Kris: VocaLink is an interesting company: it is part of the UK’s critical national infrastructure and is the provider of the Faster Payments Service (which has securely processed over 4 billion payments since its launch in 2008), the UK ATM service and the ACH. Outside the UK, we are a provider of international payment solutions and, in particular, real-time payment solutions. The combination of operations experience and solution delivery means we can provide assistance to our clients based on real-world experience.

Financial IT: I think people do not realise just how much VocaLink underpins the new initiatives that are being released.

Kris: We are the silent partner behind many of these new innovations; VocaLink provides the technology for platforms to build upon. We understand the complexity the delivery and operation of national payment infrastructures and we aim to partner with and support in-country stakeholders in the delivery and operation of these services.

Financial IT: What are the industry trends that have led to the use of these solutions?

Kris: Instant payments seem to be a widely-discussed topic; however, it is no longer only about instant payments, as they have become the norm. Discussions now centre on instant payments combined with e-commerce and m-commerce and alternative payments in general. We are now talking about solutions that help financial institutions to provide impactful products and services to corporates, merchants and consumers. For example, Thailand is in the process of implementing a service that enables payments to be made using a national ID and we expect this to be real-time.

Financial IT: Is it fair to say that you’re merging the old with the new and being more innovative with the infrastructure you’re providing, and can you give us more information?

Kris: Rather than merging the old with the new, I think it is instead the new with the new. In the UK, VocaLink launched the Faster Payments Service in 2008 and at the time it was considered to be a significant step forward in payments capability. However, Singapore has implemented our new Immediate Payments Solution and their FAST service is functionally richer than Faster Payments in the UK. Consequently, we have found ourselves working on enhancing our UK propositions based on our international solutions.

Whilst we’re really proud of the technology we have, something that differentiates us is our experience as an operator. While technology is king—it is not just about the technology. There also needs to be an understanding of how to operate it. Instant Payments services need to be available 24 hours a day, 7 days a week, 365 days a year. Delivering truly excellent service is always based on a combination of technology and proven operating procedures and processes, and our ability to combine operational experience with leading edge technology is one of the key things we bring to our relationships in this industry.

Financial IT: As a leader in the payments industry, what do you see going forward?

Kris: I think the next exciting development in the payments industry will be cross-border interoperability. VocaLink has recently announced a deal with The Clearing House to bring real-time payments to the U.S. and Europe is now looking very hard at implementing real-time services. I believe that the next step will be to interoperate in real-time: if a consumer can make cross-border, instant payments using their mobile device—or any other device in fact—that is going to be a very exciting innovation. This development should have a dramatic impact on the way in which international business is carried out, as well as providing the global economy with a growth dividend.

Financial IT: VocaLink’s solutions underpin individual countries – will the next step be getting those countries to speak together?

Kris: The next step is to enable individual countries’ solutions to speak together. The ASEAN (Association of Southeast Asian Nations) countries have an ambition to become interoperable throughout the region and VocaLink is delighted to be involved in some of those discussions. In Europe, although a single payments area exists, the individual countries have their own real-time payment systems which will have to interoperate cross-borders and will be a very interesting development. Finally, the new national real-time system in the U.S. brings the world’s largest payments market into the mix, and is a huge step towards building a global, ubiquitous real-time payment solution.
Financial IT: What are the main reasons that you support Sibos?
Reetu: The conference has been focusing on questions and issues to which we provide solutions. KYC is a core topic this year. The challenge is to recognise the regulatory changes and take account of product life cycles and, at the same time, to exploit global standards. Banks are looking to improve customer experience, to streamline the flow of information from the front office to the back and to meet the requirements of the new regulations – KYC, AML, Dodd Frank, EMIR, FATCA and so on – using global platforms. We can help with this and are working with many of the largest global banks. Sibos is a convenient forum at which to share thinking.

Financial IT: Many banks are burdened by legacy systems. From your point of view, what are the solutions that can help banks to deal with the KYC issue?
Reetu: One solution is simply streamlining the process whereby banks incorporate regulations into their systems. Regulations have been very paper-based. We look to incorporate them into technology in a user-friendly way. We work with primary regulators so that we can provide updates on a quarterly basis. We are also able to look across countries and identify common themes. In the past, banks that have tried to hardcode and test KYC procedures into legacy systems have not been able to keep up with the pace of change. We help our clients keep up by streamlining the process. In addition, many of our clients are finding our API to KYC utility helpful. And the complexity is enormous. The relationship manager gathers the data for KYC compliance. The sales assistant enriches that data. It is matched with data which pertains to the products used by the client. The products – derivatives, forex or whatever – often come from different jurisdictions. At the same time, the bank will be looking to maintain a very high level of customer service.

Financial IT: So how many clients do you have now?
Reetu: In relation to KYC, we are working with 25 global banks.

Financial IT: What trends do you see going forward?
Reetu: One trend is streamlining of data flows from one end of the organization to the other. It’s the only way in which the banks can keep up with the regulatory change. Another trend is globalization. The banks want and need a global view of their clients – even if their clients are working with them in many jurisdictions and through many business lines. The banks are reducing information silos. This means that the banks should be able to cross sell services – corporate/ transaction banking, wealth management or whatever. Of course the customers only want to provide the details that are needed for KYC once. That is where we help.
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CONVERTING COMPLIANCE INTO A COMPETITIVE Advantage

Interview with Richard Chapman, Head of Strategy, Reconciliation, FIS

Financial IT: Can you please describe some of the important points that you addressed this year at Sibos 2015 as the face of FIS?

Richard: We want to help banks convert their compliance burden into a competitive advantage. They can do this by taking a more strategic approach to satisfying regulation.

A good example would be the adoption of BCBS248 which is picking up pace as several more jurisdictions actively roll out the Intraday Liquidity Guidance. Banks are faced with the choice of a tactical project based approach to satisfying the requirements or something more strategic that can provide significant benefits to the bank. For example, a tactical solution could be as simple as data collection and reporting from a centralized database. This approach still has a reason-able sized investment attached to it and provides little to no additional benefits to the bank. Whereas, a strategic approach to collecting and reporting intraday liquidity (that actually collects data real-time, con-solidates, evaluates and responds to intraday validated positions) can provide the bank a capability to capitalize on investment opportunities, minimize penalties and also provide stronger counterparty risk – which is at the Liquidity Guidance seeks to do.

Other important points we discussed included the establishment and optimization of reconciliation centres of excellence. Smaller banks have realized that a depart-mental / siloed approach to reconciliation limits scalability, is inefficient and makes MIS and operational reporting challenging if not impossible. As a result, these banks are seeking ways to consolidate reconciliation and matching processing into a single engine that spans across the all areas. They are look-ing to create a centralised function (IT and business) that can support lines of business in automating and managing their reconcili-a
dation processes.

On the other hand, larger banks already have established such shared service func-tions but are now looking at ways to speed up the adoption of these services to further reduce TCO and improve economies of scale.

It is a particularly interesting observation that they are now actively considering the use of managed services to support much of the technology and business process management, and allow focus on core competencies.

Financial IT: Did Sibos 2015 pay enough attention to matching and reconciliation issues currently facing FinTech?

Richard: Matching and reconciliation is an integral part of many of the regulations, ini-tiatives and innovations that were discussed at Sibos, but the discussions of the role (and the importance of the role) were perhaps not as explicit as they could have been. More and more we are seeing that reconciliation and validation is the foundation of regulatory reporting. For instance, the BCBS248 mentioned above highlights one such area where transactional and position activity must be calculated and validated in real-time to provide true intra-day control.

BCBS239 is another industry topic that has a huge reliance upon quality reconciliation and exception management processes, but it is rarely associated with the recon-ciliation function – finding a home more frequently in the data management space. As payment processing and trade settlement continues to move into real-time, there will be a strong requirement for robust matching and validation to ensure the accuracy of ac-tivity. Reconciliation is now a critical middle office function that is at the centre of most operational processes.

Financial IT: What changes has SunGard gone through since Sibos 2014 in Boston?

Richard: From a corporate perspective, we are now part of FIS! From a product perspective, our reconciliation business continues to evolve its enterprise reconciliation capabili-ties to ensure that multiple reconciliation processes can be automated with the great-est confidence in the levels of auto-matching and rapid resolution of unexpected excep-tions. We have introduced highly sophisticat-ed capabilities to support complex permuta-
tion style matching: this allows for a greater level of automation regardless of underlying data quality. An area of particular attention is collaborative solutions that encompass a greater proportion of end-to-end processes and controls by combining multiple SunGard products and services to deliver greater value and simplify processes.

Financial IT: What are the key trends and challenges in the FinTech market right now? Can IntelliMatch Operational Control and IntelliMatch Enterprise Management Studio package service some of the pain points in the industry?

Richard: A key trend that is intrinsically linked to reconciliation is the need for, and demonstration of, data quality, accuracy and timeliness. IntelliMatch Operational Control can provide the necessary detailed validation of data as it moves around the organization, with IntelliMatch Enterprise Management Studio providing greater insight into the timeliness, completeness, and lineage of that data flow to ensure point to point accuracy.

Financial IT: Looking ahead to 2016, which goals does SunGard, now FIS, hope to reach by the time of the next Sibos?

Richard: We want to grow the reconciliation managed services footprint for reconcili-a
dation centres of excellence. We should do this by responding to the demand from top tier institutions to bring to bear SunGard’s experience in both building and running the reconciliation automation process.

We will seek data and rule discovery to support expedited analysis and requirement definition for matching and reconcilia-tion processes: this will help to shorten the time required to build and on-board new reconciliations by addressing challenges in requirement analysis, configuration and test-ing phases. By shortening this time window, banks will be able to bring on a greater number of processes into their reconciliation shared services and subsequently lower cost per reconciliation.
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Over 8,000 banking professionals from over 140 countries converged in Singapore last month for Sibos. Where better to get a sense of where everything is headed than the industry’s premier annual conference?

More than ever before, fintech is the engine for change and opportunity. The future will look different: that we know. How we get there will be defined by the ways that banks and fintech startups work together today.

The one word on the tip of everyone’s tongue seems to be Blockchain. Many believe that distributed ledger technology will do to payments what the World Wide Web did to information, unlocking silos and allowing free transmission of data across the Internet.

Blockchain represents a revolution. Today payments are handled through an antiquated, patchwork system known as correspondent banking, which relies on big banks with global footprints to serve as middlemen. The system works, but it is slow, expensive and lacks transparency. It also means the world economy is reliant on the whims of a handful of banks, which doesn’t always work out for the best.

Due to increasing costs and a lower appetite for risks, correspondent banks are retreating from emerging markets. Roughly half of developing economies surveyed by the World Bank reported a decline in correspondent banking services. There is a risk that whole countries could be cut from the system.

But it’s not just the developing world that’s affected. This reliance on an outdated system further acts as a tax on just about everybody. While we generally think about the cost of moving money globally in terms of fees, operational costs and foreign currency spreads, the true cost is in fact far greater.

Ripple provides global financial settlement solutions to ultimately enable the world to exchange value like it already exchanges information – giving rise to an Internet of Value (IoV). Ripple solutions lower the total cost of settlement by enabling banks to transact directly, without correspondent banks, and with real-time certainty of settlement. Banks around the world are partnering with Ripple to improve their cross-border payment offerings, and to join the growing, global network of financial institutions and market makers laying the foundation for the Internet of Value.

Ripple is a venture-backed startup with offices in San Francisco, New York and Sydney. As an industry advocate for the Internet of Value, Ripple sits on the Federal Reserve’s Faster Payments Task Force Steering Committee and is a member of the W3C’s Web Payments Interest Group.

As recently as 2014, banks were resistant to the new distributed ledger technology. No longer…

Sibos 2015: Blockchain’s breakthrough
That's because corporations – which make up over 90 percent of the world's $22.5 trillion annual cross-border payment volume, according to BCG's 2014 Global Payments Report – need to set aside capital in order to access liquidity. The opportunity cost of keeping all that idle money around is expensive. In all, payment costs add up to US$1.6 trillion per year, based on the global average cost of international transfers according to the Federal Reserve.

The promise of distributed ledgers

The reason today's system is so inefficient is because the world's various payment networks aren't interoperable. They can't talk to each other. So while real-time domestic payments have become a reality in places like Mexico and the U.K. because everyone within a country is on the same system, cross-border payment remains an ongoing pain point.

Until now, we have relied on a centralized framework for sending payments. In the U.S., for instance, we rely on ACH. This is far harder to accomplish from an international perspective because it's pretty much impossible for everyone to agree on a central counterparty. Geopolitical realities means that Russia, understandably, wouldn't want to give the U.S. sovereignty over systemic payments infrastructure and vice versa.

Distributed ledgers sidestep this issue brilliantly since these systems don’t require a central operator. In other words, the killer app that makes efficient cross-border payments possible with the Blockchain is its inherent neutrality.

Once adopted, payments facilitated by distributed financial technology essentially act as a universal protocol, much like SMTP for email. In that sense, this is the payment industry's email moment.

The benefits of these technologies are transformative, where payments can now move like information does today. They’re instant, they’re cheap and perhaps most importantly, come with a sense of certainty. Unlike today where it’s unclear if a cross-border payment has gone through, distributed ledger technologies enable you to know exactly when your transaction is delivered.

The Blockchain bandwagon

While we’ve known about this potential for years, it’s taken time to not only develop enterprise-grade software but also convince traditionally risk-averse financial institutions to experiment with radical new technology. That’s why this year’s Sibos was so exciting.

If banks were wary about Blockchain in 2014, keeping it at arm’s length, 2015 was when they officially joined the party. The main question from banks had evolved from “What is Blockchain?” to “How do we leverage it?”

It was clear at the conference that banks are waking up to the need to adopt agile methodologies to foster innovation. The next step, then, is to start testing new technologies and provide real products and services to customers. The urgency was palpable. There’s an understanding that customer expectations are shifting in the digital age.

It was also a great Sibos for Ripple, as we unveiled the industry’s first suite of enterprise-grade payments products powered by distributed ledgers, which were tested through rigorous proof-of-concepts by dozens of banks over the past year. The software is plug-and-play and connects any institution to a global network of banks and market makers allowing direct bank-to-bank settlement.

Faster, certain payments might seem trivial to some but these are the fundamental building blocks of the global economy. Moreover, we believe this to be the birth of the Internet of Value, which will bring untold innovation, unleash previously untapped potential and productivity, and expand access to more people than ever before.
As customer data becomes more readily available, customer-centricity should be at the forefront of strategy for today’s financial institutions. Instead, many organisations are so focused on regulatory compliance that they see data initiatives as a burden, if they recognise their potential at all. Industries like retail and digital services which are faster moving and less regulated are already exploiting these data streams to improve their customers’ experience. In comparison, financial services, retail banks and insurance firms have been slow to react, held back by reams of red tape.

Now, after years of customer data and digital projects aimed squarely at avoiding the whipping stick of the regulator, are banks finally seeing the benefits of data? Services like Google wallet, Apple Pay and in-Facebook payments are just a couple of examples of how digital giants are developing monetary capabilities that could usurp traditional banks. With the emergence of services like social banking app Kitti from Santander and contactless fobs, bands and stickers from Barclays, banks appear to have finally identified and begun to chase the competitive advantages of the customer-centric approach data affords.

Preparing for implementation

Recent research from IDC conducted on behalf of Informatica and Cognizant shows that improved customer-centricity is often cited as a key reason for banks undertaking major technology overhauls, such as core system upgrades and large-scale harmonisation projects. However, the research also suggests that data governance projects are currently being driven by European regulators as a result of heightened interest in data quality issues. Ever-more onerous demands for reports are being made – to finer levels of detail and over shorter timescales.

It is true that financial institutions should see data governance investments as a way of future-proofing themselves against increasingly stringent regulatory demands. However, for financial institutions to get the full value out of their investments, they need to realise the potential for improving customer-centricity. While a regulator might want to be able to analyse data in real-time, the same might apply to a product developer, a relationship manager, or indeed an actual customer.

The pressure towards real-time is now felt just as keenly from the customer as from the regulator. As more of banking and insurance migrates towards mobile, customer expectation will be of financial partners which can provide tailored product offerings in real-time. If traditional providers aren’t able to do this, new entrants will.

Investing in data governance is the only way to satisfy these demands. For this, there are a number of things a business must get right. At the highest level, the company must treat data as a strategic asset and a source of competitive advantage. If you are customer-centric, it should be easy to expand your relationship with the customer and grow the share of wallet. This means making use of all the information held about a customer to ensure that the right products are offered at the right time. It is for this reason that data should be seen as a strategic asset rather than a cost centre or a regulatory burden.

Data leads the way

The importance of customer-centricity is no longer up for debate. Becoming truly customer-centric, which means prioritising the needs of the customer in every decision a firm takes, will be the only way for retail banks to protect their market share as younger competitors bring a new standard of service to the market.

With high watermarks for customer service being set by the likes of Amazon, Uber and Google, consumers are coming to expect the same experience from their financial partners. While some parts of the industry are introducing data-centric business models off the back of narrow product offerings and brand new technology, many existing financial institutions are still yet to truly make the most of their data resources and offer a personal, tailored customer experience. Only those who can exploit their data resources and master a customer-centric model will be able to achieve the kind of personalised service which consumers have come to expect in the digital age.
International debt collection is a vital part of doing business in a globalized environment. Businesses today are international in scope, with customers spread across hundreds of thousands of kilometers and on all continents. In this fast-paced economic environment, keeping your accounts receivable up to date is crucial to the cash flow of your business and impacts your profitability.

A worldwide organization of debt collectors, which brings together the world’s best debt collection agencies, can be the competitive advantage you need whenever you require international collection. Way Back International Debt Collection is a company with 25 years in the collection services business, providing you the best possible assistance in the recovery of your claims regardless of the location of your debtors, directly in their country of origin, thus breaking geographic, language, cultural and legal barriers. As a shareholder of TCM Group, Way Back is part of one of the largest networks of credit and collection companies in the world with offices in more than 100 countries across five continents.

Way Back offers a definitive solution to companies that require specialized services for any type of debt recovery, including legal support for cases that need court action. Through the TCM Group, Way Back is evaluated by a continuous audit process, certifying the highest standards of service, conduct, ethics and operational performance. These values ensure Way Back’s integrity and excellence in collection services to the international market.

In this highly competitive world of today, the decision to start the process of recovery of a debt quickly and efficiently is vital. Make the recovery of your international credits a priority. Partner with a collection company that guarantees professionalism and experience worldwide. To learn more about international collections and how Way Back International Debt Collection can help you, please contact us through: info@wayback-usa.com

At Way Back, our services will recover your debts and meet your needs for collections.
CFOs Challenges

Many CFO today faces two alternatives; either they are expected to cut costs dramatically within their offices. This is if they are working like CFOs have done for decades, as a back-office and support function. This means that they can be replaced more and more through automation. The other alternative is to regard the CFO office as a revenue generator to assist in business development, add financial services to the product offerings, facilitate for customers and suppliers to get cheaper and more reliable finance and minimize the working capital in the whole chain. This alternative means transforming the CFO office from a supporting to a core function.

Luckily, the FinTech revolution will not only affect the banks, it will also affect the corporates. What we call the financial supply chain is (hopefully) in for a dramatic re-haul. Therefore the opportunities for most CFO to eradicate waste, in the form of financial costs and time delays, are enormous.

My experience is that FinTech has been mostly geared towards the consumers, small and medium sized businesses and financial institutions. The very large companies are many times still reliant on banks for much of the financial transacting. It is weird when most banks are over weighted in government and mortgage bonds, in reality making them much more risky than investment graded corporates. The reason is that large corporations requires to keep backup facilities from the banks to support the rating agencies’ requirements. In return the banks ask for auxiliary services that’s less efficient and more expensive than the non-bank alternatives. At Treasury Peer we are looking for non-bank backup facilities to open up for completely new opportunities to develop the corporate financial supply chain.

I know few treasurers who dare to depend on the banks for funding after what happened in 2009-10 when even investment graded companies were severely affected from the liquidity crisis. Today most corporations are actively searching for alternatives to the banks since the post-crisis regulation has made the situation even worse.

We now see more companies offering financial services in similar ways as car loans. Customer financing is nothing new but still not fully explored. One current example is the transportation industry that’s looking to use finance as a means to create more sticky relationships with their customers. You see that the creative CFO has many opportunities.

A final note: A company is dependent on its financial situation to what strategy it can use in supply chain innovation. Cash rich companies can take a much longer and wider view on the supply chain. With good access to the capital markets they can innovate and develop financial components to customer offerings and support the supply and demand chain financially. In other words, they can be income focused and invest more freely in the supply chain, new technology and processes.

Cash constrained companies, on the other hand, have to have a more internal focus and a much higher degree of cash focus. Their strategies focus on cash generation and creating headroom to keep the company in business. The balance sheet focus is much more profound and there are seldom room for other than short payback investments.

The CFO can start by aligning its offices; procurement, IT, treasury etc into a mindset we’ve used in the physical supply chain for decades; the focus of how everything we do need to benefit the end customer. If there is no benefit for the end customer, we just stop doing it. The CFO office could benefit from more “lean 6 sigma”.

Join us for The Talent Show 26-27 April 2016 in Greater Copenhagen to discuss supply chain innovation with the CFO office.

About Magnus Lind

Magnus Lind, Founder Treasury Peer and Co-Founder The Talent Show

Magnus Lind is a well-recognized finance and treasury expert chairing the international network of Treasury Peer. He acts as moderator, speaker, adviser, board member and investor in ventures participating in the transformation of the financial services’ market. He has a background as an international business executive in Europe, SE Asia and North America, and has founded companies in 7 different countries where he acted as CEO, board director, investor and entrepreneur. He’s the editor of www.treasurypeer.com, among the most read in the Corporate Finance arena, globally sharing corporate finance issues and taking the corporate perspective in financial matters in regular meetings with regulators, central banks and the political world. Magnus started his professional career as executive director in two banks (DnB Nor and Swedbank) and in one publicly listed company (ESAB), where he was managing trading floors, large credit customers and treasury centers. Magnus holds an MSc from Chalmers University of Technology in Industrial Management and the rank of Captain in the Swedish Armed Forces.
Much to its credit, Alibaba’s leadership has taken a holistic approach to its global organization. Jack Ma, its CEO expects Alibaba’s sales to double by 2020 and to reach $1 trillion in 5 years. Quarterly revenues grew by 28% year on year, reaching 20.2 billion yuan or $3.3 billion.

A small demonstration of Alibaba’s e-commerce efficacy was demonstrated when Macy’s and Costco agreed to use TMall, one of Alibaba’s online platforms to sell goods to Chinese shoppers. Use of Alibaba’s bonded warehouses in China’s free trade zones provide the logistical and tax justifications for this move.

Here then are some of Alibaba’s online platforms:

- **Cainiao** – is a consortium which runs the digital platforms of more than a dozen logistics providers, 1890 distribution centers and 100,000 dispatch points.
- **Yonghui** – so called O2O or online to offline, provides the customer the ability to shop and pay online while collecting goods at a brick and mortar facility or having goods delivered at home.
- **Suning** – will open online electronics gadget and appliance stores with TMall while Cainiao promises delivery in as little as two hours.
- **Aliexpress** – Alibaba’s successful payments by escrow system, processes 120 million transactions per day.
- **Sesame** – Alibaba’s credit scoring system.
- **Alimama** – Alibaba’s online marketing service.

Unilever, in a June 2015 deal, decided to use Alibaba’s marketing services for China, after its sales in China fell by 20% during the last quarter of 2014.

Reference is provided as indicated portions of the following are excerpted directly from a ChinaBusinessNews.com article of 13 January and the South China Morning Post.

### Excerpts

Alibaba Group Holding (NYSE:BABA) has entered into a partnership with more than 25 credit rating agencies and banks globally, in order to make cross-border trade financing available for Chinese Small and Medium Enterprises (SMEs). The Chinese e-commerce giant is also aiming to introduce a new credit reporting service, it announced on Wednesday.

“The move comes as the company continues to ramp up its business-to-business (B2B) ecosystem globally by cooperating with offline industries,” reports South China Morning Post.

Alibaba is China’s biggest e-commerce firm and the company is readily investing in other businesses to expand and diversify its product offerings. In addition, the online entity also aims to provide a variety of services for international buyers and suppliers, including services such as logistics and business verification services. Mr. Zhang (of Alibaba) highlighted that for the e-commerce giant, the ecosystem was of immense importance regardless of Business to Business (B2B) exports and imports.

### Financing

Alibaba will carry forward its initiative to finance SMEs by teaming up with MYBank, a Chinese bank backed by Alibaba Group. MYBank was set up in June 2015 with a capital of $655 million (4 billion yuan). The purpose of setting up the bank was to provide financial assistance to small and macro businesses along with online consumers. Moreover, China Merchant Bank and Bank of China will also provide assistance to the e-commerce giant. At present, Alibaba will provide loans only to Chinese SMEs to finance cross-border transactions.

Alibaba is also planning to launch its self-structured rating website, to be known as “credit.alibaba.com.” The platform is set to be launched at the end of this year. Through its own rating platform, Alibaba will rate Chinese suppliers who will join the company. Sophie Wu, President (of) Alibaba’s B2B business unit told South China Morning Post, “By building up the credit profiles of Chinese SMEs based on business-related data, Alibaba.com’s credit reporting service can help overseas buyers.”

“Credit rating at the rating platform will be determined by conducting an analysis of Alibaba’s big data, public records, and ratings from credit scoring firms,” she further added.

My words follow:

Alibaba is rapidly coming to grips with what is necessary in
order to succeed as a series of global trade platforms and network. Building on its logistical base of delivering packages to the 200 “lesser” (in population) cities of China, Alibaba now rivals Amazon which is developing its own package delivery, air freight and ocean shipping capabilities.

At a time when the US Ex-Im Bank is holding seminars in NY that feature Boeing, Bechtel, Siemens and some very large banks, Alibaba has identified SMEs as the fastest growing sector for global trade growth.

The Necessities

By now it should be clear what is necessary in order to succeed in global trade. Global trade flows will provide $85 trillion in opportunity, by 2025, to engage in the global trade flows in goods, services and financing. While firms like Yahoo are floundering around and wondering who to be when they finally grow up, such firms as Alibaba and Amazon are building the infrastructure whereby they can engage in these massive trade flows. Of necessity are sales, marketing, payment, credit information (including KYC) platforms, credit risk assessment, trade settlement, trade financing, logistics and delivery, warehousing, free trade zone-capability, export control compliance, etc.

Where Alibaba Fails

Alibaba has become the principal purveyor of counterfeit and knock-off goods made in China. Despite its well-publicized efforts of countering counterfeiters and other gross violations of intellectual property, purveyors of upscale consumer goods have not only avoided Alibaba, they have sued Alibaba for such violations.

Export Credit Risk

Alibaba fails in several other areas where firms like Infor and its subsidiary GT Nexus succeed. Alibaba has not embraced export credit insurance as a means of dealing with political and commercial risk. Global trade is fraught with such political risks as war, political unrest, confiscation, expropriation and such commercial risks as bankruptcy, insolvency, protracted default (your invoice has been outstanding for 90 days and remains unpaid). GTNexus, now part of Infor uses Coface to manage export credit risk. Alibaba and Amazon have not yet embraced export credit insurance as a means of mitigating export credit risk.

US Ex-Im Bank importantly provides export credit insurance services as well as guaranties to assist SMEs. The guaranties are provided to lenders who support the SME, knowing that if their loans to the SME default due to the insurance-covered risks, the lender will be paid its claims on and by US Ex-Im in an average of 44 days. US Ex-Im does not cover every country. Its CLS or Country Limitation Schedule (available at Exim.gov) indicates its cover. Ex-Im does not support defense-related goods and has a de-minimus US content requirement. US SBA guaranties support small business exports as well. SBA is not as concerned about US content and defense-related goods as is Ex-Im. SBA goes up to $5 million in authorization in supporting any single US exporter. My clients and I counted on this cover to finance exports when Ex-Im was deauthorized by the US Congress last summer and is still restricted to exports that total an amount of less than $10 million.

Every European, Asian, every major country has its own export credit agency and export credit insurance agencies.

Export Control Compliance

Export controls is the most complex area that exporters have to deal with and many an attorney has built his or her career dealing with the complexities of AML, KYC, denied party screening, export licensing, anti-boycott, foreign corrupt practices (FCPA), target country regulations, etc., etc. Amazon and Alibaba are not very concerned about this slew of regulations. Many US exporters were not and are not terribly concerned about export controls. Several incidents have occurred to raise the alarm. One of them is that an advanced satellite phone, made by a CT-based US corporation was found in a Republican Guard truck during the course of the first Gulf War. So much for “taking care of the troops.”

Export Guaranties and Financing

One of the great advantages that Alibaba’s competitors have is that their financial institutions, lenders and banks can be covered by export guaranties. The US Ex-Im Bank, EDC in Canada, JBIC in Japan provide guaranties. These guaranties to lenders, motivate these financial institutions to support the SME with loans, pre-export working capital, bid and performance bonds, etc. This ‘leg up’ is the best kept financial secret in the US. It is viewed by uninformed US politicians as being ‘crony capitalism.’ Such firms as Apple used SBA-guaranteed loans to get off the ground during their infancy.

Algorithms vs Experience

Firms like Alibaba are using big data and algorithms to deal with the issues of credit risk and export compliance. Such organizations as Factors Chain International, SWIFT, export credit insurance agencies, export credit insurance agencies, factors, forfaiters have depended for years on word of mouth and the informal exchange of information; the global grapevine, to determine who is credit-worthy and to what extent. This system works well and continues to work well.

Alibaba and Amazon do not and cannot extend sizable loans in support of Chinese or US exporters without the support of lenders, banks, financial institutions. Furthermore, the risk of violating export compliance requirements, regulations, and laws is huge. If Amazon unwittingly ships a bandolier of ammunition to a sanctioned country, for example, its executives as responsible parties, are subject to a $10,000 fine and a year in prison for each and every round of ammo.

In Sum

Alibaba, Amazon and others are demonstrating that global trade will be dominated by networks and global trade platforms. In the process, there are laws, rights and obligations to be considered. In this brief blog piece, I have summarized only very few of the litany of concerns which imbue global business and trade, waters I have plied since 1975. Unless Alibaba, Amazon and other networks and global trade platform providers come to terms with risks that have existed since global trade began, their very existence is also at risk.
These days it seems like everyone is creating an e-wallet. The TSG platform has offered foreign currency accounts for over a decade so we felt our foreign currency account functionality was the solution for a wallet which empowers global trade instantly. We just launched WInstantPay where businesses and individuals could pay each other in any currency online real-time across the world.

One of the opportunity is that current payment platforms are meant for corporates or individuals.

The key differentiators are the following:

1. Global multicurrency: Our platform was built for global trade and clients can hold any currency they wish with their bank of preference. The platform supports any currency including digital currencies, cryptocurrencies, or points. Directional pricing allows for additional spreads facilitating pricing of restricted currencies.

2. Not a bank: We are a technology solution and enable the banks and other regulated institution to deliver the service.

3. DBA and Anonymity: There are many reasons why payer and payee may not want to share their identity with each other. Many merchants do not need to know your identity this remain one of the reason why many privacy conscious people still use cash.

4. AML compliant: Privacy is important but prevention of money laundering or terrorism financing is most important. Cross border payments have reporting requirements which are filtered and reported to the proper authorities. For example, a transfer is made from Australia to the US must be reported to AUSTRAC.

5. Legacy compliant: Our system allow has direct interface with Fed wire for US dollar transfer, SWIFT, RTGS payments, Earthport and Bank of America global payment platform.

6. Business and individual: Clients can be business or individual and are able to manage their account with the appropriate controls.

7. Finality: all payments are final, eliminating the need for chargeback same finality as cash.

8. Multiplatform: Although it is now released for the web, the mobile platform will be available shortly along with interfaces to other platforms.

International Banking in a Box provides financial institutions with the tools to run their international business department. Financial institutions can provide their customers with a wide range of international services including foreign exchange and trading, payments both domestic and cross-border, and trade finance instruments including letters of credit, standby letters of credit and documentary collections. Compliance checking is a key feature with full reporting and audit trail. The latest feature includes an e-wallet with instant pay capabilities.

The cloud based platform is scalable in design and built for collaboration of multiple parties involved in a transaction. Rapid on-boarding and branding allow a financial institution to start working in days.
A busy 12 months installing SCF has underlined the continuing drive to open account financing and the steady erosion of the traditional trade model. As commodities markets continue to suffer their cyclical decline the trading houses are looking to extract real efficiency and speedy turnarounds for documents and electronic document handling is increasingly seen to drive those efficiencies. Companies such as Bolero are beginning to see appreciable volumes after years of investment.

On the other side, the banks are hamstrung by high internal revenue targets designed to meet the cost of compliance and deleveraging brought about by higher capital and liquidity requirements imposed by Basle rules. Consequently business focus has moved from smaller businesses to focus increasingly on structured and tailored solutions to maintain revenue intensity. The banks have also had to face up to the challenge of an ever-aging pool of talent in trade finance, and this has resulted in a greater use “hub-and-spoke” globalized trade processing model to centralize the scarcer trade talent, while also attempting to improve processing costs for clients.

Together, these trends mean that Banks are focusing more on the digital bank experience through electronic channels rather than branch networks to drive throughput. Documents such as bills of lading are being made electronic with supporting documents being scanned into centralized document management systems for processing. While BPO has not yet made mass-market adoption, a lot of the footwork is being put in to lay the foundations.

Enhancing the client experience

The client experience is “glued” together with strong workflow management that enables “follow the sun”, and work-sharing between teams in major banks and customers alike. For corporates Shared Service Centres, or Centres of Excellence are putting in place uniform processes to drive “vanilla” processes, while structuring teams work on the complex processes.

In banks nowhere is this centralization more exemplified than by the growth of the middle office function, which brings risk management skills and structuring together into a single function. The middle office sits between the back office, the sales team and the client to provide the optimal structure for risk mitigation and revenue accrual. In one major case, China Systems, has built complex online work-sharing that connects the bank and the client throughout the transaction initiation. This is aimed at reducing the scope for errors through strong collaboration. Documents are exchanged and commented on through an auditable process until finally the transaction is submitted for processing. This ultimately speeds up the processing time, while ensuring that the bank is properly protected.

In another case, the bank has brought together processing of open account and trade transactions onto a single operating platform, thereby enabling the client to deal with one team and experience a single integrated operating model from initiation to fulfillment. Again the benefits in speed, and efficiency are significant as the bank eliminates internal competition for the same client, and creates a platform to enable the most optimal structure to be delivered.
Nirvana of digitization?

As this work on digitization continues, so the inevitable question arises of whether we are at last going to see a fully electronic and digitized trade cycle? There is, for example, already work underway to create the first "Blockchains" for a trade that encompasses all the major trade events in an encrypted group of data. This technique, pioneered through the development of crypto-currencies such as Bitcoin, provides the opportunity to create a trade instrument that both reconciles data throughout the trade cycle and also enables different parties to share the same reconciled data. In essence, for the first time the digitized experience will not be about finding discrepancies: it will be about providing agreements that could result in different guarantee and financing opportunities.

This capability, when coupled with technologies such as apps, mobile payments and collections, offers the ability to offer mass-market trade and payment capabilities for customers in remote areas. The ability to link the block chain through identity and authorization on the mobile provides a clear opportunity to reach remote farmers, with their buyers in the developed world and to leverage the credit and capital.

Enabling developing market growth

China Systems is working with a development bank funded project and with a mobile e-commerce and payments platform to deliver mass market open account processing to support a major small business enablement programme. This fully electronic mobile solution combines the "legacy skills" of trade processing with the mass market appeal of mobile – Blockchain would offer a powerful future model in this scenario. By integrating payment, document delivery and logistics, the programme will reach into remote areas to support growing entrepreneurs and farmers. The platform will also support syndication of risk assets to create additional risk capacity in the trade cycle: a vital element for capital starved growing economies, and is already attracting attention in countries as diverse as Australia and Pakistan.

All of these influences represent a convergence of regulation, technology and cost management. The continuing drive on cost, the scarcity of capital and the need for transparency are at last pushing a real change in the 300 plus year old processes that have characterized trade operations until today.
Mambu to Raise €8 Million in Funding

11 Jan, 2016

Mambu has raised €8 Million in their latest funding round led by Acton Capital Partners and CommerzVentures with participation also coming from existing investors. This latest funding will be used to continue building on Mambu’s global momentum and successes, with the company achieving over three times year-over-year growth and recording several significant milestones over the last 12 months. As part of its global growth, Mambu plans to substantially expand its commercial team, increase investment into the platform and open further offices to support its growth in Asia and the Americas.

FIS Completes Acquisition of SunGard

1 Dec, 2015

FIS™, a global expert in banking and payments technology as well as consulting and outsourcing solutions, announced the closing of its acquisition of SunGard, one of the world’s leading financial software and technology services companies. The acquisition uniquely positions FIS to offer a broad range of enterprise banking and capital markets capabilities that will further empower the financial industry worldwide. FIS will repay SunGard’s existing debt today except for SunGard’s senior notes which will be redeemed on Dec. 1, 2015, pursuant to previously issued redemption notices to note holders. FIS agreed to pay $9.1 billion including debt for SunGard in a cash and stock deal.

SIA And Inform Team Up To Fight Frauds On Digital Payments

22 Dec, 2015

INFORM’s innovative RiskShield solution has been integrated inside SIA’s infrastructure to securely safeguard acquiring banks and financial clients across Europe by leveraging on real-time fraud prevention. The agreement, initially focused on safeguarding SIA’s card acquiring business, will be extended to instant payments, e-commerce transactions and, in the near future, bank accounts and Telco services. RiskShield is a multi-channel fraud detection and prevention solution that integrates software technologies such as fuzzy logic, dynamic profiling and machine learning capabilities in a single, scalable and flexible platform.

Infosys Finacle Partners with Oracle to Offer Finacle on Oracle Cloud

24 Nov, 2015

Infosys Finacle, part of EdgeVerve Systems, launched a new offering ‘Finacle as a managed service on Oracle Cloud’. This offering will enable banks globally to leverage Finacle’s industry-leading solution suite, along with other enterprise-class applications hosted on premise or in an external environment, to gain agility and cost efficiencies. With this offering, Finacle becomes one of the first comprehensive banking platforms to be available as a managed service on Oracle Compute Cloud. The offering will enable banks of all sizes to run enterprise-class banking applications such as payments and core banking on the cloud.

China Systems and Accuity partner on trade finance and supply chain solution

12 Oct, 2015

Accuity partnered with China Systems integrating Accuity’s Compliance Link solution with China Systems’Eximbills Trade Processing Platform to create a SWIFT certified Trade and Supply Chain Finance product providing seamless compliance checks for trade finance transactions. Launched at Sibos, the leading global trade, payments, and securities conference, Accuity and China Systems have created a product that offers robust and comprehensive compliance checks, transaction management and audit trail functions, available in real time – effectively making compliance part of the process rather than an interruption to it.
MANDATES

Federal Reserve Partners with IBM to Boost its Retail Payments

14 Jan, 2016

Provider: IBM
Client: Federal Reserve Bank of Atlanta
Mandate value: Undisclosed

The Federal Reserve Bank of Atlanta’s Retail Payments Office has selected IBM to modernize its automated clearing house (ACH) processing platform. When conducting ACH operations, the Federal Reserve serves as the central operator ensuring electronic payments (direct deposit, bill payments) clear and settle between commercial banks. The new IBM FTM for ACH software will allow the Federal Reserve Bank to input, process, clear, settle and provide billing/accounting functions for all ACH payments in all 12 districts across the Federal Reserve system.

Optiver Signed a Multi-year Deal to Use Torstone’s Sub-ledger System

11 Jan, 2016

Provider: Optiver
Client: Torstone
Mandate value: Undisclosed

Optiver, the global electronic market maker, has signed a multi-year deal to use Torstone’s sub-ledger system, Inferno SL, to provide a consolidated balance sheet and perform reconciliations with clearing banks. Inferno SL provides a full double-entry, multi-currency, multi-entity sub-ledger environment that generates trial balance, P&L and a full suite of financial reports. Following a successful pilot project Optiver has chosen to deploy Inferno SL in support of its European business.

Rasmala Selected Profile’s IMSplus to Enhance its Operations

17 Dec, 2015

Provider: Profile Software
Client: Rasmala
Mandate value: Undisclosed

Profile Software’s IMSplus, the investment management platform, was selected by Rasmala, a London-headquartered independent investment manager. The use of IMSplus will provide Rasmala with the operational efficiency, flexibility and competitive approach across their investment management transactions throughout their operations. Following a thorough international vendor assessment among top Asset and Fund Management software vendors, Rasmala selected IMSplus to upgrade their asset management services following a company-wide makeover.

Simcorp Assists Lord Abbett In The Investment Management Process

12 Nov, 2015

Provider: Simcorp
Client: Lord Abbett
Mandate value: Undisclosed

SimCorp has partnered with Lord Abbett, a U.S. asset management firm, to support the firm’s growth initiatives for its institutional products and international operations. As a firm that is investment-led and investor-focused, Lord Abbett seeks to achieve a leadership position in the various markets it serves. Requiring a scalable solution to support the growth of its products and business, Lord Abbett selected SimCorp Dimension for its ability to process a wide range of security types.

Fiserv’s DNA account processing platform signs new credit union

03 Nov, 2015

Provider: Fiserv
Client: Telhio Credit Union
Mandate value: Undisclosed

Telhio Credit Union, a $548 million asset credit union based in Columbus, Ohio, has selected the DNA(R) account processing platform and integrated solutions from Fiserv to support its goal of becoming a $1 billion credit union in the next few years. Telhio was seeking a core account processing platform that will enable the credit union to set up and support a wide range of business lending programs, streamline its account opening process, eliminate time-consuming manual tasks and deliver a superior experience to its 46,000 members.

IDFC Bank India Expands With Misys For Treasury And Trade Services

08 Oct, 2015

Provider: Misys
Client: IDFC Bank India
Mandate value: Undisclosed

The bank’s vision is to deliver banking anytime, anywhere by using technology to drive efficiency and set new standards of customer experience and convenience. It launched its banking operations on 1 October 2015 and is focusing on product and service innovation that take advantage of the latest digital technologies and data analytics. The bank is also managing its international treasury management business on FusionCapitalKondor.
PEOPLE MOVES

André Casterman Joins Treasury Peer’s Talent Show Team As Advisory Board
11 Jan, 2016

Trade, supply chain and payment veteran André Casterman, former managing director of corporate and supply chain markets at SWIFT, is now a board member of the corporate driven Talent Show – Supply Chain Finance. André Casterman will provide input and support to the team behind the Talent Show and participate in building the program and the content.

Deutsche Bank Appointed CIO And Head Of Operations, Corporate & Investment Banking
15 Dec, 2015

Pascal Boillat is to join Deutsche Bank in the newly-created role of Chief Information Officer (CIO) and Head of Operations, Corporate & Investment Banking. He will join the Bank on 1 February 2016, and report to Kim Hammonds, who will become Chief Operating Officer and CIO from 1 January 2016 as previously announced. He will be based in New York until the end of 2016, when he will move to London.

Fidessa Appointed Paul Dex As Business Development Manager EMEA
07 Dec, 2015

With a career spanning a number of sales, marketing and product development roles, Dex brings to Fidessa a wealth of experience in the derivatives markets. Dex brings to Fidessa a wealth of experience in the derivatives markets. He spent ten years at LIFFE, where he ran the exchange’s global tailor-made education program before moving on to the CONNECT project and subsequently running LIFFE’s European sales operation. He went on to head the front-office execution business for SEB Futures globally before joining RBS Futures as a Sales Director.

Ex-J.P. Morgan executive Daniel Cotti joins Bolero
07 Sep, 2015

Trade finance specialist Bolero International has appointed former J.P. Morgan executive Daniel Cotti to its Board of Directors with immediate effect. In his new role as Non-Executive Director, Cotti will further partnerships with the banking and finance community, as well as driving continued growth for the business and adding value to new and existing corporate relationships.

Earthport Announced Appointment New Global Head of FX
06 Jan, 2016

Earthport, the cross-border payment specialist based in London, UK, has appointed Peter Klein as Global Head of FX, effective immediately. Peter joins Earthport with an unparalleled wealth of experience in financial services and FX from start-ups to major banking roles. Most recently, Peter co-founded a start up in the P2P lending space.

GFT Appointed Paul Harrington as Principal Consultant
15 Dec, 2015

GFT appointed Paul Harrington as a Principal Consultant within the Legal, Compliance & Regulatory practice team. Paul will be focusing on the development and delivery of the GFT Regulatory Change Management Solution. The Service enables institutions to have their regulatory coverage requirements identified, as well as having their compliance processes interpreted and reviewed against their existing practices.

Broadridge Expands EMEA Team To Support Global Financial Institutions
21 Oct, 2015

Kimberly Jewell has joined as managing director of global accounts and will support Broadridge’s tier-one global clients headquartered in Europe, the Middle East and Africa (EMEA). She joins Broadridge from SunGard, with 20 years’ experience in North American and Pan-European strategic planning, profit and loss management, marketing and business development in the capital markets industry. Jewell spent nearly a decade in executive client-facing roles at major institutions, including JPMorgan Chase, Fidelity Investments and Banc of America Securities in London and San Francisco.

Bravura Solutions appoints ex-IFDS Platform CIO
21 Oct, 2015

Bravura Solutions Pty Limited (Bravura) has appointed Ian Wilkinson as Director of Project Management. Wilkinson joins from IFDS where he was CIO for the Platforms division, and has previously held senior roles at GBST, Lifetime, Anite Group and IBM. He will assume responsibility for all new projects within Bravura and will report to Chief Operating Officer of EMEA Wealth Management, Harry Storer.
Financial Technology Buyers' Guide

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BelPay offers comprehensive and cost-effective solutions to commonly experienced administrative challenges in support of international trade. Our tailor-made services support your company’s supply chain management, corporate treasury and various functions related to payment services in international transactions. Through extensive technical and financial research we are able to suggest to enterprises the latest and most advanced means of managing cross-border transactions.

BelPay conducts a range of traditional and novel business-to-business payment support services, primarily for mid-size enterprises involved in international trade across the European Union.

China Systems is the leading Trade Services Solutions vendor in the world, with offices throughout Europe, the USA, Asia, and the Middle East. Established in 1983, China Systems has gained extensive experience in international banking systems by exploiting the functional adaptability and development capabilities of Eximbills, its renowned toolkit for Trade Services within the banking industry. Apart from our rich technical heritage, we also offer true global product implementation as well as support and maintenance services. We have worked with banks to implement our products throughout their global branch network.

**CGI**

Founded in 1976, CGI is a global IT and business process services provider delivering high-quality business consulting, systems integration and managed services. With 68,000 professionals in 40 countries, CGI has an industry-leading track record of delivering 95% of projects on-time and on-budget. In the Financial Services industry, CGI professionals work with more than 2,500 financial institutions including 24 of the top 30 banks worldwide. We are helping our retail and wholesale banking clients reduce costs, achieve strategic objectives and drive competitive advantage. As a demonstration of our commitment, our average client satisfaction score consistently measures higher than 9 out of 10.

**COMPANY PROFILE**

- **Company type**: Corporation
- **Annual turnover**: $10 billion
- **Number of Customers Total**: Undisclosed
- **Number of Employees**: 68,000
- **Inception**: 1976
- **Geographical coverage**: Americas, Europe and Asia Pacific

**COMPANY CONTACT DETAILS**

- **Contact**: Penny Hembrow
- **Job Title**: Vice-President, Global Banking
- **Contact address**: Kings Place, 90 York Way 7th Floor, London N1 9AG, UK
- **Telephone number**: 44 (0845) 070 7765
- **Email Address**: banking.solutions@cgi.com
- **Homepage address**: www.cgi.com
FERNBACH, a medium-sized software company, was established by Günther Fernbach in 1986 and now operates internationally. The company focuses on the automation of reporting processes, particularly in the finance and accounting sectors. Reports are created automatically for all stakeholders, employees, managers, investors and supervisory authorities. Each year, FERNBACH has been listed in the upper third of the 100 leading risk technology vendors worldwide by Chartis Research, the main provider of global research and analyses for risk management technology.

Fenergo is a provider of Client Lifecycle Management, Regulatory Onboarding and Client & Counterparty Data Management software solutions for financial institutions spanning capital markets, investment, corporate and private banks. Fenergo’s solutions streamline the end-to-end Client Lifecycle Management processes from regulatory onboarding, data integration, entity data management, client lifecycle reviews and remediation all the way to client offboarding etc.

Since 1991 Diasoft has been providing cutting-edge financial software solutions supporting all the aspects of retail, corporate and universal banking, treasury and capital market services, and insurance business. The company’s main offer to the global financial market is FLEXTERA—a SOA-based software solution for front-to-back automation of financial services. Using the most advanced technologies to create its software products, Diasoft became one of the first companies having implemented SOA-principles in the banking solutions, which is attested by IBM Banking Industry Framework certification. The company is ranked in TOP 100 global financial technology providers and TOP 5 software vendors in Russia.
Fidessa provides products and services for the whole life cycle of the trading process for both the buy-side and sell-side, from low latency trading tools to settlement, compliance, market data and risk management. By automating the entire workflow, Fidessa improves productivity, competitiveness and efficiency, while at the same time reducing both costs and risk to the financial institutions. Some of the flagship products offered by Fidessa include Fidessa IMS, Sentinel, Affirmation Management Service as well as Minerva suite for order and execution management.

Headquartered in Bangalore, India and with offices in Mumbai, Manila, Johannesburg, Dubai and New York, Fintellix is a leading Compliance, Risk & Analytics (CRA) Products and Solutions provider for the global Financial Services industry. Fintellix’s Banking solutions are available for on-premise implementations as well as provisioning from a regional Cloud infrastructure. Fintellix is currently active in India, US, Europe, Middle-East, Africa and South East Asia; and has some of the Global Top 50 Banks and leading Global/ Regional banks as clients.

Fiserv is highly regarded for its financial services technology and services innovation, including solutions for mobile and online banking, payments, risk management, data analytics and core account processing. Fiserv is helping its clients push the boundaries of what’s possible in financial services delivering deep expertise and innovative solutions to help financial institutions, businesses and consumers move and manage money faster and with greater ease. The most popular solutions invented by Fiserv are DNA, CUnify, Signature, Agiliti Platform.

FIS is a global leader in financial services technology, with a focus on retail and institutional banking, payments, asset and wealth management, risk and compliance, consulting, and outsourcing solutions. Through the depth and breadth of our solutions portfolio, global capabilities and domain expertise, FIS serves more than 20,000 clients in over 130 countries. Headquartered in Jacksonville, Fla., FIS employs more than 55,000 people worldwide and holds leadership positions in payment processing, financial software and banking solutions. Providing software, services and outsourcing of the technology that empowers the financial world, FIS is a Fortune 500 company and is a member of Standard & Poor’s 500® Index. For more information about FIS, visit www.fisglobal.com.
GFT Group is a business change and technology consultancy trusted by the world’s leading financial services institutions to solve their most critical challenges. Specifically defining answers to the current constant of regulatory change – whilst innovating to meet the demands of the digital revolution. Utilising the CODE_n innovation platform, GFT is able to provide international start-ups, technology pioneers and established companies access to a global network, which enables them to tap into the disruptive trends in financial services markets and harness them for their out of the box thinking.

Milestone Group is a global provider of advanced software solutions to asset managers, fund product manufacturers and distributors, life and pension companies, and fund administrators. Its pControl funds platform is a single application platform delivering market leading operational efficiency, transparency and control to key business functions. Milestone Group brings global insight and proven technology to deliver a unique business partnership.

INDATA is a leading industry provider of software and services for buy-side firms, including trade order management (OMS), compliance, portfolio accounting and front-to-back office. INDATA’s iPM — Intelligent Portfolio Management technology platform allows end users to efficiently collaborate in real-time across the enterprise and contains the best of class functionality demanded by sophisticated institutional investors. INDATA provides software and services to a variety of buy-side clients including asset managers, registered investment advisors, banks and wealth management firms, pension funds and hedge funds. What sets INDATA apart is its single-minded focus on reducing costs and increasing operational efficiency as part of the technology equation.

NICE Actimize is the largest and broadest provider of financial crime, risk and compliance solutions for regional and global financial institutions, as well as government regulators. Consistently ranked as number one in the space, NICE Actimize experts apply innovative technology to protect institutions and safeguard consumers and investors assets by identifying financial crime, preventing fraud and providing regulatory compliance. The company provides real-time, cross-channel fraud prevention, anti-money laundering detection, and trading surveillance solutions that address such concerns as payment fraud, cyber crime, sanctions monitoring, market abuse, customer due diligence and insider trading.
Pendo Systems was established to provide a new standard in Investment Accounting System Delivery. At Pendo Systems, our mission is to be a premier provider of software solutions to global financial institutions. We strive to not only help our clients achieve their business objectives and goals, but also to contribute to the success of individuals, businesses and communities throughout the world. We are driven to work with our clients in a collaborative partnership, and are guided by the fundamental values of professionalism, respect, teamwork and quality in delivering products and services to our clients.

Pegasystems develops strategic applications for sales, marketing, service and operations. Pega’s applications streamline critical business operations, connect enterprises to their customers seamlessly in real-time across channels, and adapt to meet rapidly changing requirements. The solutions offered by Pegasystems are available on-premises or in the cloud and are built on its unified Pega 7 platform, which uses visual tools to easily extend and change applications to meet clients’ strategic business needs.

Polaris Consulting & Services Limited is a global expert in Financial Technology (FT) for Banking, Insurance, and other Financial Services. Polaris innovates digital transformation offering solutions that result in performance breakthroughs where incremental improvements are not sufficient. The specialized practice areas include: mobile, user experience, data & analytics, systems integration, testing, infrastructure management and business process outsourcing; along with specialized vertical practices in consumer and corporate banking, capital markets, and insurance.

Profile Software, an ISO-certified and listed company, is a specialised financial solutions provider, with offices in Geneva, Dubai, London, Singapore, Athens and Nicosia. It delivers market-proven solutions, with an exceptional track record of successful implementations, to the Banking and Investment Management industries. The company is acknowledged as an established and trusted partner across many regions, offering a wide spectrum of solutions to the financial services sector. Profile Software's solutions have been recognised and approved by leading advisory firms and enable Institutions worldwide to align their business and IT strategies while providing the necessary business agility to proactively respond to the ever-changing market conditions.
Ripple provides global financial settlement solutions to enable the world to exchange value like it already exchanges information – giving rise to an Internet of Value (IoV). Ripple solutions lower the total cost of settlement by enabling banks to transact directly, instantly and with certainty of settlement. Ripple bridges these siloed networks with a common global infrastructure that brings new efficiency to financial settlement by enabling real-time settlement, ensuring transaction certainty and reducing risk.

**COMPANY PROFILE**

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<tr>
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<td>Geographical coverage</td>
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**COMPANY CONTACT DETAILS**

<table>
<thead>
<tr>
<th>Contact</th>
<th>ZZ Zhuang</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job Title</td>
<td>Sales Operations Associate and Business Development</td>
</tr>
<tr>
<td>Contact address</td>
<td>300 Montgomery St 12th Floor San Francisco, CA 94104, US</td>
</tr>
<tr>
<td>Telephone number</td>
<td>650-644-6228</td>
</tr>
<tr>
<td>Email</td>
<td><a href="mailto:zz@ripple.com">zz@ripple.com</a></td>
</tr>
<tr>
<td>Homepage address</td>
<td><a href="http://www.ripple.com">www.ripple.com</a></td>
</tr>
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</table>

Strands is a global provider of personalization and recommendation solutions for digital banking and retail markets, serving customers worldwide, including Barclays, BBVA, BNP Paribas, Bank of Montreal, Carrefour and Panasonic. Strands serves its customers via two business units:

**Strands Finance** – develops innovative FinTech, empowering financial institutions to offer superior customer experiences through their digital channels

**Strands Retail** – drives the businesses of over 100 online retailers with industry-leading recommendation and customer segmentation solutions.

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<tr>
<td>Number of Employees</td>
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<tr>
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<td>2004</td>
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<tr>
<td>Geographical coverage</td>
<td>Global</td>
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<table>
<thead>
<tr>
<th>Contact</th>
<th>Victoria Yasinskaya</th>
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</thead>
<tbody>
<tr>
<td>Job Title</td>
<td>Marketing Director</td>
</tr>
<tr>
<td>Contact address</td>
<td>Calle Almogavera 119, Barcelona, Spain</td>
</tr>
<tr>
<td>Telephone number</td>
<td>+34 672 072 799</td>
</tr>
<tr>
<td>Email Address</td>
<td><a href="mailto:yasinetskaya@strands.com">yasinetskaya@strands.com</a></td>
</tr>
<tr>
<td>Homepage address</td>
<td><a href="http://www.finance.strands.com">www.finance.strands.com</a></td>
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SAGE SA delivers innovative solutions that help financial institutions make better investment decisions and build client trust even in uncertain market conditions by allowing them to communicate investment decisions in total transparency. SAGE SA has solutions for investment tracking, wealth management, asset management, risk management and more. SAGE SA has the ideal solution for today’s financial services provider. SAGE SA offers Prospero, a suite of wealth management solutions that is user-friendly, robust and cost-effective; and BlackSwan Financial Platform, a Portfolio Optimization solution. SAGE SA, which was founded in 1986, has its headquarters in Switzerland, and has branches in Dubai and Singapore

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<table>
<thead>
<tr>
<th>Contact</th>
<th>Cecile Escobar</th>
</tr>
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<tbody>
<tr>
<td>Job Title</td>
<td>Senior Business Development Manager</td>
</tr>
<tr>
<td>Contact address</td>
<td>Rue de Genève 88, Lausanne, 1004</td>
</tr>
<tr>
<td>Telephone number</td>
<td>+41 21 653 64 01</td>
</tr>
<tr>
<td>Email Address</td>
<td><a href="mailto:info@sage.ch">info@sage.ch</a></td>
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Volante Technologies is a global leader in the provision of software for the integration, validation, processing and orchestration of financial messages, data and payments within financial institutions and corporate enterprises. Many clients use Volante to assist with multiple product implementations ranging from message transformation and integration, through to the processing and orchestration of transaction data and payments. Along with its products, Volante Designer and its VolPay suite of payments integration and processing products, Volante constantly maintains a growing library of over 85 domestic and international financial industry standards plugins with more than 250 prebuilt, customizable, and bidirectional transformations to and from these standards.

VocaLink is a global payments partner relied on by financial institutions, corporates and governments to provide high availability and resilient payment solutions. VocaLink provides payment clearing systems and ATM switching platforms which underpin the majority of UK electronic payments – we provide a national grid for payments. Platforms developed by VocaLink enable to make payments confidently, securely and cost effectively. In 2015 VocaLink processed over 10 billion transactions with a value of £5 trillion.

Way Back is a Brazilian company working in the Debt Collection industry since 1991 and experienced both out-of-court and court debt collection stages. With a significant portfolio of customers, Way Back is a company with strong presence in Brazil and abroad working with the collection of receivables in different sectors of the economy, such as the financial, industrial, trade and services sectors. Headquartered in São Paulo, Brazil, and with a branch in Miami, USA, Way Back is present in over 155 countries and offers the best performance and service structure in the credit and collection segment by means of its business sectors: Debt Collection B2B, B2C, Judicial, International and other BPO services.
SO, YOU THINK THAT YOU’VE GOT A PRODUCT THAT WILL BRING INNOVATION TO THE GLOBAL FINANCIAL SERVICES INDUSTRY, DO YOU?

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If you are interested in print/online advertising and other marketing opportunities, please contact:

Chris Principe • Publisher • chris.principe@financialit.net
Katherine Emirosan • Managing Editor • katherine.emirosan@financialit.net
Hire our international collection services in your country and expand it in more than 145 countries.

We offer international debt collection services across 145 countries in a secure, transparent, ethical and professional manner on a ‘NO WIN NO FEE’ basis.