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SIBOS ISSUES

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IN BRIEF

Left: Gottfried Leibbrandt, CEO, SWIFT. Right: Yawar Shah, Chairman, SWIFT

SWIFT focuses on core mission

In an age of volatility, SWIFT's challenge remains constant: enabling innovation to cut total cost of ownership, while ensuring sustained performance of the services on which its community relies.

And as a new CEO takes the helm, SWIFT looks to focus on the areas in which its expertise and capabilities can best be leveraged to help banks deliver real value to clients.

As delegates arrive for Sibos in Osaka, many of the serial attendees will be mulling the changes they have witnessed in the event over the years. "Sibos has grown significantly and with success comes responsibility," says Yawar Shah, SWIFT chairman and a Sibos veteran. While the programme and exhibition have been continually

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BIG ISSUE DEBATE 1

Death by reform?

Are banks being overwhelmed by regulation?

Implementation of new rules may take banks' focus from growth.

If any part of the financial services industry is geared up to handle wave upon wave of regulation it is transaction banking. But do the post-crisis reforms that are now reaching implementation stage proving too much even for this most resilient of banking businesses? Will the combination of ever higher running costs, client activity depressed by economic uncertainty and the diversion of scarce resources to handle regulatory change fatally weaken the transaction services franchises that have sustained many banks through thick and thin?

Long before the financial crisis, transaction banking businesses found themselves at the centre of regulatory initiatives that obliged them to invest heavily, simply to continue to provide services to customers. From anti-money laundering and know-your-customer rules stiffened in the aftermath of 9/11 to initiatives such as check truncation

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SWIFT brings TCO into focus

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enriched, the event is not simply an industry fair. "SWIFT has stuck to its 'true north' at Sibos with a focus on creating the right level of dialogue in a responsible way," says Shah, noting that the dialogue generated at Sibos is now facilitated throughout the year in a range of physical and virtual forums.

"We provide the platform and the programme allowing the industry to meet the industry," says Gottfried Leibbrandt, SWIFT CEO. "The more we can do to enable that, the happier I am." While encouraging a broadening of the debate to encompass new industry issues faced by its community members, SWIFT does not seek a role for itself in the outcome of every discussion.

Annual review

SWIFT itself nevertheless remains a subject of debate at Sibos; not surprisingly as it is the one annual opportunity for members to look beyond their relationship with SWIFT as individual customers to whether the cooperative is meeting expectations from the community as a whole.

Leibbrandt is clear that while Sibos reflects the issues of the day, SWIFT's essential function for the industry remains unchanged. "Our core business is still secure messaging," he says. "And our role in enabling the transfer of trillions around the global economic system in a highly secure way hasn't changed. If anything it's become more critical as we have more flows on the network."

> "As the financial industry's 'rail network', we have to make sure that the trains run on time; the leeway for doing radically new things is there, but it has to be in a controlled way."
>
> Gottfried Leibbrandt, CEO, SWIFT

Leibbrandt points to the lessons provided by the railway system. "They were built with heavy duty engineering to carry heavy traffic and were highly innovative when they were first developed," he says. Later came highways and motor vehicles. Yet the railways continue to provide efficient access to the

From the city of innovation: Osaka

In his welcome address in Monday's opening plenary, Takeshi Kunibe, president and CEO of Sumitomo Mitsui Banking Corporation (SMBC), will share his thoughts on the rapidly changing financial landscape, the role it plays in a regional and worldwide environment, and strategies for sustainable growth.

A board member of SMBC since 2009 and of Sumitomo Mitsui Financial Group since 2007, Kunibe has led the bank since April 2011. Apart from a brief spell managing the bank's Osaka Ekimae Corporate Banking Office, Kunibe has spent much of his career in Tokyo, notably SMBC's corporate planning department, working on strategy and government relations, having joined Sumitomo Bank, a predecessor to SMBC, in 1976.

"It is very significant that SWIFT should hold Sibos 2012 here in Asia now," he says.

centre and to key infrastructures and the best among them have innovated to meet changing expectations. "We're confronting a somewhat similar challenge," says Leibbrandt. "Where we face competition is in projects that involve the building of a new infrastructure, and that competitive environment forces us to keep innovating our offering."

Leibbrandt remains determined to keep SWIFT's core offering front and centre. "We have a very well defined core mission: to deliver the secure messaging necessary to transact correspondent banking, high-value transfers and securities settlement in a safe and highly efficient way," he says. "That mission is by definition fairly risk-averse. As the financial industry's 'rail network', we have to make sure that the trains run on time; the leeway for doing radically new things is there, but it has to be in a controlled way."

Shah reinforces this point further. "SWIFT's core franchise is built around world-class integrity, security and availability and this high level of operational excellence can never be compromised. Our biggest achievement is to deliver at such high levels whilst continually driving down cost."

New initiatives

A notable shift in recent years from a technical, internal orientation to a focus on customers and regions has nevertheless stimulated calls for SWIFT to engage with a range of specific challenges that its members are facing. One of these is sanctions screening. "Banks are facing fundamental challenges in both the effectiveness and efficiency of dealing with regulation and compliance," notes Shah. "They are asking SWIFT to step up in this area."

The resulting sanctions screening service, which is meeting huge adoption, has several innovative aspects from SWIFT's perspective. Providing a central subscription service for banks, SWIFT checks messages against public sanctions lists, and as Shah adds, this is done in a structured, rules-based manner with the help of a market-leading third-party application. In addition, SWIFT is interacting with a new set of specialists within its member institutions. "The people who run regulation and compliance for the banks have traditionally not interacted with SWIFT," says Shah, who points out that for the first time Sibos this year will have a compliance forum.

Despite the new steps required from SWIFT to be able to offer the sanctions screening service, Shah is in no doubt that it fits clearly in the realm of what the cooperative should be providing for its community. "While this is a new area for SWIFT, the banks are asking it to apply its core expertise to the area of regulation and compliance and deploy the skills in which it excels: standardisation, a shared service where the benefits of cooperation exceed the benefits of competition and a consistent global approach from a neutral third party," he says.

Leibbrandt too recognises the natural fit. "It is very close to our core and a logical value-add to correspondent banking," he says. Shah nevertheless insists that the dividing line between what SWIFT can and cannot do in this area is clear. "We all know the banks are incurring increased cost in regulation and compliance and it is right that they should think about ways in which SWIFT can ease the burden," he says. "But SWIFT can never get in between the bank and its regulator and SWIFT is not the spokesperson for the community on regulation. It is not an association or a lobbying group; it must remain a trusted third-party operating network."

More from the core

"We are a utility for our customers," Leibbrandt confirms. "I'd like to develop a set of services around that core function that are coherent with it, so that when, for example, I use SWIFT for correspondent banking, I also have access to business intelligence, sanction screening and other services around it."

> "Banks are facing fundamental challenges in both the effectiveness and efficiency of dealing with regulation and compliance. They are asking SWIFT to step up in this area."
>
> Yawar Shah, chairman, SWIFT

With the economic and technological environment changing fast, Shah sees SWIFT's dual role as a facilitator of dialogue and provider of services as closely linked. Leibbrandt agrees, pointing to recent examples where these two aspects of its mission have run in parallel. "Calls for action from the community tend to be driven by the need to meet new regulatory requirements; for example, LEIs [legal entity identifiers], trade repositories, regulatory reporting, compliance and identity," he says. "LEI is an interesting microcosm as it is an area where we decided to move quickly while the debate was still ongoing. It is a good example of where we are trying to act and foster dialogue at the same time."

The notion of customer centricity remains key. "What is needed now is focus," says Leibbrandt. "We have launched quite a number of initiatives, but like all businesses we have limited resources. We're not planning to conquer the whole universe and I'm not sure our owners would want us to."

Having gone through the Lean exercise, SWIFT is now in the process of identifying high-impact areas of activity to which it can best apply its skills. "We are launching an internal review of all our projects over the last three years, looking at what we can prune and how we can direct more resources to those with a clear pay-off for the community," says Leibbrandt.

TCO

In marrying innovation with traditional services, total cost of ownership (TCO) reduction remains key. "The hardest nut to crack as far as the core is concerned is reducing total cost of ownership for our users," says Leibbrandt. One issue relates to the legacy infrastructure that still runs many of the operations within the community. "A clear lesson from the implementation of ISO 20022 is that, however fast we would ideally like to move, the banks have other things on their plate. If we are going to innovate the core we are going to have to do it at a pace and in a way that our owners and customers can absorb. There is also an opportunity here for us to shield customers from the impact of new market infrastructures by providing interoperability."

Shah endorses the need for a coherent framework of action on new projects and sees the constancy of SWIFT's governance structure as providing the necessary checks and balances. Pressed to encapsulate the Board's priorities in the run up to Sibos, he resists. "Governance and slogans don't go together," he says. "Basically governance is all about a disciplined judgment-oriented mature process. Governance doesn't only come from a manual, although the rules are fundamental and helpful. Nor does it come only from a particular set of participants actively worrying about something; it is basically a tapestry of structure, discipline and even judgment about how to run a company."

To learn more...

Opening plenary
Monday 29 October – 14:00-15:15

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Advertising contact: Dorothée Devillers, SWIFT: Dorothee.DEVILLERS@swift.com; Tel: +32 2 655 4685
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Death by reform?

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in the US and the Single Euro Payments Area in Europe, transaction banks have spent much of the last decade adapting their services and operations to keep in step with legislative and regulatory change. At the same time, they have been outflanked by non-banks in growth areas such as mobile and online payments. Now, while the focus of post-crisis reform has been on riskier areas of the finance sector, such as the OTC derivatives markets, transaction banks are also impacted by new rules that require greater transparency, more detailed reporting and increased regulatory capital.

"Banks need to be handling regulatory change from within their strategic planning departments."

Barbara Ridpath, CEO, International Centre for Financial Regulation

Unsustainable burden?

According to Barbara Ridpath, CEO of the International Centre for Financial Regulation, the regulatory burden on banks is unsustainable – if they carry on with the same business models and continue to apply proprietary solutions to problems faced by the whole industry. In response, banks need to collaborate more and focus on delivering services that will drive shareholder value.

Banks do not manufacture their own ATMs and should work together across a wider range of initiatives to pool costs, says Ridpath, pointing to the implementation of a global framework for legal entity identifiers as an example of the need to work together to a common end. "It cannot be beyond the intelligence of man to use single identifiers for counterparties," she says.

But what business models will emerge in the post-financial crisis environment? In the UK, the Vickers report calls for a ringfencing of retail banking from 'casino banking'. In the US, the Volcker rule attempts to ban deposit-taking institutions from risky investments and proprietary trading strategies. Most recently, a report prepared for the European Commission calls for a raft of measures, ranging from a mandatory separation of banking activities, clearer 'bail-in' resolution plans and strengthened corporate governance of banks.

Ridpath suggests the interests of shareholders will ultimately dictate the future shape of banking businesses and argues that posing one key question – "where can I get the best return for my shareholders?" – will lead banks to work out for themselves which businesses will drive revenues, resulting in a division of banking services dictated by commercial imperatives.

If the shape of banking businesses is still up for grabs the question of size is perhaps more easy to predict. Consolidation – sometimes at the behest of regulators – grew the size of a number of global banks in the immediate aftermath of the crisis. Now, as Ridpath notes, "there is only a handful of banks that can move payments and serve clients across the world." Her fear, however, is not for the smaller banks that are close to their customers and offer very niche, tailored services. Instead, the banks most at risk, she posits, are the mid-sized firms that operate internationally – and bear substantial infrastructure and regulatory costs as a result – but are not necessarily leaders in any one geographic market or discipline.

Impact of globalisation

Francesco Vanni d'Archirafi, CEO, Global Transaction Services, Citi, argues that both banks and regulators need to take full account of the fundamental changes brought about by globalisation, which he believes has transformed the financial system from a hub-and-spokes model into a networked model. In particular, with more capital and commercial transactions flowing from point to point rather than through traditional financial channels, the challenge of identifying systemic risks becomes much more complex. For banks, regulation is "a necessary cost of business" and greater transparency "will invite greater discipline", but regulators must cast their oversight much wider. "As more and more non-bank participants become integrated into this networked system, national and international regulators have struggled to keep up with the expanding scope and complexity of the global financial architecture, particularly as many participants in that system fall outside traditional regulatory mechanisms," says Vanni d'Archirafi. "All participants in the financial system, not just formal banks, need to be included in any regulatory architecture to create a level playing field and to protect clients and counterparties. The more information that

we can make available to a larger number of participants in the system, the more safely and efficiently the financial markets will operate."

Vanni d'Archirafi's concerns about the scope for regulatory imbalance are shared by David Wright, secretary general of the International Organisation of Securities Commissions (IOSCO), who counts shadow banking among the critical regulatory priorities.

"We are into the sixth year of the global economic crisis and we still have a lot of work to do, including new and emerging areas," he says. "The three key ones right now are: to make sure resolution frameworks are implemented effectively; to address the very complex nexus of issues around shadow banking; and to complete the OTC derivatives market reforms."

Like Ridpath, Vanni d'Archirafi asserts that regulation can and should only go so far in reforming the banking sector. By shining the light of transparency and market discipline, the watchdogs

"Regulators have to be very attentive on the effects on liquidity and collateral"

David Wright, secretary general, IOSCO

effectively put the ball in the banks' court.

"Banks have core responsibility for ensuring a strong culture of responsible finance, to be client driven, to create economic value, and to be systemically responsible," he says. "By enhancing board supervision, strengthening corporate governance, and moving toward greater transparency, we are ensuring a pristine control environment and imposing more market discipline."

"All participants in the financial system need to be included in any regulatory architecture to create a level playing field."

Francesco Vanni d'Archirafi, CEO, Global Transaction Services, Citi

"Prohibitive" costs

Accepting the need for reform is not the same as being uncritical of its impact. Jaspal Singh Bindra, chief executive officer, Asia, Standard Chartered, raises particular concern about the "prohibitive" current regulatory treatment of trade finance – the oldest form of transaction banking.

"Trade finance is exactly the type of low-risk, short-term and self-liquidating product regulators should want for economic growth and this should be reflected in lower capital and liquidity requirements," he says. Noting that banks will be forced to favour secured trade transactions and shorter-dated, exposures, Bindra warns: "There will be a decrease in the supply of funding available for longer term needs of project and equipment finance, especially important in fast growing economies such as those in Asia."

As well as highlighting unintended consequences, banks must take both a tactical and strategic view of regulatory change. Where Ridpath says "banks need to be handling regulatory change from within their strategic planning departments, not their compliance teams", Standard Chartered appears to be doing both, and more besides. Elements of the bank's response include dedicated teams to identify and understand the implications of new regulations, systems to spot abuse and demonstrate effective record keeping and control and a culture of compliance.

"In addition, specialist teams may be necessary to ensure the advice that bridges regulation and business needs," he says.

IOSCO's Wright is all too aware of the risk "that the regulatory tiller is jerked too far in one direction" in reaction to a crisis and emphasises the obligation of watchdogs "to carry out analytic studies on the economic and market impacts of regulation". He acknowledges that "regulators have to be very attentive on the effects on liquidity and collateral", while cracking down on the kinds of abuses that continue to be uncovered in the aftermath of the crisis. For Wright, reform is not about "bashing the banks" but about ensuring that the finance sector is fit for the challenges ahead.

"The world is moving towards a more securities-based financial system," he says. "Banks have capital constraints and leverage will be reduced. The public sector will also have capital constraints for decades ahead because of the strain on deficits and ageing populations in the Western world. Hence global securities markets are going to play a key role and developing them would be very beneficial."

Will transaction banks have a key role too? Find out, in Osaka.

To learn more...

Regulation – Will global transaction banking survive?
Wednesday 31 October – 11:00-12:15

"Trade finance is exactly the type of low-risk, short-term and self-liquidating product regulators should want."

Jaspal Singh Bindra, chief executive officer, Asia, Standard Chartered


Coming? Or going?

Right here, right now

Better intelligence makes better decisions – but with so many potential sources of information, a key challenge is to identify the most valuable.

The fact that business intelligence (BI) features in three sessions this Sibos is evidence of its growing prominence and profile on the industry's agenda. From measuring global share of market activity to ensuring sanctions compliance (Wednesday) and building the ideal correspondent banking business (Thursday), there is broad industry agreement that BI can help banks base their decisions on the right information at the right time.

"Over the past 18 months, industry feedback has suggested that managers often lack the tools to allow them to make fact-based decisions," says Francis Martin, head of business intelligence solutions at SWIFT. "The feedback we're getting is that banks don't have the analyst power to derive insights from the data. Especially smaller banks need to be able to slice and dice the data themselves."

Two broad shifts have accelerated demand for BI tools, says Martin. First, the technology is up to the task now in a way that it wasn't even a couple of years ago.

Second, at least part of the drive for business intelligence tools has come from outside the industry – from ubiquitously accessible information in everyday life. As consumers, bankers expect to have insights at their fingertips. "Retail customers are driving the whole industry to adopt technologies they have everywhere in everyday life," he says. "So why not in banking?"

SWIFT already offers a range of tools to banks including Watch Analytics, a solution for analysing and reporting on SWIFT messaging activity, and Watch Insights, a set of pre-defined, dashboards initially designed for correspondent banking businesses.

Yet getting broad agreement on precisely which data are to be mined has been something of a logistical challenge, according to George Doolittle, global head of payment services at Wells Fargo. Ranged against concerns about confidentiality is an acknowledgement that banks need to be able to mine data in order to create products that will give them a competitive advantage.

> "Managers often lack the tools to allow them to make fact-based decisions."
>
> Francis Martin, head of business intelligence solutions, SWIFT

Collaborative and competitive

"There is an ongoing debate about what could be done within the collaborative and competitive space," says Doolittle. "SWIFT has a unique opportunity to provide business intelligence to the banking community because the data exists within the systems they operate. But the solution has been to specify the kinds of information that are of most value."

Doolittle believes business intelligence is increasingly critical to product development and marketing. "We need to know more about the customer. The more you know about customer behaviour, the better your marketing," he says.

"At a basic level, there is no problem with making available information that x number of messages are transferred between one country and another. That information is useful to members responsible for product development. But the banking community wanted more. They want to know, for example, which currency the payments were made in."

If the banking community broadly accepts that it is acceptable to share data on how many messages passed between – for example – France and the US, and in which currency, it draws the line at data about who originated the message and the customer.

> "The more you know about customer behaviour, the better your marketing."
>
> George Doolittle, global head of payment services, Wells Fargo

"In terms of messaging, it's still possible to get accurate information without raising concerns about privacy. There's a growing consensus that there needs to be cooperation. The [SWIFT] membership is convinced that they don't need to be concerned about anonimised, sanitised data," says Doolittle.

Different segments

One option that Doolittle would like to explore is combining SWIFT data with other market data to provide intelligence on a specific market or corridor, such as that between China and Brazil.

"As I see it, there are two areas: exploiting appropriate data, and figuring out how that data can be correlated to other data to create a fuller picture of economic activity," says Doolittle.

SWIFT's BI tools are currently available in 57 markets, not all of which have the same bandwidth capacity. That has meant optimising data flows to make the user experience acceptable across those markets, boosting not only the front office but also the back office.

"We need to speak the same language as the users, with specific tools for different segments. It won't just apply to correspondent banking but to securities, corporate banking and specialist functions," says Martin, pointing out that the next value proposition will target larger banks with greater levels of personalisation.

There needs to be enriched granularity of data to build refined aggregates, he adds.

"There is still much to do and multiple ways for the business intelligence tools to expand. Honestly, I believe we're at the very beginning of the business intelligence journey."

To learn more...

Sanctions meets Business Intelligence
Wednesday 31 October – 16:15-17:00

Shape your ideal correspondent banking business with Watch Insights
Thursday 01 November – 09:00-09:45

Global transaction banking: In need of business insights?
Thursday 01 November – 11:00-12:00

New day dawning in Osaka

So long Asia's economic superpower, Japan is now looking for a new role in a multi-polar world. Japan Day examines how the country and its financial markets are facing up to some familiar challenges.

Japan has made a remarkable contribution to commerce and finance and attending Sibos in this fascinating country gives delegates a great opportunity to reflect on that history and the lessons which can be learned from the country's experience. Not to be missed, Japan Day (Thursday 1 November) will serve as a focal point to reflect on the past, present and future of Japan and its evolving influence on the economics and financial markets of Asia and the world beyond.

This year's host city, Osaka, is the home of the world's first futures exchange – the Dojima Rice Exchange – which was established in 1730, reminding us of the deep history of trading in the country.

Today, with the financial crisis (almost) behind us but questions over the future role of the finance sector still being widely debated, Yasuhiro Sato, president and CEO of Mizuho Financial Group, believes that the uncertainty of recent years is far from over and suggests that a less predictable, more multi-faceted new world order is emerging.

"The global demand structure is undergoing significant changes. The sustained growth of emerging countries is driving the global economy, which is becoming more multi-polar. Excess liquidity is resulting in a global economy that is more complicated and increasingly unreliable, as well as increased market volatility," says Sato, who will give the opening address for Japan Day.

Lessons for all

There is more than a little prescience to be gleaned from the Japanese narrative when reflecting on the challenges facing the developed world after the global financial crisis. As a mature market with an aging population, an economy struggling for growth and a volatile currency, Japan has already begun to tackle many of the problems now confronting other economic giants.

Japan Day includes four key panel sessions that promise to deliver some intriguing insights. Over the course of the day, delegates will be led on a journey through multiple markets that demonstrates Japan's changing position in the world. In the post-war period, export-led Japan has been the pre-eminent Asian economic success story but the combination of a 'lost decade' and the rise of India and China has fundamentally altered Japan's relationships with its trading partners.

At 9:30am we consider the current state of play in the Japanese financial landscape, with the Wall Street Journal's Japan deputy bureau chief Phred Dvorak leading a panel which includes J.P. Morgan's Japan chief economist Masaaki Kanno, Mizuho Corporate Bank managing executive officer Masayuki Hoshi, Tokyo Stock Exchange senior executive officer Tomoyoshi Uranishi, and GE Capital Japan president and CEO, Seiji Yasubuchi.

Providing delegates with a health check of Japan's financial system, the panel will discuss Japan's role as a financial hub and the challenges it faces in retaining a crown that is arguably slipping to claimants to the throne such as Hong Kong, Shanghai and Singapore. For Mizuho's Sato, the question is how individual firms within the finance sector respond to a new environment that challenges their previous assumptions.

"No new business model has been established in the wake of the Lehman shock, and players are trying to find a direction even as financial regulations are strengthened and attempts are made to handle financial scandals," he says.

"Japan is adjacent to some of the most explosive growth in the world."

Neil Katkov, senior vice president, Asia, Celent

"The sustained growth of emerging countries is driving the global economy."

Yasuhiro Sato, president and CEO, Mizuho Financial Group

Japan transformed?

In the following session – 'Japan: A view of the future?' – three key thinkers will provide keen insight into the future of Japanese society and business.

William Saito, founder and CEO of InTecur, an international technology consulting and advisory firm and one of the world's leading experts on Asian cultures and business practice, will guide a discussion which will include predictions of trends in Japan's future and implications for Asia and the rest of the world.

With the help of Deutsche Bank Asia-Pacific chief economist Michael Spencer and Haruaki Deguchi, president of innovative insurance company LifeNet, Saito will draw parallels between Tokyo, Hong Kong, London and New York – international financial centres all faced with transitions – and investigate how the Japanese experience could uniquely shape the course of the country's internal markets.

Due to continuing yen appreciation and its impact on exports, Japanese companies are increasing their efforts towards achieving local production for local consumption, participating in the planning of infrastructure projects outside Japan, and providing high-quality services to expand business in emerging countries. In this transformation could be lessons for other outward-looking economies such as the UK and the United States, as well as hints of what we may see from the likes of China and India in the future.

As Japan finds a new place in the world, so must its banks and other financial institutions.

"Emphasis on understanding actual client demand, the enhancement of sophisticated risk-taking capabilities and financial-intermediary services, globalisation, ample liquidity and capital strength, and strong corporate governance as well as a corporate culture that supports it are becoming increasingly important," says Sato. "And it is necessary to devise a new business model to achieve these goals."

After lunch, the third panel session of the day poses the question, 'Are we moving towards a currency war?' Experts will discuss the possible outcomes for an international monetary system that may no longer be dominated by a single currency, as it has been for so long by the US dollar.

Brown Brothers Harriman currency strategy global head Marc Chandler and Atsushi Takeuchi, head of the Centre for Monetary Cooperation in Asia at the Bank of Japan, will discuss how quickly China might further globalise its currency and what lessons can be learned from Japan's previous efforts to internationalise the yen.

The session also includes Royal Bank of Scotland transaction services origination global head Neal Livingston, Fung Global Institute research director Geng Xiao and Trevor Williams, chief economist of Wholesale Banking & Markets, Lloyds Banking Group, investigating how bank transaction capabilities and revenue streams might alter as a result of changes to currency flows and clearing centres.

Local potential

Following on, Neil Katkov, senior vice president for Asia at research consultancy Celent, will lead a discussion on where securities growth in Asia is likely to come from in the near term.

"Japan is adjacent to some of the most explosive growth in the world. Overseas investments by asset managers in China is becoming increasingly more important, Korea is becoming a source and target of overseas investment, and even though there is potential room for politics to get in the way, the ASEAN Trading Link is gaining more and more attention," says Katkov. "These all pose challenges for mature markets looking for growth."

The panel includes BNP Paribas Securities Services Asia Pacific head Lawrence Au, Kookmin Bank foreign custody team manager SB Lee, and the Tokyo Stock Exchange's TOKYO AIM president and CEO, Tetsutaro Muraki.

Panel members will discuss what kind of securities market could emerge out of this fragmented region and what types of services will financial institutions need to deliver.

Rarely has a closing day for Sibos promised such a wealth of experts dedicated to bringing delegates true local insight into the host culture. Japan Day guarantees to be one of the key highlights of this year's event. Make sure you're early to get your seat.

To learn more...

Japan day opening address
Thursday 01 November – 09:00-09:30

The current state of play in the Japanese financial landscape
Thursday 01 November – 09:30-10:30

Japan: A view of the future?
Thursday 01 November – 11:00-12:00

Are we moving toward a currency war?
Thursday 01 November – 14:00-15:00

Securities growth in Asia – where will it come from?
Thursday 01 November – 14:00-15:00

ISO20022 full speed: 0 to 100 in less time, and the tools that will get you there
Thursday 01 November – 14:00-14:45

The centre of attention

Just two months after the end of Sibos 2012, securities market infrastructures will be subject to new rules that will fundamentally reshape risks, costs and revenues in OTC derivatives markets globally. But that is just the tip of the iceberg …

Regulatory- and business-led changes worldwide are impacting all securities market participants across the spectrum of trading, clearing, settling and reporting trades. This year's Sibos is dedicating two forums to analysing the challenges facing securities market infrastructures: one will take a post-crisis view of regulation; while the other takes an Asia-centric focus.

The primary pressure on market infrastructures globally will come via the regulatory changes occurring in the OTC derivatives market. As per a 2009 mandate by the Group of 20 (G-20), electronic trading venues, central counterparties (CCPs) and trade reporting facilities will be placed in the middle of swaps transactions hitherto done bilaterally.

As such, much of the focus among the industry and policy makers is on ensuring these infrastructures are robust enough to handle substantial shocks, such as the default of key market participants, while also ensuring access to liquidity for end-users.

"Market participants will be concerned about the potential for these standards to raise the cost of clearing substantially."

Diana Chan, CEO, EuroCCP

Market safety

At the end of September, the European Securities and Markets Authority released technical guidelines that detailed minimum capital and other structural requirements for CCPs. The guidelines were part of the European market infrastructure regulation, which, along with MiFID II, provide the blueprint for Europe's reformed swap market.

Shortly after the technical standards were unveiled, LCH. Clearnet, the Anglo-French clearing house being acquired by the London Stock Exchange Group, revealed it would need between €300-375 million worth of regulatory capital to comply.

"In the clearing space, it is welcome that regulators have proposed standards for ensuring market safety," comments Diana Chan, CEO of DTCC-owned pan-European clearer EuroCCP, and speaker on the forum session titled 'Evolution or revolution for securities market infrastructures'. "The concern that market participants will have, is the potential for these standards – along with the added collateral requirements they will face – to raise the cost of clearing substantially."

Increased costs, combined with a more risk-averse approach from market participants, could slow down market activity and make it difficult to operate within the new environment, suggests Chan.

The Dodd-Frank Act, which incorporates the US approach to OTC derivatives reform, also includes minimum standards for CCP safety, while the International Organisation of Securities Commissions (IOSCO) and the Committee on Payment and Settlement Systems (CPSS) has approached the issue from a global standpoint. The IOSCO-CPSS principles, issued for initial consultation in March 2011, are due to be adopted by the end of the year.

At a regional level, reform is accompanied by major infrastructure change such as the TARGET2-Securities (T2S) project to establish a common settlement platform in Europe.

With 24 central securities depositaries (CSDs) on board and an initial rollout in June 2015, much of the debate on T2S has focused on lower post-trade costs, but Chan, a member of the advisory group for T2S since its conception in 2006, believes its introduction will herald a new era of innovation.

"T2S is like building a European network of highways for efficient securities and cash settlement," says Chan. For Tim Howell, Chan's fellow panellist and CEO of Euroclear, the international CSD, these regulatory and structural changes have made securities market infrastructures integral to how banks and other market partipants acquire liquidity, manage CCP margins and engage in inter-bank securities finance transactions.

"This is a natural evolution for securities market infrastructures," says Howell. "Where we are crossing the line is the increasingly important role we are playing to source collateral from wherever it is held and transform ineligible collateral into eligible collateral as competition among collateral takers for high-grade collateral gets even tougher. Given the amounts at stake, the allocation and management of collateral will become systemic in nature, requiring a solid and scalable structural backbone. This is where proven, neutral market infrastructures are stepping up."

Cross-border harmonisation

Sibos' second securities market infrastructures forum session will look at financial markets infrastructure in the east, and assess what the Asian region needs to do to encourage expansion and respond to global developments.

In terms of implementing the G-20's OTC derivatives reform agenda, Hong Kong, Japan and Singapore have made the most progress in Asia but have pursued separate – but not too dissimilar – paths.

The divergent shapes and sizes of Asian markets and a general adherence to a vertically integrated securities market model means a common approach to issues like OTC derivatives reform and a common settlement infrastructure are difficult to envisage.

"True cross-border harmonisation requires either motivation to reduce risk through a regulatory mandate or to achieve greater cost efficiency through industry-led pressure and I am not so sure this exists in Asia today," says Göran Fors, global head of GTS banks at SEB and panellist on 'An Asia Pacific view - regional initiatives and how they will evolve'. "In the longer term, the evolution of infrastructure that we are seeing in Europe will occur in Asia, but I don't think there is a clear business case for it just yet."

For the time being, Fors believes intra-regional Asian initiatives are more likely. The Association of South East Asian Nations (ASEAN) has made the most progress in this area.

The Asian Bond Market Initiative, which was endorsed by ASEAN finance ministers in 2003, has helped market participants reach a wider range of bond issuers in the region while improving the related market infrastructure to help grow trading in the region. More recently, a trading link between ASEAN stock exchanges was launched in September, with Bursa Malaysia and the Singapore Exchange putting technology in place that allows investors to trade stocks on both markets via a single connection. The Stock Exchange of Thailand is scheduled to connect in October, but the fact that other ASEAN exchanges – including Vietnam's two bourses and markets in the Philippines, Indonesia – have not yet confirmed their participation offers evidence of just how difficult achieving Asia-wide initiatives can be.

To learn more...

Securities Market Infrastructures Forum – Session 1
Monday 29 October – 09:30-10:40

Securities Market Infrastructures Forum – Session 2
Monday 29 October – 11:00-12:15

ASEAN+3 Bond Market Forum – The progress to date and future prospects
Wednesday 31 October – 14:00-15:00

Moscow calling

The fruits of Russia's attempts to create a new international finance centre will become evident in 2013.

The Russian securities market is preparing to reap the benefits of a state-backed exchange merger between RTS and MICEX, which was finalised at the start of this year.

The combined bourse, named the Moscow Exchange, is taking steps to create new Russian investment opportunities, while broadening the appeal of its capital markets via a series of reforms that will make the country's market infrastructure easier to navigate for foreign institutions.

"There is a strong political will by the Russian government to make Moscow a financial hub by 2020," says Eddie Astanin, chairman of the executive board of the National Settlement Depository (NSD). "This will include secondary public offerings of a number of companies that are wholly- or part-government owned, increasing liquidity and market participation."

"CSD status means settlement of equities will become clearer, simple and more standardised."

Eddie Astanin, chairman of the executive board, National Settlement Depository

One of the more significant changes brought about by the merger will be the integration of the NSD and the Depository Clearing Company into a single depository. Operating under the NSD banner, the new entity will also be recognised as a central securities depository (CSD) for the first time from January 2013.

"The implementation of CSD status in Russia will have a real positive effect on the attractiveness of our market to foreign investors, who have previously viewed settlement as an obstacle to trading in Russia," says Astanin. "CSD status means settlement of equities will become clearer, simple and more standardised, in line with international practice."

Other post-trade developments are the planned launch of a clearing house to equities and bond markets with a T+2/3 – rather than a T+0 – settlement period and a data repository as Russia prepares its own plan for improving OTC derivatives markets.

Moreover, the combination of MICEX's strengths in equities and bonds with RTS' derivatives focus will also offer benefits.

"The integration of two exchanges' vertical silos will result in a stronger market infrastructure that has an increased pool of resources and offers the prospect for investors to rationalise technology costs," says Astanin.

To learn more...

Russian securities market changes – next steps and opportunities
Monday 29 October – 16:00-17:00

Transaction banking services from a partner, not a competitor.

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Clients are demanding greater efficiency from their treasury operations. BNY Mellon helps you provide them with world-class solutions that optimise working capital, maintain liquidity and manage risk. All without incurring the costs of developing the technology and systems yourself. We don't operate in the retail space, so we focus on ensuring that your clients remain your clients.

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Please be sure to visit us at Sibos at Stand #2A08.

BNY MELLON

Treasury buried in a sea of troubles?

Do you need a deep dive into the timeless problems and very latest solutions for managing corporate cash across borders in Asia and beyond? Look no further!

The Corporate Forum sessions at Sibos 2012 aim to empower corporates to operate more effectively against a global background of reduced credit and liquidity. They will examine the broad trend towards shared service centres (SSCs) and other centralised structures, addressing also regional challenges around diversification and fragmentation.

Tuesday's session, 'Transaction and liquidity management in Asia', looks at how treasurers tackle the challenges of the diversified and fragmented Asian market, including language barriers, character sets and formats. Panellists will also address a range of questions centred around visibility, control and governance, based on first-hand experience and focusing on practical solutions. Moderator Cesar Bacani, editor-in-chief, CFO Innovation Asia, says: "What about the technology providers and partners like SWIFT? What do corporates want to see these partners doing for them? Are they considering or using cloud computing (software-as-a-service) as a delivery platform for their ERP and treasury management systems?"

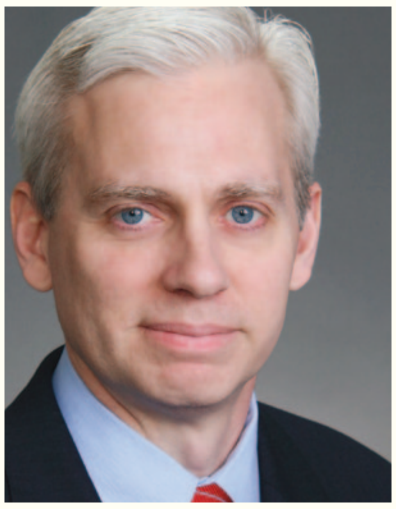
> "For corporate treasuries, CGI presents a holistic opportunity to manage your banking partners, …"
>
> Tom Durkin, global head of integrated channels, Bank of America Merrill Lynch

Practical challenges addressed in the session will include the cross-border movement of cash. Lok Mishra, head of commercial banking at ICICI Bank, observes that many significant restrictions to the movement of cash between Asian countries remain. "While most regional banks can meet the technological requirements of most corporates, differences in format can lead to delay," he says. "We will also talk about how the concept of shared services is emerging in the region. Many companies are working on this." The session will also discuss the impact of the Chinese currency, the renminbi, on trade and cash flows across the region, and there will be an assessment of India's evolving payment ecosystem.

Shared practice

The theme of shared services will be addressed in Wednesday morning's session, 'Shared service centres. A global trend? For all customers?' The session will be practical in its orientation, with an explicit focus on the lessons that have been and continue to be learned in the set-up and operation of SSCs. The preferred location and range of activities conducted in SSCs has evolved over time and still varies widely depending on the priorities and organisational structure of the parent firm, so this session offers a good opportunity to consider current best practice.

There will be a similar 'hands-on' approach in the session 'Let's get practical – The CGI secret to seamless corporate cash management' on Wednesday afternoon. Tom Durkin, global head of integrated channels, Bank of America Merrill Lynch, says: "Our interest is to educate on what's happening in the CGI (Common Global Implementation Guidelines) space. We will frame the session to be specific to the Japanese market where there



has been some adoption of ISO 20022 from a market-infrastructure standpoint. We will also discuss the region: what is happening; why corporates need it." Also speaking will be Nishimura Tatsuya, vice president, global transaction banking at Sumitomo Mitsui Banking Corporation. "Japanese banks have come together to harmonise the C to B Zengin format with the ISO 20022 CGI format – the first case in Asia using local characters," explains Tatsuya. "I will talk about how we overcame the differences. We have been encouraging bankers and corporates in other Asian countries to follow our example to provide corporate treasurers with seamless cash management."

But perhaps that isn't the only benefit of CGI? Durkin says: "Implementing this kind of solution, in terms of what CGI delivers, is a very effective risk-mitigation tool. For corporate treasuries, this presents a holistic opportunity to manage your banking partners, mitigate risk, keep your options open, ensure you're keeping your supply chain functioning and managing your payment cycle."

Cash visibility

Final word to Filipe Simao, head of client advisory, BNP Paribas Cash Management, who will speak at the session 'SWIFT for corporates services' on Wednesday. Describing the session, Simao says: "Just before the closing session, representatives from General Electric, IATA, PayPal and BNP Paribas will showcase how SWIFT connectivity contributes to critical cash visibility across multiple bank relationships, a visibility that starts early in the value chain with account administration and payment status information."

To learn more...

Transaction and liquidity management in Asia
Tuesday 30 October – 14:00-15:00

Shared service centres. A global trend? For all customers?
Wednesday 31 October – 09:30-10:30

Let's get practical – The CGI secret to seamless corporate cash management
Wednesday 31 October – 14:00-14:45

SWIFT for corporates services
Wednesday 31 October – 16:00-17:00

Realising Asia's trade potential

As growth in Asia trade continues unabated, panel sessions will look at the strategy the region needs to take to capitalise on its rapid rate of growth.

How do we modernise trade practices to address today's strong growth in global trade, and the steep ascendancy of Asia in particular? Three sessions in the Corporate Forum at Sibos 2012 will examine whether there is a need for modernisation – given that familiar methodologies can seem reassuring against a background of fragmentation and complexity – and deliver a compelling case for a solution – the Bank Payment Obligation (BPO) now being pioneered by SWIFT and the International Chamber of Commerce (ICC).

Delegates may expect the three sessions to be marked by a sense of urgency – but this is, at last, the urgency of opportunity, not crisis. Asia leads the world in trade growth but the challenge, for corporates and banks alike, is to optimise their own trade practices to benefit from that growth.

One session, titled 'Adapting to new global trade flows and to the rise of Asia in global commerce', will outline both the complexity of the challenge and the scale

of the opportunity. James Emmett, global head, trade and receivables finance, HSBC, says: "Before analysing how we should adapt to new trade flows, it is worth taking a moment to analyse what those flows are. HSBC's research indicates that the so-called 'emerging' economies will contribute twice as much growth as developed markets over the next four decades – and by 2050 they will be bigger collectively than the developed markets. Trade will be one of the primary engines of this growth."

> "For banks, winning strategies will often centre on collaboration. That will require establishing partnerships across the value chain and learning to leverage open infrastructures."
>
> Michael Guo, partner and managing director, The Boston Consulting Group

The opportunities for revenue growth from trade across Asia are conspicuous. The session will discuss the development of the RMB as a trade currency. Introductory analysis will be provided by Michael Guo, partner and managing director, The Boston Consulting Group, who will co-lead the session with Tjun Tang, senior partner and managing director, The Boston Consulting Group.

Guo says: "Asia will continue to be the driver of growth in global trade for the foreseeable future. But there are many devils in the details. To determine an optimal strategy, banks need to look beyond the headlines and understand six key trends in the evolution of global trade."

Drawing on a recent white paper co-written with The Boston Consulting Group's Oliver Dany ['Profiting from Asia's rise and from new global trade flows'], Guo will detail current trends while also discussing collaboration as a potentially optimal strategy.

"For banks, winning strategies will often centre on collaboration," he says. "That will require establishing partnerships across the value chain and learning to leverage open infrastructures."

Panellists will also emphasise the importance of intra-Asia trade, not least in its capacity to 'insulate' Asia from low growth in the developed economies elsewhere. Emmett at HSBC, says: "It is necessary to find smarter ways to leverage existing networks. Banks will also need to have the products and capabilities to support longer, more complex supply chains, and to meet customers' increasingly sophisticated needs."

A further session in the SWIFT Auditorium will offer a practical account of the BPO and its use to mitigate risk and shorten the trade life cycle. Moderator Andre Casterman, head of banking and trade solutions, SWIFT, says: "There has never been an equivalent instrument to enable an exporter to trade on open-account terms with the same degree of confidence that a payment will be executed in accordance with the terms of a letter of credit." The session will focus in particular on the BPO's adoption in Japan and China, and on its use to facilitate intra-Asia trade.

Another Asia-focused discussion comprising a range of speakers from the region's institutions will assess the complexities of trade financing, and the need for innovation by banks as their role potentially decreases, including consideration of the opportunity for banks and corporates represented by the BPO.

To learn more...

Adapting to new global trade flows and to the rise of Asia in global commerce
Tuesday 30 October – 09:30-10:30

Supply Chain Finance for Corporates – The Bank Payment Obligation
Tuesday 30 October – 15:00-15:45

Open Account and the convergence of cash and trade: Have banks finally found the solution?
Wednesday 31 October – 14:00–15:00

To protect and serve

Compliance comes to the fore at Sibos with a two-day forum that takes a strictly practical approach to handling regulation and tackling crime.

It is a true sign of the times that this year's Sibos features the first-ever Compliance Forum. And for many, it can't come soon enough.

"Compliance has only recently been added to the SWIFT agenda," says Brigitte De Wilde, Swift's head of anti-money laundering and sanctions initiatives. "As new market needs developed, we began to look at how we could serve our community by providing solutions to ease the operational hassle of regulatory compliance. As this is not a competitive space, we also wanted to encourage our community to share case studies and best practices. This is why we decided to organise the first Compliance Forum at Sibos."

The Sibos Compliance Forum is De Wilde's brainchild. As part of SWIFT's 2015 strategy, sanctions has become an area of focus which has seen SWIFT launch both a sanctions screening service for small- and mid-tier banks and sanctions testing for very large financial institutions.

"This generated a lot of interest from the community, who wanted us to do more to help them take out cost and risk," says De Wilde.

De Wilde says the Compliance Forum is an opportunity to have operations and compliance professionals at the same table, sharing their experiences and learning from each other.

On the Wednesday and Thursday of Sibos 2012, the Compliance Forum will feature 13 sessions reflecting the growing impact of regulatory requirements on financial institutions.

"The idea is to provide a mix of sessions to suit everyone, however, we are avoiding the legal talk which is usually associated with compliance conferences," says De Wilde. "We are taking a solutions-oriented approach aimed at the people confronted with day-to-day compliance issues."

Practical case studies, panel debates, deep-dive sessions and product introductions will provide a meaningful platform to discuss the challenges of financial crime. To set the tone for the two-day event, De Wilde has not approached typical conference speakers, but rather the people who "live it on a daily basis".

According to De Wilde, one of the highlights of the forum will be a case study from the Bank of Ghana

on their country-specific approach to complying with sanctions regulations. "The central bank recently increased the level of awareness and compliance with sanctions obligations," she says. "SWIFT is providing shared screening solutions and organising training sessions in partnership with Deloitte."

Opening at 9am on 31 October at the Hyatt Regency's Mai conference room with an address from a leading national treasury department official, the forum will cover topics ranging from 'The future of correspondent banking in a changing regulatory environment' to 'Sanctions meets business intelligence' to 'Financial crime analytics in practice'. The wealth of industry experts and practitioners interacting with delegates over the course of the sessions includes Standard Chartered Bank wholesale banking global head of financial crime risk David Howes, Deloitte forensic and dispute services associate partner Ivan Zasarsky and Ian Horobin, CEO and founder of Omniscion.

> "AML typologies have become more sophisticated and complex."
>
> Michael Cho, global head of anti-money laundering compliance, Northern Trust

Insight and intelligence

Michael Cho, global head of anti-money laundering compliance at Northern Trust, will participate on a panel entitled 'Analytics application in financial crime – joining the dots'.

The session investigates how banks can leverage the full value of analytics to help them detect and prevent criminal activity while managing compliance and reputational risks and cost. Panellists will explain how insight and intelligence extracted from transaction data can help financial crime teams make better decisions, fulfil their obligations, and join the dots in criminal activities which could go otherwise undetected.

"We're seeing a need to be more creative with the data we receive for compliance," says Cho. "All the data we use is increasingly being generated faster and automatically. Firms cannot afford to purchase monitoring tools and just turn them on. There must be a strategy to using tools in today's environment. The AML typologies have become more sophisticated and complex. You need to understand the data more thoroughly and have the right people calibrate your tools and people who know how to use the data."

Noting recent cases of alleged 'stripping' of wire data to avoid the detection of a sanctioned country, Cho says analysts need to upscale their skills and dig deeper into the data – to ask if a particular transaction or pattern makes sense.

"In international correspondent banking, the inherent risks are increasing, so compliance is increasingly becoming an issue for the front office," says Cho. "Clients of correspondent banks are beginning to take notice."

To learn more...

Sanctions Screening – You'll sleep better
Wednesday 31 October – 14:00-14:45

Case study: A country-specific approach to complying with sanctions regulations – Ghana
Wednesday 31 October – 15:30-16:10

Analytics application in financial crime – joining the dots
Thursday 01 November – 09:30-10:30

The future of correspondent banking in a changing regulatory environment
Thursday 01 November – 13:45-14:45

Mastering the machines

More than ever before, the right technology strategy could be the difference between success and failure, as customers and regulators intensify pressures on banks.

Where are you putting your technology dollars? Developing new customer-friendly mobile applications? Replacing your legacy infrastructure with a lighter, more flexible, 'future-proof' solution? Or creating a reporting and compliance tool that eases today's increasingly unwieldy regulatory burdens?

If the answer's all three, chances are you have a bigger budget than most. If you having to make tough choices, this year's Sibos Technology Forum offers the chance to discuss with peers the challenges of exploiting technology to its fullest potential.

Technology is a driver of change in many industries, but the increase in the speed of innovation and the changes in consumer behaviour they support, has particularly wide implications for banks.

The emergence of smartphones and development of cloud computing are just two of the significant technology shifts that have altered how banks operate and deliver services across all areas of their business.

Taylor Bodman, global head of HR, operations and systems at Brown Brothers Harriman, believes the role of technologists is central to banks, evidenced by many executive positions becoming occupied by those with a strong technology background.

"Rising IT leaders are candidates for top general management positions within global banks because they have both technology and product knowledge," says Bodman, adding that those who understand the increased sophistication of the infrastructure that drives banks are key to the institution.

"Banking technology professionals are operating in a complex ecosystem. It's s blessing and a curse because of the extended enterprise, which entails an extremely varied and counter-intuitive applications model," says Bodman, who contends that banks' products and services are simply the front door to a highly complex piece of technical equipment.

"The real service global banks are providing is access to industrial-strength infrastructure, with specific software and interoperability within this global financial ecosystem," says Bodman, who will talk at the 'Brave new leaders in IT' session at Sibos this year, exploring the impact of shifting cultural, technological and generational shifts within banking.

The virtual world

Catherine Bessant, global technology and operations executive at Bank of America, thinks the next wave of technology-led change in the banking sector will focus on replicating the real world, online.

"Most of the innovation we expect to undertake is around the virtualisation of things that used to be physical. It's about looking at the implications of people carrying computers in their pockets and how we can virtualise what we do using that technology," says Bessant.

The pace of change can be cruel for banks, as traditional, often large organisations with traditional avenues of product development. Bessant believes banks must adapt their processes to react quicker to technological change.

"Something that takes three years to create and can take a year to deploy might be released into an environment that has significantly changed in that time span," she says.

New options for banks looking to foster innovation include the rise of open source technology, a mainstay of social networking platforms and other cutting edge online applications, but is it suitable for financial institutions?

"Deutsche Bank recently urged their rivals to share IT development with open source technology. It's a revolutionary concept and involves redefining competitive and practical pathways for banks," says Bodman. Bessant accepts the tenets of open source but believes it has strictly limited application for banks.

> "Banks have to make aggressive levels of technological change within short time periods."
>
> Catherine Bessant, global technology and operations executive, Bank of America

"The uncontrollability of open source coding makes it highly risky for banks. The inability to understand the lineage of code in an open source environment can be very problematic and brings additional information security risks," says Bessant, with a caveat for internal use.

"Open sourcing internally could be very beneficial, but externally, I don't see a good future for it in financial institutions," she adds.

Threats in cyber space

Cloud computing is an area with vast potential for many sectors, with the scope to dramatically lower software and hardware costs, but how will banks utilise the technology for maximum impact?

Bessant believes tapping into the cloud posses similar problems incurred by developing code in a shared environment, and is at odds with the current regulatory framework banks abide by.

> "Open source technology redefines competitive and practical pathways for banks."
>
> Taylor Bodman, global head of HR, operations and systems, Brown Brothers Harriman

"Cloud computing brings with it problems regarding jurisdictional boundaries. If a bank were to fail, how does it ensure continuity of service and jurisdictional coverage?" says Bessant, adding that the technology can be used when these issues are grappled with and regulatory certainty develops.

The dangers linked to increased web-based activity will be further explored in a session dedicated to cyber warfare, 'Arm yourself for cyber war – are you next?' The panel discussion will touch on what banks can do to combat the increasingly advanced techniques cyber criminals are armed with, and how innovations like cloud computing present an opportunity for illegal exploitation by those with the technology to do so.

However, according to Bodman, the emergence of the cloud will bring only further innovation and is one of the major technological advances of the last five years.

"Cloud computing is our generation's fulfillment of the IT revolution. The appeal of cloud computing for retail and business consumers has the potential to reduce IT support costs, by outsourcing hardware and software.

"At the same time, the user retains the direct operating control, interaction and experience. The cost drivers that led to cloud computing create a new value proposition that would have been impossible in the previous model at any cost," says Bodman.

App-lied science

The popularity of Apple's App Store has already seen the establishment of similar product suites, such as Deutsche Bank's Autobahn App Market, alongside a wave of simple banking apps for commercial and retail use, but what new developments are in the pipeline for apps?

"Banks have to marry new technology platforms set up by non-fiduciary entities, like Apple's App system, with a regulatory framework which is counter to the world of mobile data," says Bodman, who believes banks will struggle to keep pace with the social expectations developed outside of the finance industry.

Bank of America's Bessant thinks the structure of the app system offers a simple source of customisation for new and existing products, which will only increase.

"The architecture of the application environment is constantly changing, and it gives banks a degree of flexibility by customising the latest module, so they don't have to reinvent the entire process," says Bessant.

If technology is a key driver of change in finance, regulation also plays a critical role, especially when the reform agenda is quite so far reaching. From new capital requirements to changes in derivatives markets workflows to enforced separations of banking activities to tougher reporting and sanctions regimes, banks are looking to technology to help them comply and thrive.

Key concepts behind compliance and regulatory arbitrage will be further explored during Monday's session, 'Can technology carry the regulatory burden? Looking at the role of technology in adapting to new regulations and also in the creation of regulation'.

"The environment financial institutions are in is driven by regulation, which changes how we spend our time and money. It's very different from only five years ago," Bessant says, adding that regulatory shifts can often incur dramatic organisational change for banks.

"Banks have to make aggressive levels of technological change within short time periods, because the regulation comes so quickly," says Bessant.

To learn more...

Technology keynote
Monday 29 October – 11:00-12:00

Brave new leaders in IT
Monday 29 October – 16:00-17:00

Which side are you on?

SWIFT Institute connects research with reality in ground-breaking derivatives reform debate

Osaka will witness a new forum for intelligent, informed debate, brought to Sibos by the recently launched SWIFT Institute.

The subject for debate – will current reforms really reduce risk in the OTC derivatives markets? – is an apt one for the institute, founded to establish a mutually beneficial connection between academic finance research and market practitioners.

From 2013, the SWIFT Institute will offer 12 grants per year to support independent research focused on transaction banking, covering the areas of payments, clearing and settlement, cash management, trade finance and securities.

"Financial markets infrastructures are heavily under-researched and are largely unnoticed by most people until problems arise," said Professor Dr. Ron Berndsen, head of the oversight departments at De Nederlandsche Bank, the Dutch central bank, and endowed professor of financial infrastructure and systemic risk at the University of Tilburg. Berndsen is a member of the advisory council that guides work carried out by the SWIFT Institute.

"SWIFT is well positioned to stimulate research in this area by being able to propose projects that will appeal to researchers, the huge dataset it has access to and its neutral position."

Across the whole host of post-crisis regulatory initiatives that have moved ahead since the financial crisis, few are

> "Financial markets infrastructures are largely unnoticed until problems arise."
>
> Dr Ron Berndsen, endowed professor of financial infrastructure and systemic risk, University of Tilburg

likely to have as much of an impact as the overhaul of the OTC derivatives market. While the rules are close to being finalised in both the US and Europe ahead of the Group of 20's January 2013 implementation deadline, doubts remain as to whether it will achieve the overall aim of limiting systemic risk in the swaps market.

The core tenet of the OTC derivatives rules require trades to be cleared via central counterparties, the intention being to shift risk from financial institutions to safe and robust market infrastructures.

Held on Monday 29 October at 11am in Conference room 2, the Sibos Colloquium debate will pitch an academic perspective – led by Manmohan Singh, senior economist at the International Monetary Fund – against a market-led view from Godfried De Vidts, director of European affairs at interdealer broker ICAP.

Swords crossed

During the session, which will be introduced by SWIFT CEO Gottfried Leibbrandt, Singh will present evidence and arguments from his working paper 'Making OTC derivatives safe – A fresh look', which essentially argues that placing clearing houses in the middle of OTC derivatives transactions could create the next set of too-big-to-fail entities. Singh warns the current approach could lead to another taxpayer bailout and proposes a tax on derivatives liabilities to create a public utility model for OTC derivatives market infrastructure.

De Vidts will provide a market response to Singh's views, offering his perspective on whether the structure proposed for the OTC derivatives will ensure market stability. Exchanges will be forthright but insightful – and our duellists will offer Sibos delegates the opportunity to joust before the dust settles.

WHAT'S NEW IN 2012

Compliance Forum

For the first time, Sibos will host a Compliance Forum, a two-day dedicated programme reflecting the growing impact of regulatory requirements on financial institutions.

The comprehensive programme of panel debates, practical case studies, product introductions and deep-dive sessions – held both at the Hyatt Regency hotel's conference room Mai and supplemented with main conference sessions and SWIFT Auditorium sessions – will focus on the challenges of financial crime.

The Compliance Forum is open to all Sibos attendees.

Japan Day

Exploring this year's host country will be more exciting and insightful than ever at Sibos with Japan Day. Thursday 1 November sees a series of incisive sessions on the world's third-largest economy. Kicking off at 9:00am with an opportunity to hear directly from Mizuho Financial Group president and CEO Yasuhiro Sato, the day will chart the Japanese financial landscape and plot the lessons which can be learned.

Sibos tools

- mySibos, Virtual Sibos, and Sibos Exhibition have all been consolidated into Sibos.com.
- This year's Sibos mobile application will offer a range of new functionality including messaging, an interactive floor plan, and a calendar facility to help plan your week.

Conference venue

- Conference room digital signage will broadcast session videos outside rooms.

Social@Sibos

It's easier than ever to stay connected to Sibos through our social media channels.

- Follow us on Twitter through the @Sibos account, which you can find on www.twitter.com/sibos. To make sure your tweets show up in the Twitter feed on sibos.com, on the Sibos app and on the exhibition screens, always use the #Sibos hash tag. The official hash tags for Sibos are: #Sibos #standardsforum #innotribe #corporateforum #techforum #CFsibos (Compliance Forum) #SFosaka (Standards Forum).
- To continue the Sibos debates and network with other attendees, join the Sibos group on LinkedIn.
- You can find daily news reports, picture galleries and videos on sibos.com.
- More videos can be found on the SibosTV channel on YouTube (www.youtube.com/sibostv). Go to the SibosPics photo stream on Flickr (www.flickr.com/photos/Sibospics) to view more photo galleries.
- After Sibos, the SWIFT@Sibos presentations will be available on Slideshare (www.slideshare.com/swiftcommunity).
- And of course, you can also keep up with industry news and blogs on Dialogue (www.dialogueonline.info).

CSR

At Sibos this year, you can find out about a number of initiatives the banking community and SWIFT have undertaken in the corporate social responsibility sphere and hear from prominent social entrepreneurs such as Nobel Laureate Muhammad Yunus, the father of micro finance industry and the founder of Bangladesh-based Grameen Bank in the closing plenary.

An Innotribe session, 'Banks for a better world – is it really achievable?', will look at new ethical, sustainable and social responsible products, services and practices and how they represent great opportunities both for industry and society. The session will focus on the mains areas: financial inclusion, collaborative social engagement and interconnecting infrastructures between the mainstream financial industry and the alternative banking industry and its beneficiaries, such as social entrepreneurs and unbanked.

SWIFT will announce a donation of €10,000 to Japanese-based non-profit organisation-Ashinaga at Sibos. Ashinaga provides emotional and financial support to children who have lost either one or both of their parents (especially after the earthquake/tsunami in March 2011) to ensure orphans receive an education equal to that of other children.

Greening Sibos

SWIFT will offer complimentary subway tickets for staff and weekly delegates staying at a Sibos official hotel to reduce the number of buses. SWIFT has partnered with an internationally recognised organisation – Climact – to offer Osaka Sibos delegates the opportunity to offset their carbon footprint. SWIFT has also purchased carbon credits for projects in Ghana (highly efficient wood cook stoves) and Kenya (water filters).

Monday 29 October 2012

Start time	End time	Room	Session title	Stream
09:30	10:30	PLEN	Innovation Opening: The Tribe on the Tatami	
09:30	10:30	C2	Can technology carry the regulation burden?	
09:30	10:40	C3	Securities Market Infrastructures Forum – Session 1	
09:30	10:30	COM1	Mobile Banking for the Masses: Proven Strategies for Reaching Banked and Unbanked Customer Segments	
10:00	10:45	SA	Security – How SWIFT can help you with technical risk and business evolution	
10:00	10:30	OT1	Taking Corporate Banking Mobile – ACI Worldwide	
10:00	10:30	OT2	Banking on Financial Supply Chain – Nucleus Software	
10:30	11:15	SF	Rise and shine with Professor Poppe – Standards Fundamentals	
11:00	11:45	SA	Alliance Access – Moving with the times, building a stronger platform	
11:00	12:00	PLEN	Technology Keynote	
11:00	12:00	C2	SWIFT Institute Colloquium: Making OTC Derivatives Safe – A Fresh Look	
11:00	12:15	C3	Securities Market Infrastructures Forum – Session 2	
11:00	12:00	COM1	Transparency in cross-border payments & the impact of Dodd-Frank Section 1073	
11:00	12:00	COM2	The possibility for visualization of Cash and Monetary Claim by harmonization with Japanese financial infrastructures	
11:00	12:00	COM3	ICC briefing on supply chain finance initiatives	
11:00	12:15	IS	Innotribe Health Index: Accelerating positive re-balancing	
11:15	12:00	SF	Education session – Standards development made simpler, faster, better	
12:00	12:15	SF	Opening of the Standards Forum	
12:00	12:45	SA	Accord ? How SWIFT is taking confirmation matching to new levels	
12:15	12:45	OT1	Mobile Remittance : The New Frontier – EastNets Mobile Remittance	
12:15	12:45	OT2	Where Next for Sanctions Busters – Thompson Reuters GRC	
12:30	13:30	IS	Ignite Talks	

Start time	End time	Room	Session title	Stream
12:30	13:30	SF	Food for thought – Standards: Can a community medicine also remedy internal disorders?	
13:00	13:45	SA	SWIFT for Payment Market Infrastructure: An efficient support to Payment Settlement Systems relying on a safe and reliable critical service provider	
14:00	15:15	PLEN	Opening plenary	
15:30	16:00	OT1	McKinsey & Company's Global Payments Outlook – McKinsey & Company	
15:30	16:00	OT2	BIG DATA: "The Dawn of a New Era" – Capgemini	
16:00	16:30	SF	Up close and personal with Satoru Yamadera, Bank of Japan	
16:00	16:45	SA	SWIFT cloud services as a game changer for the financial industry	
16:00	17:00	C1	Brave new leaders in IT	
16:00	17:00	C2	Future of Money	
16:00	17:00	C3	Capturing emerging payments opportunities in rapidly developing economies	
16:00	17:00	COM1	Full implementation of the ISO Creditor Payment Activation Request, leveraging SEPAmail	
16:00	17:00	COM2	Russian securities market changes ? next steps and opportunities	
16:00	17:00	COM4	The renewal of the technical platform of securities services providers: a mind bending challenge?	
16:15	16:45	OT1	Multi-Bank Supply Chain Solutions – Syncada (from Visa)	
16:15	16:45	OT2	IBM's Point of View on Financial Crimes detection, prevention, analysis, and investigation – how to do it cost effectively for banking institutions – IBM	
16:30	18:00	SF	Standards hands-on – Developing a standard and market practice in real-time	
17:00	17:30	OT1	Gateway to settlement systems in Japan on top of robust transaction banking platform – NTT DATA Getronics Corporation	
17:00	17:30	OT2	Combating payments fraud: fighting the growth of new fraud on new fronts – Fiserv	
17:00	17:45	SA	FX Trade Repositories – Tackling new regulatory requirements for FX derivatives	

Tuesday 30 October 2012

Start time	End time	Room	Session title	Stream
09:00	09:30	SF	Rise and shine with Professor Poppe – Gaining implementation insights	
09:00	09:45	SA	SWIFT Integration Solutions – Delivering tailored solutions to your individual business needs	
09:00	09:30	C1	Corporate Forum Opening	
09:30	10:30	C1	Adapting to new global trade flows and to the rise of Asia in global commerce	
09:30	10:30	C2	Arm yourself for cyber war – are you next?	
09:30	10:30	C3	Building a Global LEI Solution: An Asian perspective	
09:15	10:30	COM2	Agile Financial Inclusion	
09:30	10:30	COM1	Partnerships in Correspondent Banking: Creating Additional Value in Cross-Border Payments	
09:30	10:30	COM3	The emergence of Regional markets as a driving force in African competitiveness	
09:30	10:15	SF	Business panel – Why payment market infrastructures are adopting ISO 20022	
09:30	10:30	IS	SWIFT Applications Platform	
10:00	10:30	OT2	Transparency: Transforming Business based on Dynamic Pricing & Billing – Zafin Labs	
10:00	10:45	SA	SWIFT Index	
10:30	11:15	SF	Let's get practical – First-hand implementation advice for ISO 20022	
10:45	11:15	OT1	Creating business benefit from the burden of intraday liquidity management regulations – Dovetail	
10:45	11:15	OT2	Comprehensive Global Transaction Banking (GTB) – POLARIS FINANCIAL TECHNOLOGY LIMITED	
11:00	12:30	PLEN	How seismic is this shift? A discussion about the implications of emerging growth markets	
11:15	11:45	SF	Education session – MyStandards: What is it – and why should you care?	
11:30	12:00	OT1	Supply chain finance: What part of the chain we are talking about? What's the whole chain? – CODIX SA	
11:30	12:00	OT2	Next generation technologies for agile banking – Diasoft	
12:15	12:45	OT1	Third impact on Asian payment and settlement : How to harmonize changing global standards – NTT Data	
12:15	12:45	OT2	The Future of China's Foreign Trade – China CITIC Bank	
12:30	13:30	SF	Food for thought – Standardisation models: The jungle versus the walled garden	
12:30	14:30	IS	Hyper-Economies	
13:00	13:45	SA	Update on SWIFT's collateral, clearing and settlement solutions: T2S and beyond	
14:00	14:30	OT1	Bank 2.0: Digital Channel best Practices to compete in the era of engagement banking – Backbase	
14:00	14:30	OT2	Foreign Account Tax Compliance Act (FATCA): How is this US Tax Regulation Affecting Global Banks? – BankersAccuity	
14:00	14:45	SA	Consulting Services – End-to-end consulting solutions from SWIFT	

Start time	End time	Room	Session title	Stream
14:00	14:45	SF	Business panel – Why Securities Market Infrastructures are adopting ISO 20022	
14:00	15:00	C1	Transaction and liquidity management in Asia	
14:00	15:00	C2	Trade Repositories: Global versus Local	
14:00	15:00	C3	In Conversation with Larry Hatheway, Global Chief Economist, UBS AG	
14:00	15:00	COM1	The Changing European Payments Landscape	
14:00	15:00	COM2	What key VISIBLE and INVISIBLE payment innovations really matter to Bank customers.	
14:00	15:00	COM3	World Payments Report 2012 – Payments Evolution and the Catalysts of Regulation & Innovation	
14:45	15:15	OT1	The role of Consorzio CBI as the Italian standardization competence centre – Consorzio CBI	
14:45	15:15	OT2	How SWIFT Integration Enables Global Cash Visibility and more reliable cash forecasting – Kyriba Japan	
15:00	15:45	SA	Supply Chain Finance for Corporates – The Bank Payment Obligation	
15:15	15:45	SF	Up close and personal with Gottfried Leibbrandt, SWIFT	
15:30	16:00	OT1	Creating the Next Generation Global Transaction Bank – Oracle Financial Services	
15:30	16:00	OT2	Why Real Time is where mass payments are going – Logica	
15:30	16:30	COM3	Adapting to T2S: what do you expect?	
15:45	17:30	IS	The Future of Organisation	
16:00	16:45	SA	3SKey: How can you save more time, effort and money?	
16:00	17:00	C1	Back to the future: legacy platforms	
16:00	17:00	C2	Building future-proof operating models in wholesale transaction banking	
16:00	17:00	C3	The Regulation Agenda: where do we stand?	
16:00	17:00	COM1	Lessons learned from European payments integration	
16:00	17:00	COM2	McKinsey on Transaction Banking – from Zero to Hero	
16:00	17:00	COM4	Asian Bond Pilot Platform goes live in Hong Kong and Malaysia	
16:00	17:00	SF	Let's get practical – A customer's take on MyStandards	
16:15	16:45	OT1	Proactively Reduce Annual Losses Linked to Basel II/III Compliance – SYSTAR	
16:15	16:45	OT2	Supply-Chain-Centric Transaction Banking – ISI-Dentsu, Ltd.	
17:00	17:30	OT1	Treasury Management in Asia for Corporates – Sumitomo Mitsui Banking Corporation	
17:00	17:45	SA	Alliance Lite2 – It has never been easier to connect to SWIFT	
17:00	18:00	SF	Standards Forum Networking Cocktail	

Key

Streams:

- Innotribe
- Technology forum
- Corporate forum
- Compliance forum
- Japan day
- Standards Forum

Translation available:

- English to Chinese; English to Japanese
- English to Chinese; English to Japanese; Japanese to English; Japanese to Chinese

Rooms:

- C1 – Conference room 1
- C2 – Conference room 2
- C3 – Conference room 3
- S – SWIFT stand
- OT1 – Open theatre 1
- OT2 – Open theatre 2
- SF – Standards Forum
- COM1 – Community 1
- COM2 – Community 2
- COM3 – Community 3
- COM4 – Community 4
- PLEN – Plenary room
- IS – Innotribe space
- SA – SWIFT auditorium

Wednesday 31 October 2012

Start time	End time	Room	Session title	Stream
09:00	09:30	SF	Rise and shine with Professor Poppe – The intimate relationship between market practices and standards	
09:00	09:45	SA	Alliance Managed Operations – SWIFT operational excellence at your premises	
09:30	10:15	SF	Eye-opener – Cars and standards: lessons from the automotive industry	
09:30	10:30	C1	Shared service centres. A global trend? For all customers?	
09:30	10:30	C2	Settlement finality and efficient liquidity management: critical success factors for efficient financial payment systems?	
09:30	10:30	C3	In a changing securities landscape are you getting what you need from CSD market infrastructures	
09:30	10:30	COM2	What will the European financial market infrastructure look like in 2020?	
09:30	10:30	COM3	PMPG – What's up in the payments market place	
09:30	10:30	COM4	Where Next for Sanctions Busters	
09:30	10:30	IS	NextBankAsia at Innotribe: Banking meets Design	
10:00	10:30	OT2	Staying Ahead of the Mobile Wave in Commercial Banking – MicroStrategy	
10:00	10:45	SA	Corporate Banking Lens, a SWIFT McKinsey Solution	
10:30	11:15	SF	Business panel: Harmonizing the Asian bond market: What's next ?	
10:45	11:15	OT1	Financial messaging? To be or not to be in the cloud ? – STERCI	
10:45	11:15	OT2	Web Services Finally Come of Age – Bottomline Technologies	
11:00	12:30	PLEN	Regulation – Will global transaction banking survive?	
11:15	12:00	SF	Business panel – Standards and Trade Repositories	
11:30	12:00	OT1	Securities operating models: a trend towards outsourcing? – Kurt Salmon	
11:30	12:00	OT2	Leveraging Technology to manage Risk in the "New Normal" – Microsoft	
12:15	12:45	OT1	Legal Entity Identifier (LEI), An Americas Perspective – iGATE	
12:15	12:45	OT2	Client-centric technology strategies that wrap & renew existing systems to increase revenue, cut costs, and improve customer experience – Pegasystems	
12:30	13:30	SF	Food for thought – Standards and Regulation	
12:30	15:30	IS	The Future of Big and Small Data	
13:00	13:45	SA	Legal Entity Identifiers – The Utility is live, now what?	
14:00	14:30	OT1	Liquidity and Risk Management: Case Study – Fundtech	
14:00	14:30	OT2	G3, CNAPS, SEPA, FedWire, CHIPS... – how banks use regional initiatives to empower the customer – Clear2Pay	
14:00	14:45	SF	Let's get practical – The CGI secret to seamless corporate cash management	
14:00	14:45	SA	Sanctions Screening – You will sleep better	
14:00	15:00	C1	Open Account and the convergence of cash and trade: Have banks finally found the solution?	
14:00	15:00	C2	Collateral management insourcing – the next frontier	
14:00	15:00	C3	In Conversation with Benoit Cœuré, Member of the Executive Board, European Central Bank	
14:00	15:00	COM1	Banking landscape in the ASEAN + 3 region	
14:00	15:00	COM2	Efficient solutions for SEPA consolidation and building innovation	
14:00	15:00	COM3	Latest developments from the ASEAN+3 Bond Market Forum (ABMF)	
14:00	15:00	COM4	Myanmar: Opening up	
14:45	15:15	OT1	Don't over-reach your Payment Modernization Initiative – Gartner	
14:45	15:15	OT2	Supply Chain Finance Product Strategy – Premium Technology Inc	
15:00	15:45	SA	SWIFTRef – The reference data solution for payments, treasury and compliance. It is no longer a time to maintain your reference data in isolation!	
15:15	15:45	SF	Up close and personal with Kevin Houstoun, Fix Protocol Limited	
15:30	16:00	OT1	Myanmar: Open for Business – Decillion Group	
15:30	16:00	OT2	Mobility Solutions – Empowering Corporate Cash & Treasury Functions in the Enterprise – Temenos	
16:00	17:00	C1	Placing your bets on mobile payments	
16:00	17:00	C2	Issuer to Investor: Corporate Actions – will we ever crack this?	
16:00	17:30	C3	Digital Asset Grid	
16:00	17:00	COM2	Consumer payments and increasing regulatory requirements. The need for more transparency	
16:00	17:00	COM3	Next steps following the developments of the Asian Bond Market Initiative ASEAN+3 Bond Market Forum (ABMF)	
16:00	17:30	SA	SWIFT for Corporates Services	
16:00	16:45	SF	Let's get practical – Best practices for Renminbi implementation	
16:15	16:45	OT1	Centralised Sanctions Filtering with local intelligence – FircoSoft & Standard Chartered	
16:15	16:45	OT2	Compliance and regulation on the trading floor – Orange Business Services	
17:00	17:30	OT1	Are special characters in SWIFT messages creating a gap in your compliance program? – Dow Jones	
17:00	17:30	OT2	From ideas to products: how to organize your innovation process – Equens SE	
17:00	18:00	SF	Meet the market practitioners	

Thursday 1 November 2012

Start time	End time	Room	Session title	Stream
09:00	09:45	SA	Shape your ideal correspondent banking business with Watch Insights	
09:00	09:45	SF	Rise and shine with Professor Poppe – The big Standards 'Poppe' Quiz	
09:00	09:30	PLEN	Japan day opening address	
09:30	10:30	C1	The current state of play in the Japanese financial landscape	
09:30	10:30	C2	Analytics application in financial crime – joining the dots	
09:30	10:30	C3	ETC and Trade Matching: From nice-to-have to necessity	
09:30	10:30	COM1	Changing market opportunity for payments utilities	
09:30	11:30	IS	The Future of Doing Good (Banks for a Better World)	
09:45	10:30	SF	Eye-opener – The rise and success of the bar code	
10:00	10:45	SA	AMH – Global messaging solutions in a multi-network world	
10:30	11:15	SF	Let's get practical – How can standards foster regional integration?	
10:45	11:15	OT1	T2S: project update and opportunities for non-European markets – Eurosystem (ECB)	
10:45	11:15	OT2	Impediments to full SEPA: a statistical analysis of data quality – Experian	
11:00	12:00	C1	Japan: A view of the future?	
11:00	12:00	C2	Global transaction banking: In need of business insights?	
11:00	12:00	C3	CCPs for OTC Derivatives: The right answer or an nightmare in the making?	
11:00	11:45	SA	Sanctions Testing – For an effective, efficient sanctions environment	
11:15	12:00	SF	Business panel – XBRL	
11:30	12:00	OT1	Strategies for Innovating Payment Transformation Programs – Oracle	
11:30	12:00	OT2	Evolving Business Models in Corporate Financial Services: Why the Cloud Changes Everything – SAP	
12:15	15:30	IS	Innotribe Start-up 2012 Challenge – Grand Finale	
12:15	12:45	OT1	How the IPFA is progressing globally – IPFA	
12:15	12:45	OT2	Bringing the excellence of the London Stock Exchange Group to Europe – London Stock Exchange Group	
12:30	13:30	SF	Food for thought – Local characters in a global market: Messages that work for everyone	
13:00	13:45	SA	Asset Servicing – New tools and trends to better manage the corporate actions process	
14:00	15:00	C1	Are we moving toward a currency war?	
14:00	15:00	C2	Securities growth in Asia – where will it come from?	
14:00	15:00	C3	In Conversation with Osama Al Rahma, General Manager, Al Fardan Exchange	
14:00	14:45	SF	Business panel – Standards testing: The next big thing?	
14:00	14:30	OT1	How the RMB has developed as an international currency and why this is important for the securities industry in Asia – Clearstream Banking	
14:00	14:30	OT2	How can banks support the Financial Supply Chain of their corporate customers? – IBM	
14:00	14:45	SA	ISO20022 full speed: 0 to 100 in less time, and the tools that will get you there	
14:45	15:15	SF	Up close and personal with Martine Brachet, Societe Generale	
14:45	15:15	OT1	Towards SEPA Direct Debit, managing the migration of the existing mandates to SDD! – Kurt Salmon	
14:45	15:15	OT2	Innovation & Cash Management Solutions – Capgemini	
15:15	15:45	SF	Closing of the Standards Forum	
16:00	17:00	PLEN	Closing plenary	

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Practical information

Venue
INTEX Osaka
1-5-102 Nanko-Kita,
Suminoe-ku,
Osaka 559-0034
Japan

TEL: +81 6-6612-8800
FAX: +81 6-6612-8686

In the last 24 years, INTEX Osaka has held more than 2,250 trade shows, events and exhibitions in the Cosmosquare district of Osaka.

For more information, visit www.intex-osaka.com

Transportation details
We will offer transportation from the airport to Sibos official hotels and from the hotels to the INTEX centre. The details of route and time schedule will be in the transportation leaflet that you will receive in your Sibos bag and will be available on sibos.com.
If you purchase a Week Long Participant Pass and book an official Sibos hotel via the Sibos registration website, you will be entitled to a complimentary subway pass for four days when you receive your badge.

Hotels
siboshotels@delegate.com or sibos.com

Visas
Passports and visas: planning is essential.
When planning your visit to Sibos 2012, please allow plenty of time to understand Japan visa requirements. Use this link for advice from the Ministry of Foreign Affairs, including a list of those countries that do not need a visa to visit Japan: www.mofa.go.jp/j_info/visit/visa/

Please note that SWIFT will not provide invitation letters for visa purposes.

Dress code
Monday-Thursday
Business attire

Sibos closing event:
Smart casual

Luggage storage
There will be luggage storage in the forecourt of the Intex Centre, on the right as you face the centre, from Monday 29 October till Thursday 1 November 2012.

Frequently asked questions
How much does it cost to attend Sibos?

For delegates:

Week long participant pass	€2,950
Day pass	€1,250

For exhibitors:

24sqm unit	€14,000
Stand partner	€3,000 per partner

Is lunch included in the price of my delegate pass?
Lunch is not included in the registration price. When registering for Sibos you can choose to opt in for the lunch for €50 per day. You can also purchase a lunch ticket for the same price on site.

Where can I find accommodation for Sibos?
The Official Sibos Hotels are listed in the 'practical info' section of www.sibos.com and are available to book via Sibos Registration upon completion of registration. Rooms may be reserved only for full participants and those holding day passes. Day passes are required to book a two night minimum stay.

Contact info
Hotel bookings
Contact Sibos Registration Office
siboshotels@delegate.com

Registration for participants
Contact Sibos Registration Office
sibos@delegate.com
Phone +44 1252 771 150

Registration for exhibitors
Contact Sibos Registration Office
sibosexhibitors@delegate.com
Phone +44 1252 771 150

Registration on-site or other practical or logistical questions
Contact SWIFT
Véronique Hannecart
veronique.hannecart@swift.com
Phone +32 2 655 3533

Sibos opening hours:

Monday 29 October 2012

08:00	Registration opens
09:00-18:00	Exhibition and conference open
17:30-19:30	Welcome reception in the exhibition

Tuesday 30 October 2012

08:00	Registration opens
09:00-18:00	Exhibition and conference open

Wednesday 31 October 2012

08:00	Registration opens
09:00-18:00	Exhibition and conference open

Thursday 1 November 2012

08:00	Registration opens
09:00-17:30	Exhibition and conference open
19:30-02:00	Sibos closing event

To facilitate Monday morning access, we will be offering a full registration and badge pick-up service, including badge printing, if you do not receive it prior to travelling. You will also be able to have a photo taken and a new badge printed if required, to all Sibos official hotels on Saturday 27 October and Sunday 28 October and at the INTEX centre on Sunday 28 October.

Registration tips
Remember to bring your ID Card or driver's licence in order to validate and activate your badge.
We will have a bag collection desk in exhibition hall 3 at INTEX, upon arrival at registration attendees will be given a ticket so that they can claim their bag at any stage during Sibos venue opening hours from Monday 29 October – Thursday 1 November.

Keep it simple, Simon says

As Asia takes a bigger role on the global stage, its financial sector is unlikely to repeat the mistakes of their Western counterparts, according to Professor Simon Tay, chairman of the Singapore Institute of International Affairs, and associate professor at the National University of Singapore's faculty of law.

How is the increase in Asian economic power manifesting itself in the financial sphere?

The challenge for Asia is that it is becoming the focus as the key area for growth. Before the global financial crisis, Europe and America were doing relatively well, as was Asia. So, there was, in a sense, a tri-polar world. But now, with the Western crisis, so much hope and attention has come to Asia. If you look at where we are today, we are doing better, but India has managed to hurt itself pretty badly and China too, leading to question marks, among both the Chinese and outside analysts. Looking at the financial sector, the other thing that is always here is that Asian banks are seen as relatively safe: they have avoided the more speculative activities that Western banks have pursued. Having cleaned-up after the Asian financial crisis more than a decade ago, they are thought to be on a sounder footing. The question then is about whether they can they continue to grow amidst global uncertainty and still remain safe; growth and safety aren't always compatible.

If Asian banks are to be expected to take on the roles left by Western banks as they retreat from Asia, will they have to take on some of the riskier activities that got the banks in Europe and US into trouble?

I don't know if size alone is going to make them take on the same kind of role. If you look at the Japanese banks, they were at one time the biggest in the world, and some are still very big. And the Chinese banks are similarly huge. But it's much more than size that's important – it's the availability to certain lenders and markets, and the consciousness of wanting to fund projects across borders. So I don't think Asian banks are there yet, and I don't think they're going to get there via the same route as Western banks, and therefore won't necessarily encounter the same risks. I hope they won't in two ways. The real needs in Asia are in some ways much simpler. The problems that emerged derived from the desire of banks to use sophisticated devices and instruments to create profits for themselves, putting money at risk speculatively almost, rather than underlying basic deals. That's a broad generalisation, but I think it's fairly accurate. The second part of it is that we have high levels of savings around Asia, and a lot of needs, both for infrastructure funding and a rising middle class that needs to borrow money for a first house or first car. We probably need Asian banks to focus on that, real needs in other words, rather than sophisticated instruments. Asia already has a strong bond market. If you look at where Asian governments put their money, it goes both ways: they are borrowing from banks rather than raising from the financial markets. And where are they putting their money? It's into US Treasury bills.

"Asian banks must focus on real needs rather than sophisticated instruments."

Professor Simon Tay

Is there a cultural element to the conservative approach of the region's banks, in terms of people in Asia having traditionally saved more?

It is clearly there, but it's also logical in two ways: unlike in Europe, many families in Asia don't have safety nets. In my country, Singapore, we have virtually full employment, but that isn't backed up by unemployment insurance. So while you're earning money, you want to save more money for a rainy day. Particularly after the Asian crisis, both Asian banks and companies have tended to that. The other factor is that Asian banks have been relatively able to deliver fairly low rates of return compared to Western banks. However, the rise of Asia is not necessarily lock-stepped with the success of Asian banks. If you look at who the new Asian rich are banking with, it's not always Asian banks.

"If you look at who the new Asian rich are banking with, it's not always Asian banks."

"Growth and safety aren't always compatible."

Savings from Japan, and more recently China, have been, to some extent, bankrolling America: Will that situation continue and with it the US dollar as the global reserve currency?

There are some rumblings of dissatisfaction, because returns are close to zero, and with QE3 coming up, the clear intention of the US is to devalue their way out of the problem. And so if you're left holding US Treasury bills, your returns and capital are being eroded. But right now, there aren't many alternatives. One phenomenon that is coming out of both China and Japan is that they are trying to bankroll infrastructure for their companies. With the Japanese economy in a prolonged period of low-to-no-growth and the demographic problems, the yen is probably at its peak. And there is also all manner of speculation about the RMB becoming a global currency, but it's being reined in by the Chinese authorities' desire not to internationalise it and lose control. So we're looking at the experiments that China is trying with cross-border trade using the RMB, and using offshore financial hubs as centres for internationalisation.

How is growing Asian wealth changing the behaviour of the population as consumers and investors?

There are two kinds of Asian rich. The first are the super-rich, and those I would further classify into two categories: those that have a legitimate business, and those that have got rich through grey or black money. Those with the grey or black money are going to buy up almost anything that they can use to offshore some of their funds. They are buying up luxury properties in Singapore, London or Paris, and even if they overpay, in the process, they will clean their money. The real rich money in Asia will be looking for investments in Europe and the US. It's clear to many Asians that innovation, technology and branding, are still stronger in those markets. There are already a couple of examples of Asians buying up relatively unknown brands in the high-end of markets, such as the British bag-maker Mulberry, which is now owned by a Singaporean. They are keeping the manufacturing in Britain but attaching themselves to a traditional luxury brand. On the technology side, if you look, for example, at the way Chinese investors are buying up precision engineering companies in Germany. They too are not just buying the brand and relocating the manufacturing to China, but attempting to move themselves up the value chain.

To learn more...

Big issue debate 2: How seismic is this shift? A discussion about the implications of emerging growth markets
Tuesday 30 October – 11:00-12:15

Finance sector finds silver lining in the cloud

Across the industry, cloud-based services have evolved from supporting internal technology infrastructures to delivering real value to clients through lower costs and greater access to services.

The many efforts being made across the finance industry to move existing applications and infrastructure to cloud computing suggest that firms are keen to leverage opportunities for improved cost management and flexibility. Firms are investing in multiple cloud service models like software as a service (SaaS), platform as a service (PaaS) and infrastructure as a Service (IaaS) to support not only middle- and back-office operations, but also the front office. From mobile banking services and other payment services to supporting application development and providing data storage and management services, new technologies that deliver on-demand infrastructure while maintaining critical latency requirements are becoming popular. "Today, instead of looking at cloud from a infrastructure stand point, banks are thinking about how cloud can help improve services to customers. The focus is more on business application processes and is being driven by consumerisation and mobility. Vendors, with their innovative applications on cloud, are also driving the adoption," says Ben Millrood, group vice-president, Gartner Consulting.

Ahead in the cloud

At a time of lower volumes and higher costs, the ability of cloud computing to provide a centralised service, which can be accessed from anywhere and through any modern means of communication, is proving a viable, attractive option. The ability to quickly expand and add new environments is also a strong point. "The cloud makes it easier and faster for banks to implement and deliver new mandated functionalities. Moreover, as new regulatory requirements emerge, the cloud gives a faster and flexible model to meet these requirements than in the traditional application development approach. Integrating the new needs is much faster in the cloud," says John J Lehner, managing director of Eagle Investment Systems, a subsidiary of BNY Mellon.

Research firm Celent estimates that spending on cloud computing in the capital markets worldwide will grow to US$2.8 billion in 2013, with leading firms such as Morgan Stanley, Citigroup, Bank of America Merrill Lynch and State Street already having deployed private clouds.

Citi and Royal Bank of Scotland recently tied up with ERP software vendor SAP to develop an interoperable, multi-bank platform to seamlessly integrate banks' transaction banking platforms with their corporate customers' ERP and treasury systems, previously an expensive proposition. The new solution aims to streamline financial transactions, such as payments, while enabling new, on-demand banking services to be delivered via the cloud.

> "Banks are thinking about how cloud can help improve services to customers."
>
> Ben Millrood, group vice-president, Gartner Consulting

BNY Mellon and its Eagle Investment Systems software service provider subsidiary have migrated numerous clients to the BNY Mellon OnCore platform, whereby the client outsources its mid-office operations to BNY Mellon with ability to combine back-office functions with middle-office servicing across multiple books of business via a single platform. The deployment leverages the BNY Mellon Asset Servicing platform coupled with a cloud-based deployment of Eagle's data management solution that is seamlessly updated daily. This provides firms with the ability to continue to own their investment data while outsourcing components of their operations.

If financial services firms are leveraging the cloud, financial market infrastructures (FMI) are not too far behind. Many FMIs are already leveraging community clouds to offer services and solutions to financial market participants. The commercial technology arms NYSE Euronext and Thomson Reuters have launched various community cloud platforms to help customers manage, store and access market data. In September, exchange group Nasdaq OMX teamed up with Amazon Web Services to provide a cloud computing platform, FinQloud, designed specifically for financial services.

SWIFT also recently announced a new cloud-based connectivity service in Alliance Lite2, which connects customers to the SWIFT network, enabling them to exchange messages and files over the cloud with other SWIFT users. "Our aim is to provide customers with a highly secure and simplified solution to do business with SWIFT in a more harmonised manner," says Juan Martinez, head of cloud services at SWIFT. Martinez feels that success of the cloud market will depend on the ability of providers to offer APIs to facilitate the interaction between the customer and the solutions provider. Opening APIs can enable third-party developers and tech companies to innovate on mature software platforms and expand it into new markets and services.

Gartner estimates that 50% of all data across the world will move to cloud by 2016. Financial services market may also shift a major share of data onto cloud but the industry needs help from regulators because of stringent norms on how and where data is stored, which currently restrict adoption. With banks in Switzerland and Luxembourg, for example, not allowed to host data outside Europe, regulations will need to be revised for to allow the finance sector to keep pace with the cloud.

To learn more...

SWIFT Applications Platform
Tuesday 30 October – 09:30-10:30

SWIFT cloud services as a game changer for the financial industry
Monday 29 October – 16:00-16:45

Distant drums

Issuers remain aloof as downstream market participants tackle the costs and risks of reforming existing corporate actions systems and processes.

> "Adopting new standards necessarily involves often high investments in new systems."
>
> Virginie O'Shea, post-trade technology analyst, Aite Group

Even as financial market regulators across the world try to bring in risk reduction measures, corporate action is an area that merits greater attention. While many market participants have put considerable time and effort into achieving standardisation and automation, experts feel the industry remains far away from the end goal of seamless communication from issuer to investor. They attribute the slow rate of progress to a lack of collective will. "Worldwide there are around 11 million corporate actions events announced every year," says Hervé Valentin, head of asset servicing, marketing, SWIFT, noting that market participants lose billions due to errors and inefficiencies during the processing of corporate actions.

Lack of proper standardisation and the reluctance of market participants to adopt existing best practices for cost reasons are among the major obstacles to making seamless communication a reality. "Adopting new standards necessarily involves often high investments in new systems and also requires either the adaptation of legacy systems or the introduction of workarounds in order to support new processes," says Virginie O'Shea, post-trade technology analyst, Aite Group. As well as cost, there is considerable risk involved in making changes to the existing processes, which is why many are calling for representatives across the transaction chain to work closer together – from the issuers agents and market infrastructures to custodians, investors and even software vendors to define their needs and create a centralised data model. O'Shea welcomes efforts to share insights for the long-term benefit of the industry. "By looking at how challenges such as the capturing of issuer data at the point of entry have been tackled in countries such as Italy or Japan, perhaps other national and regional groups can learn a thing or two to take back," she says.

However, the corporate actions space is witnessing gradual but positive changes. A recent survey conducted by financial market consultancy firm CityIQ and SWIFT revealed that automation of corporate actions processes and functions is increasing: 90% of respondents said they had invested in automation. Though automation efforts often lack an integrated approach, a change in attitude is quite evident. "In the past, cost reduction and risk mitigation used to be the main drivers of automation. However, enhancing service levels to customers is becoming more and more important for some of the parties," says Valentin.

Striking gold

Another interesting, if not entirely surprising, conclusion to be drawn from the survey was the importance respondents attached to receiving structured data direct from issuer or agent source. A total of 92% of the people surveyed believed improvements in this specific area would have a big impact on data quality and client servicing as well as helping to reduce cost and headcount. Compliance to market practices also emerged as a critical element for over 80% of respondents. ISO 20022 emerged as the message standard with most potential to have an impact on corporate actions quality and straight-through processing in the survey. "There is an increasing interest among central securities depositories (CSD) to adopt global messaging standards like ISO 20022 and 15022," says Valentin. He also points that SWIFT is helping the adopters of the standards by easing implementation processes.

One challenge for firms that operate on a global basis is that many of the initiatives around identifying and developing market practices are rather restricted to particular regions or nations. "A global consensus is still lacking," says Paul Wiltshire, director, CityIQ. Wiltshire also observes that companies need to work around first or 'golden' source of corporate actions information. "Organisations still are using a variety of data sources to send the information. A single source ensures more reliability and consistency," adds Wiltshire.

Nevertheless, growing awareness of the need for structured data, a single source and common market practices are gaining momentum in many geographies. Italy for example has gained some success in developing and mandating best practices. Moreover Valentin says that corporate actions is slowly evolving as a source of competitive differentiation for market infrastructures. "With the advent of T2S in Europe, CSDs are thinking of corporate actions as a key differentiator. Hence there is an interest in enhancing service quality which is evident from the traffic flows observed on SWIFT," he adds.

Though downstream communications between depositories and custodians continue to improve through the use of new standards and more automation, there remains a need for a collaborative approach that encompasses the issuer to make seamless communication a reality.

To learn more...

Issuer to Investor: Corporate Actions – will we ever crack this?
Wednesday 31 October – 16:00-17:00

T2S focus shifts to strategy, implementation

Questions may remain about the impact of TARGET2-Securities on Europe's post-trade securities landscape, but the time for preparing is now, industry experts say.

The T2S (TARGET2-Securities) project to harmonise settlement in Europe is moving from theory to reality, as the majority of euro-zone central securities depositories (CSDs) – and some outside the euro area – have signed up to the framework agreement. Though the 2015 live date seems a long way off, now is the time to start preparing – to assess the impact on your business and operations, to determine your strategy to achieve readiness and capitalise on the opportunities T2S creates, and to start selecting the partners you will work with to realise your strategic goals around the project.

These are among the key messages being delivered by market experts as the level of industry discussion about T2S continues to rise. The topic will be discussed further during a number of sessions at Sibos.

Complexity, uncertainty, cost

The exact impact of T2S on the market landscape is obviously not known at this point. Indeed, there are some concerns that even a clear understanding of the way T2S will work is not universal. Speaking at a recent clearing and settlement conference in London, Yvan Timmermans, head of division, National Bank of Belgium, said: "I would stress the need to create awareness. Sometimes it is difficult for small- and medium-sized investment banks to dedicate budget for analysis of the impact of T2S. There is a huge amount of documentation and it can be difficult to find a way through it. As such, some of the basic principles of T2S are not well understood by all."

The complexity of preparing for T2S is increased by the fact that it is not happening in isolation. During the same debate, Graham Ray, director of global product management, Direct Securities Services, Deutsche Bank, told delegates: "As this journey continues, we see a move away from discussing just T2S. There are so many developments around the regulatory space – including the CSD Regulation – that T2S has become a combined discussion. Clients are interested in talking about how to generally adapt to all the harmonisation taking place in the settlement landscape today."

> "Every CSD will face a major investment even to connect."
>
> Janne Palvalin, manager, securities services, Nordea

One of the liveliest debates around the impact of T2S is how it will reshape the CSD landscape. Will the number of CSDs fall as some struggle to compete on higher-value services in a world in which settlement is commoditised? Or will it rise, as new entrants look to secure a share of those value-added businesses, such as asset servicing? How many CSDs are really capable of providing pan-European services, and successfully competing with agent banks in multiple local markets? And from a risk perspective, is it even desirable for CSDs to rise up the value chain?

The only certainty about the impact of T2S on CSDs seems to be that all will be forced to invest in one way or another. Speaking at the recent SWIFT Nordics Regional Conference in Oslo, Janne Palvalin, manager, securities services at Nordea, said: "A huge investment is needed by CSDs whether they join T2S or not, and we have CSDs in very different situations at the moment – from those who have recently made big investments that they have not amortised yet to small CSDs without the reserves to do this alone. Every CSD will face a major investment even to connect, and this could drive consolidation, platform sharing and co-operation."

The cost of preparing for T2S is clearly a contentious issue in these times of very constrained budgets, and one that is preoccupying market practitioners. As Deutsche Bank's Ray said during the London conference: "When we look at T2S and all these developments, the main objective is to shield clients from the real investment costs that are coming in this space. With all the mandated changes from a regulatory perspective, there is already enough harmonisation for an industry in a state of flux to deal with."

Time to prepare

Though the number of outstanding questions about the impact of T2S remains high, it is not viable to take a wait-and-see approach before determining the impact and formulating your strategy, experts agree. Speaking at another recent conference in London, Ben Parker, head of clearing and settlement, EMEA, UBS, said while "it took everybody a bit of time to understand the importance of T2S", that understanding is there now, and it's time to act. As Helmut Wacket, section head, T2S team at the European Central Bank, told delegates during the same debate: "2015 seems a long way away, but now is the time to prepare."

> "We are seeing a race for budget."
>
> Harry Newman, T2S programme director, SWIFT

Harry Newman, T2S programme director, SWIFT, adds: "From our perspective, we are seeing a race for budget. We are being deluged by customers wanting to discuss the implications of T2S for their infrastructures. They are examining the different business models they could adopt, and want to know the impact from an infrastructure point of view.

"Yes, questions remain about what the business impact could be, but, wherever you are in the marketplace, you need to start assessing that now. Although T2S doesn't go live until 2015, the reality is that if you don't budget this year, nothing will happen next year. From a service provider perspective, I would be looking for a partner who can help me understand the possible scenarios in terms of business and operational impacts, and then who can take all the hassle around implementation away, allowing me to focus on my clients, and building a better model for delivery to them."

To learn more...

T2S: project update and opportunities for non-European markets
Thursday 01 November – 10:45-11:15

Adapting to T2S: what are the challenges?
Tuesday 30 October – 15:30-16:30

Come the revolution

Sweeping change in the post-trade environment could force participants to significantly re-orient their business.

The post trade space is experiencing changes which will dramatically alter the operations of market participants. A number of sessions at Sibos Osaka will explore major challenges ahead, in light of issues such as centrally cleared OTC derivatives, TARGET2-Securities (T2S), the global versus local trade repository debate, and changes to trade reporting.

A major development in the post trade space will centre on the challenges in adapting to T2S, a new settlement engine run by the European Central Bank, offering delivery-versus-payment settlement in central bank funds across all European securities markets.

Paul Bodart, who joined the T2S board after retiring from his post as executive vice-president at global bank BNY Mellon, will speak at a T2S session titled 'Adapting to T2S: What are the Challenges?' He believes the move to T2S marks a significant milestone in the post-trade environment.

"This is the first time CSDs are outsourcing an aspect of their work to a common platform, so they will have to reshape their operations to a certain degree," says Bodart.

Infrastructure for the T2S project is 75% complete, according to Bodart, and a rigorous testing effort has begun ahead of a phase-in launch beginning 15 June 2015.

The new technology will use the ISO 20022 message format, which is more advanced and flexible than the ISO 15022 format most commonly used by CSDs today. Bodart believes T2S will limit sub-custodians to focus on servicing assets, not processing transactions.

"Given the level of automation on the transaction side, I believe we will see a decline in costs of the transaction side driven by T2S, but on the safe-keeping side I expect costs to increase to reflect that it's the most risky part of the business," says Bodart, adding currently there is uncertainty over CSD pricing arrangements, given the $0.15 flat fee on transactions charged by T2S.

"We don't know what CSDs will charge on top of the T2S transaction. I expect there will be communication fees for sending messages between the CSD and T2S, but only one CSD has made its positions clear. Clearstream has said it will not charge anything on top of the T2S charge except communication fees," Bodart says.

No bigger issue

One of the biggest issues emerging this year is the push to clear OTC derivatives via central counterparties (CCP), which is included in the European market infrastructure regulation (EMIR).

Alain Pochet, head of clearing, custody and corporate trust services at BNP Paribas, will also speak at the T2S session alongside Bodart and believes the move to centrally clear OTC derivatives will have a considerable impact on the market.

"In the post-trade space there is no bigger issue than OTC derivatives clearing. This is the first concrete effect of Dodd Frank, EMIR and other regulatory changes, so it's very important for all post-trade participants," Pochet says.

The changes to clearing OTC derivatives and the long-awaited push for interoperability between

"There isn't any reusability for the existing equities and fixed income infrastructure to be applied to the derivatives side."

Gert Raeves, research director, TowerGroup

CCPs in Europe could offer a wealth of cost-saving options for traders looking to clear multiple asset classes through one CCP.

"There will be more chances to optimise liquidity and collateral because clearers will be able to work across venues and instruments. Clearing can be done in the same place, which will help optimise the initial margin and collateral," Pochet says, adding the same benefits will flow to custodians.

"For custodial banks such as ourselves, which operate clearing across all financial products, including securities as well as listed and OTC derivatives, the more you operate across all of a client's instruments, the more opportunity you have to bring costs down and include additional services," Pochet says.

Matching the future

Gert Raeves, research director at financial research firm TowerGroup, believes changes to derivatives clearing has already had a major impact on trade matching.

"The introduction of clearing, trading and reporting infrastructure on the swaps clearing side has changed the whole work flow for matching and trade confirmation for both OTC and listed derivatives," says Raeves, adding complexity of derivatives processing affords little chance to build on technology from the equities and fixed income space.

"There isn't any reusability for the existing equities and fixed income infrastructure to be applied to the derivatives side. We still have almost entirely institutionalised silos," says Raeves, who will talk at the 'ETC and trade matching: From nice-to-have to necessity' session.

The lack of automated trade matching and confirmation is a leading cause of failed trades. Trade matching services can operate across the entire lifecycle of post-trade processes and work within participants' straight-through-processing (STP) needs across all asset classes.

Electronic trade confirmation (ETC) messages are most commonly sent using the ISO 15022 format, which has become the global standard and allows for greater end-to-end automation, including direct interfaces to CCPs and CSDs.

Despite advances in the derivatives clearing space, Raeves believes a centralised solution is a long way off due to current market structure, so institutions will have to shoulder the burden of amassing data across venues and asset classes to improve efficiency.

"This is the first time CSDs are outsourcing an aspect of their work to a common platform."

Paul Bodart, member, T2S board

"Market participants will still need to pull together data about liquidity, stock and cash availability, collateral and margin requirements from multiple asset classes and multiple operational and data silos.

"They must find ways to consolidate and aggregate information about efficient use of collateral, optimising cash and foreign exchange flows to meet clearing, settlement and margining requirements," Raeves says.

In the wake of the financial crisis, trade repositories, where information about OTC derivatives trades is stored, have emerged as a way of mitigating problematic outcomes caused by the inherent complexity of derivatives.

Data wars

With the rising number of national trade repositories, a debate between global versus local has developed, which encompasses the need for global data across multiple jurisdictions.

Marisol Collazo, global head of trade repository operations, at the Depository Trust and Clearing Corporation (DTCC), will speak at the 'Trade repositories: Global versus local' session, and believes trade repositories must be global if they are to achieve their aims.

"Trade repositories focus on providing transparency to regulators so they can effectively monitor systemic risk in derivatives trading and to effectively achieve that you need a global set of data," Collazo says.

The fragmentation of data across multiple repositories could lead to inaccuracies in determining systematic risk, in light of the interconnected nature of the swaps market.

"The OTC derivatives market is inherently global. If you have a trade between a US counterparty and a European counterparty on a Japanese underlier, the systemic risk of that trade is relevant to all three regulators," says Collazo, adding a true sense of risk can only be seen with the contracts and underlying reference entities for swaps.

In the US, the DTCC received provisional registration as a swaps data repository, and in Europe it plans to register with ESMA accord to the recently released technical guidelines. It is also active in Japan and Singapore.

The central argument that national repositories could interoperate between global bodies such as the DTCC is unacceptable to Collazo, who believes such a structure would inevitably develop inefficiencies.

"While in theory one could say interoperability is a solution, from a technical perspective, the reconciliation of data in terms of global dealers trading in multiple jurisdictions would create a burden of reporting which would increase operational costs and challenge data inventory controls," says Collazo.

"In the post-trade space, there is no bigger issue than OTC derivatives clearing."

Alain Pochet, head of clearing, custody and corporate trust services, BNP Paribas

To learn more...

In a changing securities landscape are you getting what you need from CSD market infrastructures
Wednesday 31 October – 09:30-10:30

Business Panel – Standards and Trade Repositories
Wednesday 31 October – 11:15-12:00

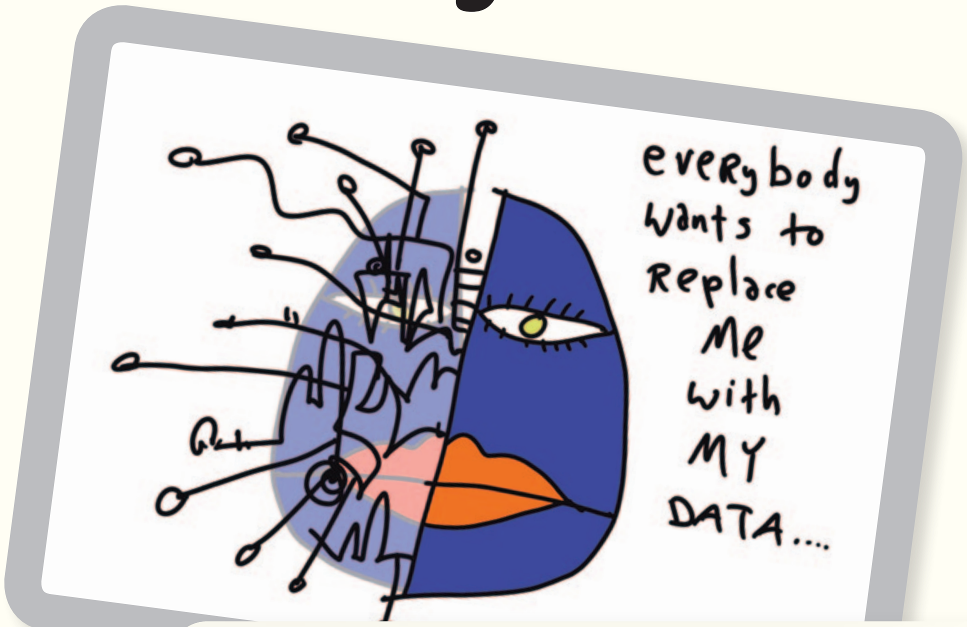
ETC and trade matching: From nice-to-have to necessity
Thursday 01 November – 09:30-10:30

CCPs for OTC derivatives: The right answer of a nightmare in the making?
Thursday 01 November – 11:00-12:00

INNOTRIBE

Shouldn’t you own your own data?

Peer-to-peer technologies such as the Digital Asset Grid provide an insight into how information will be managed, owned and distributed in the near future.



If you own a personal computer, tablet and smartphone, have you stopped to consider who owns the personal data you tap into them – your digital assets? Have you ever envisaged a personal cloud account which could store and manage all your digital assets, i.e. personal data like name, address, bank accounts, membership cards, online shopping history, health records etc? Wouldn’t that save some valuable time?

Each time you change your address, it is a hassle to notify the change of address to all necessary contacts, counterparts and suppliers. But this could change soon. In partnership with banks and technologists, SWIFT is developing a Digital Asset Grid, which will allow individuals and companies to manage and store data in a cloud-based environment.

An Innotribe research project, the Digital Asset Grid is a platform for peer-to-peer data sharing in which people, businesses or devices within a network can communicate directly with each other. With such Internet-based tools to control your personal digital information, you might only need to update your address once and it will very soon be reflected in all places that matter, dispersed courtesy of the Digital Asset Grid.

Assert control

For almost a decade, internet giants like Google, Yahoo, Amazon and Facebook have collected and stored personal data of individuals. But once the Digital Asset Grid becomes a reality, the control of personal data could fall back into the hands of individuals. Getting the Digital Asset Grid to market is not an easy proposition. Similar projects have been launched in the recent past without gaining critical mass. Microsoft tried to introduce the Hailstorm initiative 10 years ago and Intel, Sun, Oracle and AOL attempted on a similar venture called The Liberty Alliance.

However, Drummond Reed, co-founder of Respect Networks, says that banks and SWIFT have a chance to succeed where others failed, in no small part due to the credibility they enjoy when it comes to managing financial assets. While Microsoft was grappling with Windows-related security problems, the involvement of third-party vendors crashed the Liberty Alliance project, because of concerns over security risks.

As trusted guardians of financial assets, banks and SWIFT are uniquely positioned to act as platform providers, creating the “rules of the game” and controlling use of and access to the platform. Moreover, the financial sector works under rigorous regulatory oversight and is already specialised in creating and managing governance and compliance that enables assets to flow. Its pre-existing ecosystem of retail and corporate customers, combined with existing identity and attribute verification and validation services, also gives the banking sector an edge.

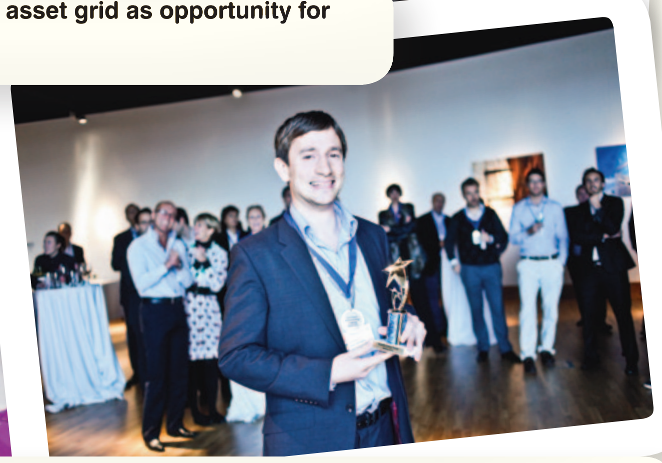
As a business opportunity, the flow of verifiable data from a wide range of trusted sources via the Digital Asset Grid could enable banks to develop value added services which are currently either impossible to create or prohibitively expensive to do so.

Reed says, “Trust is another main aspect of success which SWIFT and the banks command.” SWIFT’s reputation for security, neutral governance and operational excellence are also an advantage. Reed further adds, “Unlike previous initiatives, the Digital Asset Grid is a decentralised network and the architecture is designed to use the Trust Framework”. The Trust Framework is a certification program developed by an open industry body and recognised by government authorities like the US CIO Council to confirm the identity and reliability of organisations. Moreover, Reed stresses the Digital Asset Grid is designed to be a platform on which the entire ecosystem of third-party developers will be able to start building applications based on trust frameworks. “These apps will be key in the adoption of the Digital Asset Grid,” he adds. Reed’s company is working with SWIFT to provide personal data network based on trust framework for Digital Asset Grid.

Following months of development in Innotribe’s incubation labs, Sibos delegates will catch a glimpse of this new technology in Osaka, where practical applications, such as lifetime contact management, will be unveiled, as well as the prototype of the Digital Asset Grid’s back-end infrastructure.

@copernicc: hyper-connectivity, how we all have devices connecting us to the internet, is exploding

@guibert: rich discussion on digitial asset grid as opportunity for the banking industry #innotribe



@marshontap: Can someone please tell me what this #innotribe business is all about? Looks interesting

@whsaito: Getting ready to be the opening speaker for the #innotribe component of the Asian Banker Summit 2012 in Bankok

To learn more...

Digital Asset Grid
Wednesday 31 October – 16:00-17:30

to the edge

Kosta Peric, #Innotribe – Twitter Q&A

Kosta Peric @copernicc

Sibos Issues @SibosIssues — 1m
What technology #innovation do you rely on most every day?

Kosta Peric @copernicc — 2m 30
iPad

Sibos Issues @SibosIssues — 5m
What is the single most profound way in which technology #innovation is changing lives today?

Kosta Peric @copernicc — 7m 20
Hyper-connectivity

Sibos Issues @SibosIssues — 8m
Which innovator do you most admire (person or company)?

Kosta Peric @copernicc — 12m 45
Jules Verne

Sibos Issues @SibosIssues — 15m
What's the best piece of advice you can give to a #start-up?

Kosta Peric @copernicc — 15m 20
Passion, perseverance, patience

Sibos Issues @SibosIssues — 17m
What is the most important thing a bank's CEO can do to foster #innovation?

Kosta Peric @copernicc — 19m 55
Require to have space for #innovation in the company budgets

Sibos Issues @SibosIssues — 25m 20
How should banks use #social media?

Kosta Peric @copernicc — 29m 40
Understand and get closer to their (younger) customers

Sibos Issues @SibosIssues — 32m
What is the most recent exciting #innovation by a bank and why?

Kosta Peric @copernicc — 34m 15
See #Fidor bank and how they use Facebook to acquire new clients

Sibos Issues @SibosIssues — 39m 17
Have banks already lost the battle on #mobile payments?

Kosta Peric @copernicc — 44m 25
No, but the train is leaving the station

Sibos Issues @SibosIssues — 49m 15
What technologies have the biggest potential to improve value to banks' clients?

Kosta Peric @copernicc — 52m
Anything that enables customers to control and monetize their personal data

Sibos Issues @SibosIssues — 53m 30
What has been the single biggest achievement of #Innotribe to date?

Kosta Peric @copernicc — 57m 45
The #Innotribe Incubator and the products and projects coming from it

Sibos Issues @SibosIssues — 1h
Why should #Sibos delegates spend more time in the #Innotribe stream?

Kosta Peric @copernicc — 1h 5m
To understand the change and ignite their thoughts on opportunities it brings

Sibos Issues @SibosIssues — 1h 6m
What do you hope #Innotribe will achieve before #Sibos Dubai 2013?

Kosta Peric @copernicc — 1h 8m
Launch #Innotribe incubators in London and Singapore

Sibos Issues @SibosIssues — 1h 10m
What question should I have asked?

Kosta Peric @copernicc — 1h 15m
What is the Digital Asset Grid? *(see left)*

INNOTRIBE

Startups give Sibos the S-factor

Successful semi-finalists will be coached in Osaka to achieve perfect pitch.

It used to be that you had to go to Silicon Valley to find a tech startup to help you leverage the latest technology. But banks are now presented with a window on the world of high-tech, low-budget innovation right here at Sibos through the Innotribe Startup Challenge.

"The Startup Challenge is a vital component of Innotribe's work to nurture new solutions to common financial industry challenges, and Innotribe@Sibos is the ideal environment in which to foster collaborative engagement with the most exciting new propositions coming out of the startup community," says Kosta Peric, head of innovation at SWIFT.

Last year, small firms from across the world signed up to the Innotribe Startup Challenge in the hope of demonstrating how their ideas could blossom in the finance sector via the SWIFT community of more than 10,000 banking organisations globally. Ten finalists were flown to Toronto to present in front of an invited audience of decision makers including bankers, serial entrepreneurs, investors and media. After a thorough examination of their products, plans and perspectives, GuardTime, designer of a keyless signature technology, and Truaxis, which developed a StatementRewards application that creates data-driven personalised services for financial institutions, emerged as winners.

Network benefits

Truaxis has since been acquired by MasterCard, while GuardTime is working with a number of banks and other financial institutions to integrate its solutions into their services. Shehzad Daredia, head of product, Truaxis, says, "the Innotribe event was extremely beneficial and gave us a seal of approval from some of the industry's top critics. This industry-wide acknowledgement of our service has been immensely useful in starting discussions and building partner relationships." But the benefits of participation accrue not only to winners. Around 30% of Innotribe Startup Challengers have attracted further funding, including Toronto finalist TransferWise, which raised US$1.3 million from investors.

miiCard, which provides real-time identity verification, was voted 'Most Promising Startup' at the challenge in 2010. CEO James Varga says, "We've really benefited from the insights, opportunities and support that have come through the Innotribe network. The exposure has helped us get recognised as a global player in electronic identity and verification and paved the way for discussions with innovating financial providers and banks." miiCard secured £500,000 in funding in September 2011 and £1.6 million in April this year.

The success of the Startup Challenge has encouraged its expansion. Overall, about 400 startups have participated in the 2012 contest, judged by a panel of over 100 industry experts, including senior innovation executives at global financial institutions, angel and venture investors. Three regional semi-final events saw startups from America, EMEA and Asia presenting their ideas in New York, Belfast and Singapore. The winners of the early and growth stage categories in each regional semi-final will be joined by nine other firms selected via an online poll to give the Osaka voting panel a choice of 15 potential winners. Similar to TV talent shows, all 15 rivals will be offered coaching ahead of and during Sibos to ensure they present their ideas to achieve optimum impact.

However, some of the finalists have already started to taste success. Playmoolah recently announced that its 'Mighty Savers' online platform will be used to teach financial literacy to the young customers of Singapore-based OCBC Bank.

> "Industry-wide acknowledgement has been immensely useful in building partner relationships."

Social innovation

In its effort to drive innovation across all sections of financial community, the Innotribe team is launching a social finance innovation platform in Osaka in association with Ashoka, a global association of 3,000 social entrepreneurs. The aim is to identify collaborative social innovations with the potential to deliver new banking products and services. Projects in the sphere of financial inclusion, financial literacy, technology or non-tech solutions or services, will be presented to a panel of judges, with successful applicants inducted into Innotribe's incubator program.

"The Social Finance Innovation Platform is an excellent opportunity to open new markets and customer segments whilst also linking back to social business," says Martine De Weirdt, innovation leader, SWIFT.

Industry response shows value of standards

Adopting and implementing standards such as LEI and ISO 20022 is top of mind for many, along with thoughts on how to make global messages work for all.

Openness and education are two of the key themes at the Sibos 2012 Standards Forum, which aims to be accessible to attendees at all levels of knowledge and experience.

"We've set an agenda that will enable people to grow their understanding of standards from a little to a lot by the end of the week," says Juliette Kennel, head of standards at SWIFT. Every morning we will have an educational session with an academic to help people understand what standards can do and get to grips with the value that standards can unlock."

In its ninth year, the Standards Forum offers a more comprehensive line-up than ever, reflecting the overarching themes of practical standards implementation and ensuring global standards take account of local needs. As such, education sessions are mixed with workshops, panel discussions, lunchtime debates and insights from industry leaders.

Real world examples will be presented throughout the week; such as the issue of character sets or the use of new standards such as the legal entity identifier (LEI), which is an industry solution to the patchwork nature of financial counterparty reference data, highlighted as a regulatory problem in the aftermath of the financial crisis as the authorities to identify counterparties to transactions involving insolvent firms.

"It may not be the very first time a standard has been very globally mandated but it is certainly a very high profile and visible example," says Kevin Houstoun, co-chairman of FIX Protocol Limited's global technical committee and chairman of software firm Rapid Addition.

The LEI is an important part of the Group of 20 (G-20) countries' response to the financial crisis. The concept was mandated for use by US regulators as part of the Dodd-Frank Act in July 2010, and in May 2011 the International Organisation for Standardisation (ISO) developed a draft specification for a global LEI, ISO 17442, a 20 digit alpha-numeric random code.

"It was a very unusual project given its potential influence over the number of different parties involved with so many different backgrounds," says Satoru Yamadera, head of the international standardisation group in the Institute for Monetary and Economic Studies at Bank of Japan, whose role is to act, together with the industry, as the Japanese secretariat on the mirror committee for ISO's TC68 regional group.

"All the ISO members were aware of the importance of flexibility and expandability of the system," he says. "During the discussion we came to realise that differences such as languages, data privacy, and involvement of existing registry systems, need to be considered. In a clear manner we tried to capture all the differences because the LEI has to be workable everywhere."

> "The ID of an entity must involve some understanding of local systems."

Satoru Yamadera, head of international standardisation group, Institute for Monetary and Economic Studies, Bank of Japan

The LEI project, which is expected to go live in March 2013, is being overseen by the Financial Stability Board (FSB), a cross-border agency focussed on enhancing financial stability, formed by the G-20 in 2009. ISO, SWIFT, US post-trade facility the Depository Trust & Clearing Corporation, and several global trade bodies have played key roles in supporting and operating the LEI, with ISO responsible for maintaining the standard. To accommodate the US Commodity Futures Trading Commission's timelines for adopting new OTC swap rules, SWIFT and the DTCC have also developed an interim solution, the CFTC Interim Compliant Identifier, which is designed to be fully compatible with the FSB framework.

> "There are two things you need get a standard widely adopted: one is openness; the other is credibility."
>
> Kevin Houstoun, co-chairman, global technical committee, FIX Protocol Limited and chairman, Rapid Addition

Getting adopted

"There are two things you need to get a standard widely adopted: one is openness, for example ISO standards which anyone can get access to; the second is credibility, in the sense that people believe everybody will adopt it," says Houstoun. "I think if a standard's genesis is at the G-20 and the execution is delivered via the FSB it is effectively mandated globally."

The FSB has identified numerous benefits that the LEI will deliver: improved risk management in firms; greater awareness of both micro- and macro-prudential risks; a reduction in fraud and market abuse; assistance with orderly resolution; enhanced straight-through processing; and improving the overall quality and accuracy of financial data. The existing need for systems to cross-check on any firm's identity due to multiple identifiers being used is also described by the FSB as creating "substantial deadweight costs across the economy" which will be removed by the LEI.

After the G-20 Cannes summit on 3 November 2011, the FSB set up an LEI Expert Group to deliver clear recommendations with respect to the implementation of a global LEI system.

"The discussions on how to make the global LEI system operational have moved to the FSB Implementation Group (IG). The role of ISO in this part is to participate in the discussion as technical experts," says Yamadera. "In this regard, [our part of ISO] is participating in the Private Sector Preparatory Group (PSPG)."

The PSPG is a 200-member group that is assisting the IG in the next three stages that are needed for the project to meet the March 2013 deadline: establishing a charter for regulatory oversight; setting up a legal and physical foundation for the LEI's foundation; and delivering a study on how the LEI system's numbering scheme will actually work.

"The original idea was for some sort of centralised system, which would work in an ideal situation, but when we understood the complex reality, people came from a more balanced approach," says Yamadera. "The ID of an entity must involve some understanding of local systems; if you can collect all the data for one country and store it in the repository, in what language will you store it? How can you verify that information is accurate? The Roman alphabet is dominant but in order to validate information when we consolidate it we may need to have a local language centre as well."

Development of standards

Where take-up of standards is not universal, firms that are early adopters may be challenged to justify the additional workload they are taking on. To combat this, SWIFT is delivering tools to make adoption simpler. Now scheduled to go live in 2015, TARGET2-Securities (T2S) is the European cross-border settlement engine being constructed by the European Central Bank. The standards for banks connected to T2S are well established, with the ISO 20022 message format being used across the SWIFT network, however in some cases banks have become bottleneck for client information.

"How do we manage T2S on the market side, at a time when most of our clients are using ISO 15022?" asks Brian Crabtree, director of market practice, standards and SWIFT, Global Transaction Services, Citi. "SWIFT's new 'MyStandards' tool is a significant help here, in terms of managing our internal usage of a standard, tracking changes and documenting our support for a standard back out to our clients."

The MyStandards website offers all of the relevant information on a SWIFT member's support of standards, however the member must choose to support the site.

Kennel says, "What has become apparent is that we can help in the way that people implement these standards and reduce the cost and heartache involved. By creating quite simple tools, including things like MyStandards, we can help people get much better value out of standards than we might have otherwise."

"It's got a lot of potential immediately for helping firms like Citi and in making our client interactions better," says Crabtree. "There's a big opportunity to expand on that going forward."

To learn more...

Up close and personal with Satoru Yamadera, Bank of Japan
Monday 29 October – 16:00-16:30

Up close and personal with Kevin Houstoun, Fix Protocol Limited
Wednesday 31 October – 15:15-15:45

Food for thought – Local characters in a global market: Messages that work for everyone
Thursday 01 November – 12:30-13:30

Business panel – The need for digitized data and XBRL
Thursday 01 November – 11:15 – 12:00

Meet the market practitioners
Wednesday 31 October – 17:00-18:00

Business panel: 'Why Securities Market Infrastructures are using ISO 20022
Tuesday 30 October – 14:00-14:45

Let's get practical: A customer's take on MyStandards
Tuesday 30 October – 16:00-17:00

Education session: MyStandards – What is it – and why should you care?
Tuesday 30 October – 11:15-11:45

Know your customer, … yourself and your competitor

Specialisation and collaboration will define the new transaction banking champions, says Stefan Dab, senior partner, The Boston Consulting Group (BCG).

More highly prized since post-crisis investment bank margins and volumes have been slashed, these are still tough times for transaction banks.

Regulation and stiffening competition are piling pressure on margins. Meanwhile, as per transaction revenues decline, more sophisticated customers are coming to their banks with great expectations.

Nowhere is the impact – and potential – of aggressive competition more evident than in mobile payments, new value propositions for which will be covered in Tuesday's session, 'Placing your bets on mobile payments', one of four at this year's Sibos to be introduced by BCG partners.

"On the one hand, mobilisation is giving rise to non-bank competitors aggressively vying to capture mobile transaction data and revenues," says BCG senior partner and managing director Stefan Dab. "On the other hand, it is providing banks with a means to serve the unbanked and a new way to engage customers."

> "Banks can no longer be everything to everybody."
>
> Stefan Dab, senior partner and managing director, The Boston Consulting Group

In fact, transaction banking remains stubbornly on banks' strategic agenda because it's profitable – and growing. BCG forecasts that it will generate close to US$750 billion in global revenues this year, with annual average growth of 10% through to 2020.

For one thing, it has significant structural advantages, not least as a relatively low-risk source of liquidity with moderate cyclicality in volumes and revenues and low capital consumption.

For another, it creates a route to other parts of the client's business. Amid widespread rationalisation of banking relationships, customers are choosing banks with significant transaction banking prowess. In a world where excelling in transactions will enable banks to become 'core', the value of transaction banking is far greater than the sum of the transactions themselves.

"In the 'new, new normal' of banking, being a customer's core bank is paramount to strong performance," says Dab.

Smart innovation

Would-be transaction banking champions will have to work harder for core status, says Dab. That will mean future-proofing their operating models by, for example, shifting operations from the front office to the back office, redesigning key processes end-to-end, optimising insourcing and outsourcing, and consolidating locations.

"In our bank conversations, optimal operating model is a hot topic," he says.

Running through future-proofed transaction banks, Dab will tell a session audience on Tuesday, will be smart innovation, focused not just on the product but across operations, processes and partnerships. A better handle on a bank's target client-group, for example, will enable it to generate new ways of pricing services based on the value brought to the customer.

Value to the customer will become all the more important as transaction banks determine their target segments – industries and geographies – according to their capabilities and infrastructure, he says. Some banks will specialise in serving industries with complex transaction needs; others will leverage their skillsets and platforms to serve similar industries across multiple regions.

Although the clients may be different, the need to focus on core competencies will be just as important in Brazil as it is in the US. "Banks can no longer be everything to everybody," says Dab.

Segmentation will require banks to recognise geographic and sectoral specificities. If they once believed they were part of a global industry, transaction banks are having to acknowledge the diversity of local structures, economies and behaviours. It is most obvious in retail banking, in market quirks such as Brazil's card penetration — the result of past hyperinflation – or the fact that German consumers are more likely to use debit cards than credit cards. In wholesale banking, client needs are often sector-driven, with similar needs shared across continents by, say, utilities or exporters.

Either way, a common theme across the industry is that transaction banks need to manage customer expectations better, not least as emerging markets create potentially billions of new customers and small- to medium-sized entities increasingly expect to trade globally.

"Banks need to know not only what customers want and expect but also what they are willing to pay for," says Dab.

Collaborating competitors

As banks recognise that they must pare down their focus to specific segments, expect to see a concomitant focus on collaboration between banks via a model that extends well beyond correspondent banking.

This is especially true for banks expanding globally, including in emerging markets – a theme explored in a Monday session. A German bank, for example, will look for a primary partner for its German clients in Asia, whether that is for mobile payments in India or trade finance elsewhere in the region.

Driven by specific needs, these new, technically complex partnerships will include some form of systems integration or at least connectivity.

"Success involves rethinking who's a competitor and who's a partner and aligning the partnership model with the bank's strategy," says Dab. "For banks striving to follow their clients overseas, partnerships with local banks are critical to providing access to domestic payment infrastructure and local market knowledge."

He adds: "Local market smarts is of increasing importance."

To learn more…

Building future-proof operating models in wholesale transaction banking
Tuesday 30 October – 16:00-17:00

Capturing emerging payments opportunities in rapidly developing economies
Monday 29 October – 16:00-17:00

Adapting to new global trade flows and to the rise of Asia in global commerce
Tuesday 30 October – 09:45-10:45

Placing your bets on mobile payments
Wednesday 31 October – 16:00-17:00

Around the world in 180 minutes

Three very different perspectives on current economic and financial trends are offered in this year's 'In Conversation' interviews.

The three 'In Conversation' sessions at Sibos 2012 offer delegates the chance to gain valuable insights from three influential figures in the fields of European, Gulf and global finance and economics.

The sessions are aimed at broadening our understanding of an increasingly complex and rapidly evolving financial world characterised by fast paced technological innovation and economic, financial and political change, as evidenced by crisis and contraction in Europe, tentative steps towards economic recovery in the US and financial growth and development in the Gulf.

This year's participants are Larry Hatheway, global chief economist and head of macro-strategy at UBS Investment Bank, Benoit Coeuré, member of the executive board of the European Central Bank and former deputy director general at the French Treasury, and Osama Al Rahma, managing director of the Dubai-based Al Fardan Exchange and chairman of Global Reach Portal Services.

"It is time to substitute the harsh medicine of austerity with a little palliative care."

Larry Hatheway, global chief economist, UBS

Harsh medicine

Hatheway will provide both a macro-economic overview of the causes and consequences of the euro-zone crisis and a global economic outlook. Last September, he published a research paper with two fellow UBS economists which put the cost of a euro break–up at 20% of GDP for remaining creditor states and 40% of GDP for exiting debtor states. Twelve months on, Hatheway believes Europe will find a way out of the current crisis, albeit emerging in a different form. "It is going to be a difficult transition with lots of setbacks along the way," he said. "The longer the misery continues, the more likely it is that a populist backlash will take place that could be utilised to take a country out of the euro-zone."

September saw widespread demonstrations in Greece, Spain, and Italy against the harsh and protracted realities of fiscal austerity measures and structural reforms which continue to drive up unemployment and stifle the conditions for growth.

Without concerted action by European leaders to make significant political and economic changes to promote economic recovery and preserve the euro and European political unity, the general consensus is the decline will worsen. "It is time to substitute the harsh medicine of austerity with a little palliative care," says Hatheway.

Against this backdrop of unrest, European Central Bank (ECB) president Mario Draghi announced a conditional bond purchase programme – dubbed outright monetary transactions (OMT) – designed to avert a Spanish default. Notwithstanding this positive development, Hatheway believes there are no short-term solutions to the severity of the problems facing the region.

"There are no particular policies or magic bullets to restore growth in countries undergoing adjustments, however steps can be taken which make it more likely that success will be achieved over the medium term."

The success or failure of the OMT programme will lie in the detail. Criticism has already been levelled at the proposals on grounds that the ECB, created for the purpose of promoting price stability, has overstepped its remit. Hatheway characterised the ECB's move as a step in the right direction albeit perhaps taken on the wrong foot. "The ECB is taking on a very peculiar and not a particularly appropriate role as a fiscal agent in proposing conditions which it would have a difficult time enforcing, it is putting itself into a bit of a policy cul-de-sac," he remarked.

ECB commitments in the form of a critical policy-setting meeting in early October prevented Sibos Issues from speaking to Benoit Coeuré. His session on Wednesday 31 October is intended to provide an extensive insight into recent developments and policy responses in the euro-zone area, to examine lessons that can be learnt on Europe's experience of financial integration and to consider the impact and effectiveness of selected international and financial market infrastructures initiatives.

In his domestic and European roles, Coeuré has played an important role in devising and implementing policies that preserve and protect the euro and European political and economic unity.

Creating strength

Al Fardan Exchange's Al Rahma will shift the focus of debate from Europe to the Gulf and examine the impact of technological advances on the development and range of remittance services in the Gulf region where migrant workers make up a significant proportion of the population in the UAE. "Rapid advances in technological capabilities drive customer expectation and demand. Financial institutions offering remittance services must overcome huge challenges to successfully meet the fast-paced rate of technological innovation whilst ensuring compliance with regulatory requirements and high standards of security," he said.

The Al Fardan Exchange has focused on developing relationships with strategic business partners to enhance technological expertise and to extend the range and quality of remittance services on offer and its coverage inside and outside the Gulf region while mitigating infrastructure costs associated with new technology. "We are joining hands to create strength," said Al Rahma.

While the precise details of his session are still under development at time of writing, Al Rahma is likely to provide insight into economic and financial growth in the region, looking at how the UAE has diversified and insulated itself from oil price fluctuations and how infrastructure investment has helped create conditions where economies are now exceeding annual growth forecasts.

He will also consider lessons to be learnt from the European crisis to strengthen economic success in the region. Using the example of the Dubai International Financial Centre's regulatory framework, Al Rahma will look at how the region is working to overcome legal and regulatory infrastructure challenges to attract considerable foreign investment and how commonalities between economies within the region help to drive its growth.

To learn more...

In Conversation with Larry Hatheway, Global Chief Economist, UBS
Tuesday 30 October – 14:00-15:00

In Conversation with Benoît Cœuré, Member of the Executive Board, European Central Bank
Wednesday 31 October – 14:00-15:00

In Conversation with Osama Al Rahma, Managing Director, Al Fardan Exchange
Thursday 01 November – 14:00-15:00

"Rapid advances in technological capabilities drive customer expectation and demand."

Osama Al Rahma, managing director, Al Fardan Exchange