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Robots to the rescue for payments fraud

By Alexandra Cain

Safety has retreated as a concern for payment providers thanks to the emergence of robotic and artificial intelligence (AI) tools in the payments space.

This was Clara Shi's major message during the day one payments session at Sibos. She is the senior MD, head of financial institution strategic partnership department, international business group, with Ant Financial.

"Safety is not a major concern for transactions because they are safe thanks to AI," she said.

Shi said at Ant Financial, for every $1 million transacted, less than $1 is lost to fraud, and overall, fraud in China is extremely low.

Panellists debated whether real-time payments are causing headaches from a security perspective. But Jennifer Boussuge, Bank of America Merrill Lynch's treasury fulfilment, service and operations executive, argued banks have been addressing this for many years, with technology now focused on identifying changes in the pattern of transactions and customer payments as they happen.

"Being able to process data upfront with AI and robotics keeps us ahead of the fraud community," she said.

Philippe Henry, HSBC's global head of corporate, financials and multinationals banking, told the audience the bank had invested $2.3 billion to protect its systems through tools such as touch ID and face ID.

Collaboration was also a focus and Shi explained Ant Financial launched nine digital payment wallets across Asia Pacific, and works alongside local providers.

How different partners in financial services work together was a theme the panellists explored in depth, especially the connection between incumbents and the many fintechs working on solutions in payments.

> "Safety is not a major concern for transactions because they are safe thanks to AI"

Boussuge pointed to the "API-sation" of the industry and how necessary it is for fintechs and banks to work together in light of this. The question is who owns the data.

"Fintechs are running on banks' rails. If we partner with fintechs or vendors, we own the customer data and we don't allow fintechs access to it. But clients ultimately own this information and they can choose if they want to make it available to a third party," she said.

Overall, Henry said there needs to be a philosophical change from viewing banking as a product to Banking-as-a-Service.

"If FIs only moved at glacial speeds then that would be an improvement."

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JP Morgan Chase muscles into Silicon Valley with new fintech campus

By Tanya Andreasyan

JP Morgan Chase is building a new "fintech campus" in California's Silicon Valley for more than 1,000 employees.

It will feature "a modern workplace design" and "state-of-the-art technology", according to the bank.

The new campus will mainly house the staff of the bank's Chase Merchant Services division (the second largest US processor of card payments for merchants) and will open in Palo Alto in 2020.

It will also accommodate WePay, a paytech start-up bought by JP Morgan last year (at present, WePay is based in Redwood City, California). It currently has around

275 employees, but Bill Clerico, WePay's co-founder, has indicated that the firm will make hundreds of new hires for the jobs at the "fintech campus".

At its annual conference in early 2018, JP Morgan emphasised its digital products strategy, particularly in payments, as it believes handling more consumer and business payments will rope in more deposits and loans.

Matt Kane, CEO of JP Morgan's merchant services division, says the bank is keen to attract local tech talent and is prepared to pay the high costs of operating in Silicon Valley. The campus will complement the bank's paytech centres in Texas and Florida.

On a broader tech scale, JP Morgan employs around 50,000 people for various IT jobs. This year's budget for the division is $10.8 billion (up from $9.5 billion in 2017), with $5 billion set aside for new investments.

Finastra targets smaller banks with cloud-based paytech

By Tanya Andreasyan

Banking tech vendor Finastra has unveiled its instant payments offering in the cloud for small and mid-sized banks – Fusion Global Payplus.

Based on the Microsoft Azure cloud, this packaged solution will be generally available in Q2 2019.

According to Finastra, it will enable central updates, ensuring all users benefit from the latest changes or new product functionalities immediately, including Swift and clearing scheme updates.

"Banks will be able to get up and running in just a few months with standardised pricing and onboarding processes in this Software-as-a-Serivce (SaaS) model, the vendor says.

"This will provide a clear, future-proof cost structure and flexibility in a market where volumes are currently hard to predict."

Fusion Global Payplus will enable small and mid-sized banks "to step up to the plate and really compete", notes Sagive Greenspan, SVP and GM, payments at Finastra.

"Where the largest banks would likely prefer our private cloud solution, small and mid-sized banks crave cost-effective packaged solutions which are quick to deploy and avoid legacy platform complications, but still deliver a state-of-the-art product," Greenspan continues.

Finastra also emphasises that Fusion Global Payplus users

will benefit from the vendor's "open innovation vision" and the FusionFabric.cloud ecosystem.

"As the company continues to open its architecture for third parties to develop upon, it is committed to developing open APIs for this solution," Finastra states.

"This will enable banks to draw on third party services, including compliance, anti-money laundering (AML), and fraud, to round out their payments offerings."

The DLT effect on emerging markets

By Alexandra Cain

The potential for distributed ledger technologies (DLT) to cement robust financial markets infrastructure was a central theme during the day one Sibos session that explored the difference between developing and emerging markets' approach to new technologies.

Moderator Chris Hamilton from payments clearing house BankservAfrica opened by asking whether it's useful to make a distinction between emerging and developed markets when exploring their relative levels of sophistication.

"There's no way of telling just because a country is developing or emerging what the level of sophistication is," he said.

Hamilton used China as an example. Ostensibly an emerging market, it has the most seamless consumer payment experience in the world, even though it does not have fully-developed financial markets infrastructure.

Demonstrating developed markets are not necessarily ahead of emerging markets, panellist Sebastien Kraenzlin, head of banking operations for the Swiss National Bank, noted Switzerland is behind the curve when it comes to mobile payments.

Conversely, panellist Breno Lobo, Banco Central do Brasil adviser, said despite the systemic problems in the financial system including high levels of fraud, Brazil is pursuing new technologies.

"Low income people may not have cash, but they have phones, so it should be easier for them to use mobile devices to make payments," he said.

Talking about the Russian experience, Maria Krasnova, deputy chairman of the executive board of the National Settlement Depository, noted the country's security system is only 30 years old and fully electronic. This makes it easier to make changes to the system, which may not be the case for developed markets with extensive legacy systems.

"The market is small and fully digitised, which allows changes to be made without unacceptable risk," she said.

Risk management was a theme of the session and Walter Verbeke, global head of business model and innovation with Euroclear SA/NV, raised the idea of using DLT to create a more stable financial system. "A common ledger is important for the overall strength of the ecosystem," he argued.

The appropriate use of DLT-based tools such as cryptocurrencies was a controversial idea. Lobo said he didn't think crypto would be better than the current system.

"We're not sure about the security aspects, we'd rather build a system to transfer money with mobile devices," he said.

Kraenzlin noted it will transform the role of central banks if they start to issue cryptocurrencies. They would move from only having a relationship only with financial institutions to having a direct link to consumers. This would have anti-money laundering (AML) implications and potentially introduce financial stability risks. It also raises questions such as whether tokens would earn interest.

Nevertheless, Verbeke noted DLT has inherent efficiencies and its appropriate future use in financial markets will require collaboration between central banks as well as financial institutions. "It's all about taking strategic steps and finding the right use case to unplug things in legacy systems," he said.

Concluding, Hamilton noted nations only have the luxury of considering this issue if they have a fully functioning financial system.

"All countries are really developing and need to explore new technologies, but the focus should be on solving real world problems," he said.

Swift fights fraud with Payments Controls solution

By Henry Vilar

Swift has unveiled Payment Controls, a new in-network solution to combat fraudulent payments.

This move is part of Swift's Customer Security Programme (CSP), a community initiative launched in 2016 aimed at increasing security and trust across the financial community around the world.

Luc Meurant, CMO at Swift, says: "The growing threat of cyberattacks has never been more pressing, and banks need to be able to verify the integrity of payments in real time."

Payment Controls aims to help payment operations teams mitigate fraud risk through its alerting and reporting capabilities. The service may flag, hold, release or reject high-risk or uncharacteristic payments, adjustable to the business' needs.

The service, hosted in the Swift cloud, will initially cater for smaller financial institutions, and requires no hardware or software installation or maintenance.

"Putting the right security tools in place is vital for any bank in mitigating payment fraud risk," comments Mark McNulty, global clearing and FI payments head, at Citi, one of Swift's clients. "For banks, it screens transactions in-flight and flags, holds or rejects transactions based on risk policies – ultimately protecting their operations, fighting cybercrime and making the community safer for everyone."

The firm says this new service will bolster its own global payments innovation (gpi), its new standard in cross-border payments.

As part of gpi, and to further strengthen customer defences, Swift will introduce a new capability that will enable banks to immediately stop and recall a payment anywhere in the chain.

Swift says the new feature will provide another barrier against fraud.

ING releases Zero-Knowledge Set Membership blockchain solution

By Tanya Andreasyan

ING Bank has announced the release of its Zero-Knowledge Set Membership (ZKSM) solution, which the bank says, marks its "further development of the Zero-Knowledge Range Proof (ZKRP), that empowers clients by improving privacy in a distributed ledger technology (DLT) environment".

ZKRP enables numeric data to be validated with a specific number range – for example, a mortgage applicant could prove that their salary sits within a certain range without revealing the exact figure. The "breakthrough" technology of ZKSM allows for alphanumeric data to be validated within a specified set, ING explains.

"This opens up a whole new range of applications which can protect data privacy on the blockchain," it states.

Furthering the ZKRP capability, ZKSM can prove dimensions such as geographic positioning making it faster and more cost-efficient. As an example, in a know your customer (KYC) check, a user can be validated to be part of a group – an EU citizen – without disclosing the exact country that he/she lives in. If the data set formed includes all countries in the EU and if the private information given is the country of residence of a user, the user can prove that he/she is an EU citizen.

"DLT presents a huge opportunity to increase efficiency and simplicity both for financial services and clients who have dealings with financial institutions," ING believes.

One of the major challenges in implementing new DLT is protecting private information on a public ledger, where changes must be verified by each participant in the network.

Annerie Vreugdenhil, head of wholesale banking innovation at ING, says ZKSM – "a ground-breaking solution" – is now ready to be implemented and tested. "Some of the best minds in the industry" have been working on this initiative, she adds.

ZKSM is being launched as an open source. This enables external developers to access and further adapt the solution, encouraging the industry to pool its wider expertise to evolve the technology to meet industry demand.

AI efficiency is just clever laziness

By Henry Vilar

Sibos kicked off the first day hosting a panel about artificial intelligence (AI), which naturally was filled with jokes about Skynet and the robot uprising. Speakers just can't resist themselves, can they? Despite this, the three panellists reiterated the impossibility of a sentient, free thinking AI with the current computing power in the world.

However, the main point of this panel was slightly different to what we see in every other talk about AI: the economy of labour. Tomer Garzberg, CEO and founder at Gronade, said that the way we work is broken.

He just seems to be one of the many who believe that increasing operational efficiencies is the most achievable milestone, as proved in the audience survey that the panel held right there and then. Increasing the business pipeline in new markets, as well as enhancing insights and the pipeline in current ones, were relegated to a very small minority of the audience's prospects.

In the coming years, AI will displace 75 million jobs. This may sound like a tragedy,

but on the flipside, it will also create 135 million new ones – one of the little facts that go unnoticed around the topic.

But from a more practical perspective, AI can help us rethink what we dedicate our time towards. At an enterprise level, lots of time and resources are invested into areas that can be simplified by the magic of automation. Where to start in the quest for automation? Garzberg said that the low-hanging fruits are always the safest investments, where businesses "bleed" the most.

These usually come in the form labour efficiency and cost of service. But the number of applications for AI is increasing by the minute. Garzberg talked about the very plausible scenario where tech can spot the customers that are being underserved and are most likely to start leaving your business and address it "before they even know they want to leave".

Ramneek Gupta, MD at Citi Ventures, pointed out that machine learning (ML) and pure AI work at diametrical points of a spectrum, where ML, unlike AI, requires a lot of computing power, but is not able to create a conceptual model of the world from which it can learn from.

The latter, however, requires a lot of practical and contextual data. Ralph Achkar, MD at State Street, explained that clearing, cleaning and processing data will be key if we want AI to keep developing to newer more intricate forms of cognitive computer processing. "It will be the new blue-collar jobs," highlighted Garzberg.

Pelican

Succeeding in the AI economy: An interview with Parth Desai

For over twenty years, Pelican has pioneered the application of AI technology to enhance, streamline and secure the payments life-cycle and combat financial crime. We sit down with Founder and CEO *Parth Desai* to discuss the challenges facing banks today.

Banking Technology: As you know, the theme of Sibos 2018 is 'Enabling the Digital Economy'. What do you see as the most significant trends and technologies that the banking sector needs to embrace to ensure successful digital transformation?

Parth Desai: It is without a doubt that Artificial Intelligence is the primary enabling technology that the industry needs to embrace to successfully reappraise and transform their business models for today's real-time economy. The unique capabilities of AI disciplines will be at the core of solutions to many of the challenges we face, from financial crime prevention to product innovation and truly personalised customer engagement.

BT: How do you see banks deploying AI solutions to remain competitive with increased competition from new market entrants?

PD: AI gives banks unprecedented ability to leverage to their advantage the historic and real-time transactional data they hold about their customers. This is significant in two major areas for the industry. Firstly, AI will continue to be used to enable process automation for improved business efficiency and cost reduction.

AI disciplines such as machine learning and natural language processing provide powerful tools that can be deployed to analyse information within transactions and reason over large data sets, providing real customer insight and understanding.

This unique insight is essential to detect unusual patterns of behaviour to combat payments fraud, a 'real time forensics' capability that is far beyond the detective capacities of human operators.

The second, and arguably more exciting way organisations are utilising AI, is to gain competitive advantage through enhanced customer experience. AI technologies enable the extensive customer data sets that banks hold to be transformed into actionable business insight and intelligence.


Parth Desai, Founder & CEO of Pelican

With AI, banks can obtain what I call 'customer cognisance' - that is, the ability to reason over data and to truly understand the needs of customers. AI then provides banks with the ability to translate this customer data into meaningful, enhancing and hyper-personalised services and benefits to customers in ways that will clearly differentiate them from their competitors.

For example, customer-centric services that involve voice recognition, natural language processing, machine learning and rule-based heuristic processing combined, can achieve powerful contextual understanding and proactively help both consumers and businesses achieve their objectives.

BT: What do you see as the main changes that AI will cause to the banking industry?

PD: One of the main and most visible changes will be the different ways banks will be able to communicate and engage with their customers. Through AI, banks will be able to engage with customers across the wide range of intelligent platforms and ambient devices consumers and businesses increasingly rely on, utilising voice and other emerging interfaces. Indeed several forward-thinking banks already support the mainstream voice platforms from Amazon, Google and Apple, to provide account balance enquiry and transaction initiation services for customers.

Perhaps less visible, will be the growing adoption of AI to combat the threats of financial crime, including payments fraud and trade-based money laundering. In financial crime compliance, machine learning and natural language processing can deliver dramatic reductions in false positives through AI self-learning capabilities.

BT: How would you summarise the top three positive effects of AI on the banking industry?

PD: Firstly, AI will continue to be used as a 'nice-to-have' tool to increase processing efficiency and ensure the security of payments. Secondly, AI is a 'must-have' technology in order to enhance the customer experience and increase customer loyalty through leveraging historic data to truly understand the behaviour and needs of customers. Finally, and perhaps most fundamentally, AI will enable banks to engage with and help their customers in a genuinely personalised manner, across a wide range of ambient interfaces. It is truly an exciting time for banks!

OPINION | DAILY NEWS AT SIBOS

A real indication

Richard Buckle, founder and CEO of Pyalla Technologies, looks at how banks can not only catch up with fintechs but to some extent overwhelm the less mature entities – all thanks to distributed ledger technology.

An opportunity came up for me recently to drive to Dallas, Texas, to listen to an afternoon presentation by Jimmy Treybig, a Texan venture capitalist, and an advisor at New Enterprise Associates.

Treybig is probably better known to the financial industry not so much as an investor but as a founder of Tandem Computers, the company that brought fault tolerant computers to the marketplace. In many respects, Treybig has seen fault tolerant computing turn full circle. He left HP in the early 1970s in order to bring his invention to market. In the late 1990s Compaq purchased Tandem Computers, and then shortly there after Compaq merged with HP, resulting in the company Treybig founded now being under the wing of HPE, the enterprise part of the now split HP he had left all these years ago.

His presentation, "The Future of the Enterprise Market, A Venture Capitalist's View" proved to be full of nostalgic references to the past even as it looked ahead to the speed and diversity of new technology companies coming into the marketplace; "what could your new venture achieve with $1 billion of funding!"

HPE has discovered two very important and very tangible benefits from owning Tandem Computers, now rebadged as NonStop Systems – a "blue ribbon" customer list that includes many tier one financial institutions and yes, a platform that is the target of its own latest technology initiative.

HPE invested in NonStop following the merger with Compaq and looking at what HPE has accomplished over the past three years, these investments have led to NonStop being ported to the Intel x86 architecture, made its NonStop SQL to be Oracle compatible (driven by HPE's own needs to move much of their mission critical databases from Oracle to NonStop), leveraged virtualisation as NonStop stepped up to run as virtualised workloads on virtual machines including VMware, and yes, populated a number of private clouds where fault tolerance was a must-have.

Leisurely

For as many years as I have been associated with financial institutions, I have to attest to the fact that change happens slowly there. Recently, at another conference, one IT executive noted that if financial institutions only moved at glacial speeds then that would be an improvement over what has been witnessed for the past couple of decades. However this isn't necessarily bad news. We have seen the rapid rise of fintechs even as we are just beginning to see mounting push back from big banks and other financial institutions. There is a growing sense of awareness too that banks aren't going to be left out of the game just as fintechs, succeeding in winning large customer populations, are taking on the form if not the essence of banks. Not forgetting too that banks are increasingly upping their financial support for some of the better-known fintechs.

> "If financial institutions only moved at glacial speeds then that would be an improvement."

The rising

In a February 2018 article published in American Banker, "Fintechs see their profile rise, with banks playing a large part" this apparent early-phase morphing of banks and fintechs hasn't gone unnoticed.

In case you missed reading this article, it references a recent KMPG report "Pulse of Fintech" that was published the week before, where "US fintech investment reached $5.8 billion in the fourth quarter, the third straight quarter that figure increased. While venture capital funding remains significant, the strong uptick in the number of fintech investment deals during 2017 can be attributed to financial institutions prioritising digital innovation," said Anthony Rjeily, digital and fintech practice leader for KPMG.

However, KPMG's Rjeily then added: "Right now there's a high level of interest on both sides when it comes to the marriage of fintech and banks ... Both sides bring value propositions that are very complementary: fintechs bring an innovation culture, new business models and new methodologies that banks struggle with due to legacy infrastructure. On the flip side, banks have the consumer trust and distribution channels that many fintechs lack."

With so much discussion among financial institutions concerning hybrid IT, reports such as these do throw a slightly different light on the topic of hybrids as it is my expectation that there will be a strong and vital hybrid banking and fintech world about to overtake us all. And that shouldn't be viewed as a bad thing but rather a natural outcome from the push coming from our end users ever-watchful about their "customer experience", and a reference to how important this is to everyone else further up the financial food-chain.

It is also in this article at America Banker that you will come across the quote by Luis Valdich, managing director of venture investing at Citi Ventures. "You're seeing more partnerships," said Valdich, "because there is more interest on both sides in collaborating, and bringing two different sets of values to the table."

History tells us

To date I have posted numerous times to various LinkedIn groups on this topic to mixed receptions. There are the purists in support of fintechs who strongly argue that their approach is a major paradigm shift in thinking whereas banks, even as they pick up the pace and embrace technology at glacial speeds, cannot be viewed as being even on the same playing field. And yet, history tells us that when hybrids form, they are only transitional as we blend the old with the new and what comes out of the process is a completely new entity. So it is with IT – we are on a path that as it transitions through hybrid ››

IT suggests that at some point, we will have a revitalised IT landscape of dare I say, not too dissimilar to service bureaus and time-sharing organisations. Yes, we have been there before, the only difference being the technology is so much better and more flexible and the cost is way down when compared to previous implementations.

Which begs the question that Treybig posed at this conference in Dallas, when it comes to what any fintech would do with an additional $1 billion of capital? Well, it more than likely would become a bank – or, at the very least, be able to buy a bank!

Lurking

However, there is another technology disruptor lurking out there that has the potential to let banks not only catch up with fintechs but to some extent, holds the promise of overwhelming the less mature entities. And that is blockchain – not so much cryptocurrency as the underlying distributed ledger technology (DLT).

I know fintechs are already knee-deep in leveraging DLTs for their own use but when banks step in with their customer base, offering services that mitigate any need for intermediaries of any kind, then the game may take another big change in direction. If banks today are looking over their shoulder and watching fintechs, could there be a potential for fintechs having to look over their shoulders at entirely new challenges – maybe I want to become a bank! Perhaps I should return to my own whiteboard and sketch a few lines. Not by myself but in cooperation with some other like-minded individuals where between us, we meet the levels of trust you would expect banks and fintechs to provide!

I seriously doubt that this is going to happen in the short term and there will be many regulatory agencies horrified by the thought! But it is into this market that HPE has elected to drop a deep port of the R3 Corda onto its NonStop systems. Yes, whereas once the cycle began with Tandem Computers supporting the world's ATM and POS networks, the modern NonStop Systems are revisiting the cycle with an offering to support the world's blockchain users. Blockchain is being viewed by HPE as that important that they have created a new business unit headed by Raphael Davison. Formally unveiled in November 2017, at HPE Discover in Madrid, news about this programme first surfaced at a NonStop partner event earlier in the year.

According to this announcement by HPE, "Mission Critical Distributed Ledger Technology (MCDLT) is a solution that enables customers to run distributed ledger workloads on the highest availability enterprise platforms. The solution is offered on HPE Integrity NonStop platforms, which process two out of every three credit card transactions in the world. It was developed in partnership with enterprise software firm R3, integrating the company's DLT with HPE's mission critical platform."

HPE then quotes Davison, who said: "Enterprises interested in blockchain are realising that public cloud alone does not always meet their non-functional requirements … As they look to scale, they recognise that, for mission-critical processes, on-premise infrastructure must be part of the mix of traditional IT, private and public cloud that's needed to meet the requirements of enterprise-grade blockchain workloads."

Dallas, Texas

My presence in Dallas led me to sit-in on a presentation by OmniPayments VP, Jessica Nieves. While OmniPayments provides payments solutions for multiple financial institutions, including one of the largest banks in the US that routinely processes a billion ATM and POS transactions per month, it has been at the request of a South American financial institution with four million card holders that OmniPayments has taken up the HPE solution for blockchain.

"As we dug deeper into the customer requirements it became clear to us that this was a text-book case for implementing know your customer (KYC) along with anti-money laundering (AML) that begged for an MCDLT solution. As long time partners of HPE and familiar with NonStop Systems it ››

was only natural for OmniPayments to turn to this new product offering to better address the customer needs," she said.

The response from the audience was telling – suddenly, blockchain jumped from the whiteboard to take centre stage in the discussions that followed.

In addressing the enterprise community, HPE has articulated a vision for its push into blockchain as being beneficial to those enterprises looking to overhaul their supply chain management as well as to those banks looking to tighten their security. When it comes to security, there are many considerations to be made but in this case, the definition of security has been extended to protecting financial institutions from abuse by undocumented parties.

The fallout from failing to properly identify these parties can carry enormous cost and in June 2018 it was made public that the Commonwealth Bank of Australia (CBA) was fined AU$700 million ($518 million) because it had failed to report anonymous usage of machines capable of accepting as much as AU$20,000 ($14,100).

The unicorn

Clearly, whether you are a bank or a fintech, erring in this manner would be hard to recover from and yet, with blockchain, once proof of identity is acknowledged – in this case, via a notary service that is an integral part of the MCDLT implementation – it is there to see for all parties involved in any financial transaction on the peer-to-peer network accessed. No further questions required and no additional processing needed.

At one point in Treybig's presentation he showed a slide of an old draft horse wearing a party cap under the caption, "Someday I will be a unicorn!" There will be many attempts to bring legacy platforms into the new world of hybrid IT with varying degrees of success. Or otherwise!

HPE's investment in NonStop following the merger with Compaq gave little indication that in just a few years NonStop systems would be anchoring the Mission Critical Systems group with fault-tolerant, scalable systems that would land the plum technology option to support MCDLT. And yet, that is exactly what has transpired. In a subsequent conversation with Treybig, I mentioned to him that HPE had elected to deliver blockchain on NonStop first and he asked me for a link to the press release, which I duly emailed him. There was no surprise to see the raised eyebrow even as I could detect a twinkle in his eye – forty years after leaving HP, his architecture for fault tolerant computing not only had survived but had been elevated to where it was selected to play a premier role with financial institutions.

> "Banks and fintechs may become one and the same."

At one

Banks and fintechs may become one and the same even as I might become a financial powerhouse with just a few more lines on my whiteboard. Of course, that will not likely happen but the prospect hangs out there even as I type. The real issue is not one versus the other or whether access to a billion dollars can change the playing field. Similarly, hybrid IT will continue to evolve as we embrace combinations of clouds and edge products until they too become one. HPE has given us a glimpse of their hand as it builds out platforms that are already entrenched in most of the world's biggest financial institutions and with its NonStop platform has given us a glimpse of how to build out applications on disruptive technologies like blockchain / MCDLT.

One final observation that was common to both Treybig's presentation and Nieves' one – listen to your customers. We continue to live in a world where it's our customers who determine the pace of technology innovation and without their input we could be shunted out of the game. And there's not a financial institution in the world that would want to see this happen when all around it architectures, frameworks and solutions to better position them for the future are so tantalisingly close. Who could possibly wish for anything less and yes, I am out there looking for a bigger whiteboard! ***DNS***

SOCIETE GENERALE

Blockchain: Technological genius or marketing concept?

Alain Rocher, Head of Knowledge Management, Societe Generale Securities Services

Clearly, blockchain and more widely, distributed ledger technology (DLT) still has plenty of wind in its sails. Billed from the outset as disruptive, it has promised to revolutionise the old-fashioned centralised applications in a cost effective and efficient manner. The view is that trusted third parties and other now ineffective intermediaries will be consigned to the scrap heap but is this enthusiasm truly justified, asks Alain Rocher, Head of knowledge management at Societe Generale Securities Services.

Before answering the question, Rocher believes it is important to examine how blockchain has emerged and not just from a technical perspective. Originally the technology was designed for only one reason: to be an IT platform for exchanging and keeping the unconventional asset of bitcoin cryptocurrency. It is produced by "mining", similar to certain raw materials, meaning that there is no designated issuer able to assume the traditional tasks and responsibilities.

The technology did not serve this purpose which left only one solution: "Spreading the issuer's responsibility by distributing it throughout the community of participants, namely investors in bitcoins," says Rocher. "This is doubtless where the true genius lies in the public blockchain – it's very disruptive aspect. It was the very first technology able to uniformly distribute responsibility for recording data throughout the community of participants who are then all deemed to have the same rights in a *peer-to-peer* system."

The downside is that when everyone is responsible this actually means that no one is actually accountable which makes it difficult or even impossible in some cases, for a regulator to identify any liabilities should an incident arise or if the platform malfunctions.

It is therefore only natural to ask whether it is relevant to extend this technology to conventional financial assets where issuers are supposed to retain responsibility over their issuance registers, according to Rocher. This is because it is far easier to remove intermediaries for securities created by an issuer. In fact, this already exists for so-called registered securities (ones that continue to be held directly by the issuer).

Attempting to have issuers and investors coexist side by side within the same blockchain would mean having to assign different rights to these two categories of participants and more generally implementing blockchain platform governance. However, the strictly controlled access and permissions would transform them into private blockchains while the governance would be based on a central operator tasked with the technical administration work. With due respect to size this role is already undertaken, for example, by the European Central Bank (ECB) for Target2-Securities (T2S), the European securities settlement engine which offers centralised delivery-versus payment settlement.

"If we add to this the fact that these private blockchains need generally to interface with systems up and down the line, we can legitimately query what they truly share with the public and very tightly closed bitcoin blockchain," says Rocher. "It is therefore easy to understand why private blockchains are in practice far more diverse and far less disruptive than public blockchains."

Given public blockchain's origins as a custom made platform to allow exchanging and holding bitcoins in the absence of any issuer and trusted third party, it remains highly suited to peer-to-peer type issues as well as managing other cryptocurrencies. Due to their adaptability, private blockchains are able to address other kinds of situations, especially when the participants may have different rights but they no longer necessarily appear to be the only or even the best solution.

"As a result, we feel it essential, in a rigorous and not just purely marketing based approach, to properly understand the advantages and the drawbacks of a private blockchain in relation to the other possible technologies," concludes Rocher. ***DNS***

Alpha-bets: G-L

In the second part of our new feature, we have a quick look at fintech firms that are worth keeping an eye on. This article focuses on four names within the G-L letter range. *Henry Vilar*, reporter at *FinTech Futures*, explains his rationale.

HEWLETT PACKARD ENTERPRISE

Back in June, during the AI Summit in London, we met the team at Hewlett Packard Enterprise (HPE), who told us about how excited they were to bring Nvidia to the fore of artificial intelligence (AI).

Nvidia has seen a radical shift towards AI applications, since it realised that graphical processing units (GPUs), which they manufacture and invented in 1999, are much more efficient at the parallel processing required in AI than CPUs, which excel at sequential ones.

"Up to ten times more efficient," said John Harding, from Nvidia, who was accompanying the HPE team, as a result of the partnership for its AI platform Apollo.

Throughout the year, we have seen Hewlett Packard Enterprise making promises about supercomputers and data centres.

Sibos should be the time we see the company start to deliver on the potential power of its Apollo solution and scalability of applications, all delivered with the efficiency of GPUs, and Nvidia's jump outside of the gaming industry.

HSBC

HSBC is a big bank, with big numbers and big technologies. Even more relevant is the fact that just in June, HSBC promised to invest over $15 billion in new technologies.

That is a lot of zeroes, in case you are wondering, probably representing one of the biggest investments in tech for in-house use in the past few years. This investment targets growth, and it follows a series of restructurings in the business worldwide.

Like many others, it wants to tap into the China-led Belt and Road Initiative and the "transition to a low carbon economy".

Other stuff will see investment in digital capabilities and future skills, and look for partnerships. The US seems to be a big focus too, with the bank intending to "turn around" its business there.

And it certainly is already hitting the ground, deploying Softbank's Pepper robot for retail banking in the US; and gearing up for the launch of its new digital bank in the UK, focused on SMEs.

With incursions in blockchain, facial recognition, payments, its mobile app, and other fancy tech, HSBC wants to jump back to the fore of the industry. Sibos might just be the place to do so with a bang.

IDENTITII

One of the big issues that blockchain technology has is its inability to integrate with other systems, in many cases making practical use cases isolated from the rest of the systems.

Identitii combines design, encryption, and distributed ledger technology (DLT) to provide security to information being transferred across a network. This use of blockchain, although only partial, has the ability to plug into other data bases and "enrich payment messages with detailed information about actors and purpose".

This technology allows banks to move away from customer level information to detailed information about each transaction.

In these current times, plagued with cybersecurity breaches, an improvement in the data quality in each transaction, plus the arrival of the portended blockchain, make up for the perfect combination in the right direction to fend off fraudulent practices.

LLOYDS BANK

Now, I can understand why this pick may shock many readers. Lloyds Bank, in the UK, doesn't have an established reputation for being one of the spearheads of modern banking, and is certainly not making headlines for being able to fight the waves of innovation coming from the challengers.

Recently, Lloyds has been in the news for announcing major job cuts. And repeatedly. We saw examples last year, and then a couple of times throughout 2018.

This is the result of a £3 billion investment in digital and state-of-the-art tech, as well as to prepare its systems for PSD2.

Lloyds is one of those looking to adapt and is aiming to slash costs to less than £8 billion by 2020. To give you a comparison, analysts at Autonomous Research estimate that Deutsche Bank spends about $4.1 billion a year on information technology, while for JP Morgan Chase it's around $7.4 billion annually.

All this comes on top of an unfortunate string of IT crashes and failures. The mobile and online systems, as well as the payment network, have experienced crashes repeatedly during the past couple of years, and for a bank that wants to make a point out of its new and modern IT infrastructure, Sibos would be a great place to start anew.

Henry Vilar, @henrynotborja

Trade finance for corporates is getting a major upgrade

Backed by eight major banks, with the potential to unleash $1 trillion in trade, the Voltron project is being heralded as a major leap forward for the trade finance process. As blockchain for business moves into production, corporates must now make the decision whether to be a leader or a follower.

R3's Aaron Seabrook explores how blockchain is simplifying letters of credit and outlines how Voltron is set to revolutionise trade finance, delivering an open industry platform for letters or credit, enabling exchange documents and value across an open network.

Letters of credit are changing for the first time in centuries. This presents wide-ranging implications for the businesses that use them: shorter settlement times, instant discrepancy resolution, simplified sanctions screening. Firms must make the strategic choice now to lead the innovation or follow the crowd and risk being left behind.

Every growing global business needs finance. In 2017 alone, USD $15.5 trillion of merchandise exports were transported around the world across sea, air, rail and road, and as much as 80% of this global trade required financing.

Traditional technology required corporates to log into multiple portals, and juggle relationships and documentation for each shipment. Despite this complexity, cumbersome and time-consuming paper-based processes are still commonplace.

Many in the industry were convinced that digitisation would be a silver bullet for some of the major challenges in trade financing. However, each party still maintains its own proprietary source of information, and so digital documentation needs to be checked and re-entered at every step of the process. Trade finance is inherently decentralised and trying to force centralised architecture upon it is akin to trying to fit a square peg into a round hole.

This is where blockchain comes in.

Blockchain: a gamechanger for trade finance

In February 2018, R3's blockchain platform, Corda, was used to issue a letter of credit on behalf of US food and agriculture firm Cargill, facilitating a bulk shipment of soybean meal from Argentina to Malaysia.


Aaron Seabrook, R3

The blockchain-based transaction was performed in 24 hours. This is an enormous leap in efficiency over the usual five-to-ten days it takes to complete such exchanges through existing systems.

It demonstrated that blockchain could create a streamlined system for letters of credit. Blockchain-based LCs are building a future where each business has a single channel to connect to their trading partners across multiple networks and different technology solutions.

The need for reconciliation of paper or digital records is completely removed by Corda because all parties are linked on the platform and updates are instantaneous.

With Corda, privacy is locked in. Unlike public blockchain platforms, Corda only sends data to those who have a "need to know". This unique feature emerged from the requirements of financial institutions which need to ensure the confidentiality of trades and agreements while also capturing the benefits of a shared distributed ledger infrastructure.

Building upon the live transaction with Cargill, the Voltron initiative has now launched open industry platform, corporate customer pilot programme and technology partner programme on the Corda Network. The ecosystem of partners connected to the Voltron app on Corda continues to grow, and we are rapidly moving ahead with taking the solution to market.

Don't be left behind

The emergence of blockchain technology is a watershed moment for trade finance, offering an innovative solution uniquely equipped to tackle the nuances and complexities of the industry.

Why should corporates care?

It's simple. Blockchain can reduce inefficiencies in trade and supply chains enabling faster verification and reconciliation of records, and the mutualisation of costs to automate trade finance workflows through smart contracts.

R3's Corda has been leading the pack in trade finance since its inception and we firmly believe that this technology will ultimately make trade finance more inclusive and available to businesses of all sizes and in all regions. Firms must act now to embrace this once in a generation opportunity to lead the trade finance blockchain revolution.

Welcome to the future of trade finance. Be part of it. ***DNS***

Aaron Seabrook, R3,
Voltron@R3.com

COMMENT | DAILY NEWS AT SIBOS

Fresh is best, mate

If you're new to the whole Sibos experience, *Henry Vilar*, reporter at *FinTech Futures*, has something to share.

My first Sibos was last year's, in Toronto. I will paint you the picture: a 23-year-old kid, fresh out of university and tossed into the corporate world, aimlessly wandering the halls of the exhibition centre wearing a Primark suit and with not enough grey hair to be taken seriously.

Sibos is big. Very big. For many, particularly those new on the frontline, this translates to intimidating. I feel that this kid has come a long way since, particularly at navigating events like these. Granted you won't get to meet everybody, or get to know every company attending, but there's a lot you can do to get you halfway there. Here's my beginner's guide to not looking like a wombat at a dingo party.

Pick your areas

In the words of Benjamin Franklin, by failing to prepare, you are preparing to fail. Do your homework – it is worth spending a couple of hours checking out who's talking and what the main trends are. It is very awkward to hear a bunch of suits talk about how exciting the latest talk on Malaysian mobile banking was, which happened while you were listening to a start-up's marketing manager stutter their way through a script.

"Here's my beginner's guide to not looking like a wombat at a dingo party."

Last year, since the event was in the Americas, there was a lot of chat from companies turning their eyes to the Spanish-speaking half of the New World. Particularly since South American fintechs started to break through in the industry in the past couple of years. Due to the proximity and timing, it happened to be the first time we saw them in action – and the people that went to the talks about this topic all left with a new perspective in the industry.

This year, Sibos is in Australia – oh, the excitement. There has been plenty of talk about Australian banks, and APAC has always been an active region. However, the rise of challenger banks in the host country will surely spice things ups, as they aim to establish themselves among the big four in Australia.

Dress down

So, we have established Sibos is a very social event. People come from all corners of the world, from all walks of (fintech) life, to meet people, make connections, build relationships and understand what is going on in the industry around the world.

A lot of this is done by having conversations with people. This should be one of the main purposes of your stay in Sydney - whether you just want to browse the market, learn about trends or generate new leads. Walk around, introduce yourself to new people, share a coffee with them, and ideally, a drink.

Once 5pm hits, you will realise that an equally important part of the event begins. This is the moment all the marketing jargon drops, and you start interacting with genuine people – not just corporate fronts.

On a bit of a personal note here, during my time in Toronto last year, I followed this advice to heart. The short of it is that at some point near the close of play, I found that my team were in no condition to go anywhere that evening. Out of friends, I spent my evening with people who were virtually unknown to me. Six months later, I was receiving an offer for a job that was hard to say no to, from one of the people I had met at the event.

But not too much

Events like these are a people's game. Send your most charming salesperson and directors, and encourage them to put on their best smile. They will be the face of the company, and in a rapidly changing industry like fintech, it's more likely that energetic and dynamic people will have more success "in the field".

And equally important is your ability to judge character – expect from others what people expect from you. Just like in dating, there are plenty of fish in Sibos, and it's pointless to waste your time on somebody that is not interested in talking to you. Get the hint. There's a fine balance between charming somebody and being annoying.

Beyond that, my advice is to enjoy yourself. For many, it's a new year, in a new city, with new people and companies. Collect the goodies, drink free smoothies and lattes, eat that free food. As much of a cliché as it may be, you don't work a single day if you work in what you love.

And come say hi to the *Daily News at Sibos* team if you see us around – we're a friendly bunch. ***DNS***

Henry Vilar
@henrynotborja

Compliance: the big issues uncovered

Tony Wicks, head of financial crime compliance, SWIFT


Tony Wicks, SWIFT

Fraud prevention and detection, as well as the impact of evolving technology and faster payments on financial crime compliance are just some of the topics up for discussion this week.

Fraud is moving from data theft to payment fraud – and financial institutions and payment infrastructures are the new targets. Cyber attackers are innovative and now work with subtlety and sophistication. They cover their tracks and exploit the fact that payments move faster than ever. So, with cybercrime high on everyone's agenda, we will be addressing this issue in several sessions.

We will also be launching SWIFT Payment Controls, our new tool for fraud prevention and detection, which is an integral part of SWIFT's Customer Security Programme. This tool will help customers to monitor and protect their core payments, by flagging and responding to fast-moving, suspect transactions efficiently. In the event of an attack, banks require separate controls to check and stop payments and this in-network solution provides just that. This is a significant development and a major source of defence for customers.

SWIFT Payment Controls has been developed in collaboration with 14 institutions, allowing us to develop the tool around features requested by the SWIFT community.

KEY SESSIONS:

- The future is now: Integrating new technologies (AI and Robotics) and financial crime compliance
  Main conference session: 23 October, 09:45-10:15 – Conference L3: Conference Room 5
- Join us for a live demo session and see Payment Controls in action
  SWIFT Session: 23 October, 12:15-13:00 – SWIFT Hub L2, SWIFT Hub 1
- A delicate balance: Reconciling real-time payments with financial crime and fraud controls
  Main conference session: 24 October, 14:00-15:00 – Conference L3, Conference Room 1
- Discover how SWIFT is using AI in order to detect anomalies and prevent fraud
  SWIFT session: 24 October, 13:00-13:30 – SWIFT Hub L2, SWIFT Hub Theatre

Delegates can also learn more about many other issues affecting the evolving financial crime landscape. In the main conference session on Tuesday morning, the panel will discuss how to integrate new technologies (AI and robotics) and financial crime compliance. This will be followed by a session on machine learning in AML with Adrien Delle-Case, Policy Advisor at the IIF, in the SWIFT Knowledge Bar (*11:00-11:45 SWIFT Hub L2, SWIFT Hub Knowledge Bar*).

The main conference session on Wednesday morning will address how to manage the emerging AML and regulatory risks of new payment methods. We will be considering compliance challenges in the real-time payment arena for both instant payments and global payments innovation (gpi) payments. ***DNS***

Women in finance: an economic case for gender equality

Ratna Sahay, deputy director, and *Martin Čihák*, advisor, of the International Monetary Fund's monetary and capital markets department, advocate greater inclusion of women across all aspects of financial services.

Ratna Sahay, deputy director, and Martin Čihák, advisor, of the International Monetary Fund's monetary and capital markets department, advocate greater inclusion of women across all aspects of financial services.

Women are underrepresented at all levels of the global financial system, from depositors and borrowers to bank board members and regulators.

Our new study finds that greater inclusion of women as users, providers, and regulators of financial services would have benefits beyond addressing gender inequality. Narrowing the gender gap would foster greater stability in the banking system and enhance economic growth. It could also contribute to more effective monetary and fiscal policy.

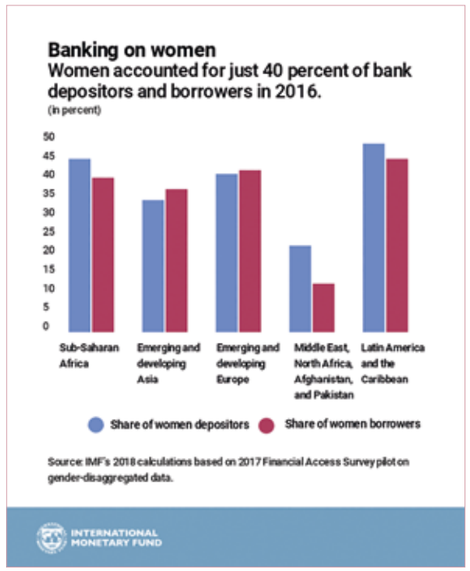
Women on average accounted for just 40% of bank depositors and borrowers in 2016, according to IMF survey results published this year – the first time such data became available. Underlying these aggregate figures are large variations across regions and countries. For example, women accounted for 51% of borrowers in Brazil, compared with only 8% in Pakistan.

Growing evidence suggests that increasing women's access to and use of financial services can have both economic and societal benefits. For example, in Kenya, women merchants who opened a basic bank account invested more in their businesses. Female-headed households in Nepal spent more on education after opening a savings account.

Such benefits illustrate why economic growth increases with greater access to financial services. The same benefits result from increasing female users of these services. More inclusive financial systems in turn can magnify the effectiveness of fiscal and monetary policies by broadening financial markets and the tax base.

When women lead in finance

What about the financial system itself? Does it matter whether women are represented among bankers and their supervisors?



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In a previous paper, we showed that large gaps persist between the representation of men and women in leadership positions in banks and banking supervision agencies worldwide.

We found that women accounted for less than 2% of financial institutions' chief executive officers and less than 20% of executive board members. The proportion of women on the boards of banking-supervision agencies was also low – just 17% on average in 2015.

As with users of financial services, we found considerable regional variation in the presence of women in banking leadership roles. Sub-Saharan African countries had the highest shares of female banking executives, while Latin America and the Caribbean had the lowest. Advanced economies were in the middle.

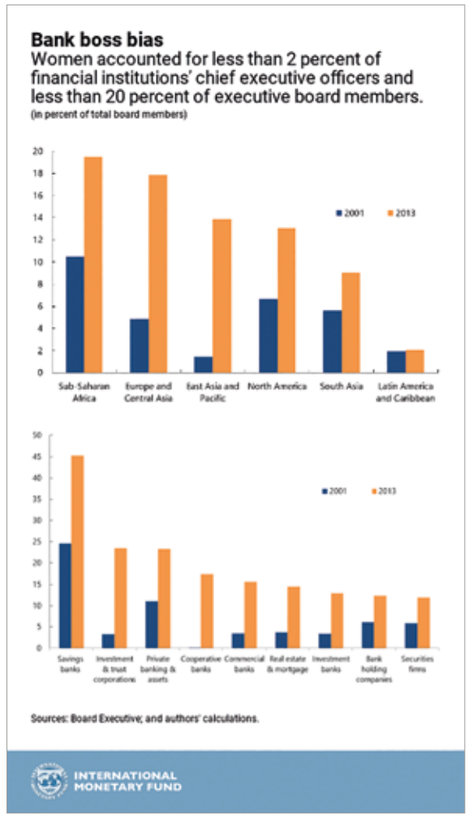
We found that the gender gap in leadership does make a difference when it comes to bank stability. Banks with higher shares of women board members had higher capital buffers, a lower proportion of nonperforming loans, and greater resistance to stress.

We found the same relationship between bank stability and the presence of women on banking regulatory boards.

What can explain these findings? There are four possible reasons why a higher share of women on bank and supervisory boards may contribute to financial stability:

- Women may be better risk managers than men.
- Discriminatory hiring practices may mean that the few women who do make it to the top are better qualified or more experienced than their male counterparts.
- More women on boards contributes to diversity of thought, which leads to better decisions.
- Institutions that tend to attract and select women in top positions may be better-managed in the first place.

Based on evidence in our paper and related literature, we find that the observed higher stability is most likely due to the beneficial effects of greater diversity of views on boards, as well as discriminatory hiring practices that lead to hiring better qualified or more experienced women than men.



"Banks with higher shares of women board members had higher capital buffers, a lower proportion of nonperforming loans, and greater resistance to stress."

Our findings strengthen the case for financial inclusion of women to enhance economic growth and foster financial stability.

We need more research and better data to explain how to achieve these benefits and to identify the conditions that facilitate the entry of women into leadership roles in banks and supervisory agencies. ***DNS***

This article was originally published on the IMF Blog

Cloud based payments-as-a-service enters the mainstream

Vijay Oddiraju, CEO, Volante Technologies

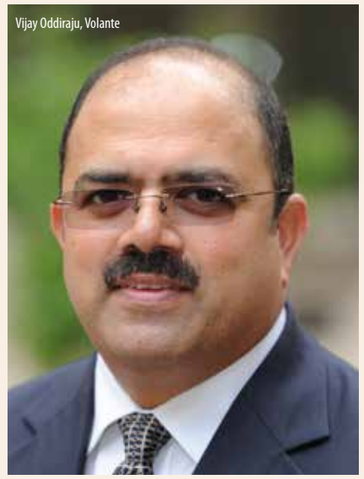
Cloud-based technologies continue to increase in popularity as banks and other financial institutions look to reduce IT costs, improve scalability and benefit from using on-demand products and services.

The conversations we have had with tier 1 banks over the last few years have revealed that they are interested in moving at least some parts of their business to the cloud. But interest is not confined to the largest financial institutions – small to medium sized banks are also actively exploring the potential of cloud technologies.

There are several factors behind this trend, one of which is that maintaining data centres is becoming increasingly expensive in terms of updating hardware, as are the IT resources needed to ensure that software is upgraded regularly. Volante helps dramatically reduce these costs through our scalable cloud offering, which is particularly important for tier 1 banks looking to tap into non-cash payments in emerging markets, a market we expect to grow exponentially over the next five years.

Another challenge banks face is that project implementation cycles are lengthy, which can be frustrating for teams looking to bring products to market quickly. To address this challenge, we have seen an increase among banks in outsourcing non-core functions such as IT infrastructure. Banks (and other financial institutions) are becoming increasingly comfortable with the concept of outsourced technology services, realising that this approach allows them to focus on their core business operations rather than technology issues, which come with associated costs, risks and delays.

Large banks tend to be the early adopters of new technologies as we have seen in areas such as artificial intelligence (AI) and real time/instant payments. However, when it comes to the cloud, we have seen a trend among smaller banks in adopting cloud-based technologies, and as a result we are seeing more and more financial institutions considering a move to the cloud.


Vijay Oddiraju, Volante

"Banks (and other financial institutions) are becoming increasingly comfortable with the concept of outsourced technology services."

Vijay Oddiraju, Volante

By way of example, earlier this month we signed up FIMBank Malta as the first customer for our new cloud-based VolPay-as-a-Service offering, which will provide a managed service for processing SEPA payments in the cloud. We expect this move will make other financial institutions feel more confident about migrating to the cloud, especially when they can demonstrate cost savings and roll out new products more quickly.

Any institution looking to transform its payments infrastructure can now accelerate that transformation by consuming VolPay-as-a-Service in the cloud, rather than embarking on a lengthy in-house deployment. Real time payment initiatives in the US and developments such as PSD2 and Open Banking in Europe are a further incentive for banks to move to outsourced, cloud-based services. By leveraging Microsoft's experience in cloud technology, we can now offer the most advanced payments capabilities as a resilient, scalable and highly secure service. ***DNS***

Polls and Souls

Welcome to our new feature that captures the best Twitter polls and tweets from the show.

Do you agree? An incumbent institution's most important asset is its customer relationships.

Tweet

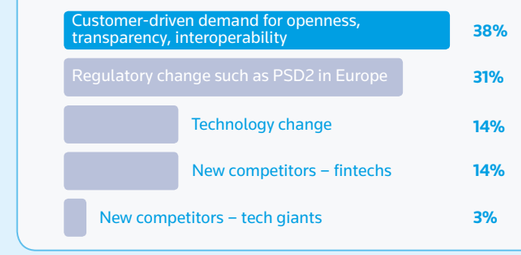
"Embedded technologies such as voice and wearable will be the next big technological revolutions."

Brett King opens Innotribe at Sibos 2018

"Australia has a history of innovation and a strong fintech community. We are pushing towards open banking and data usage."

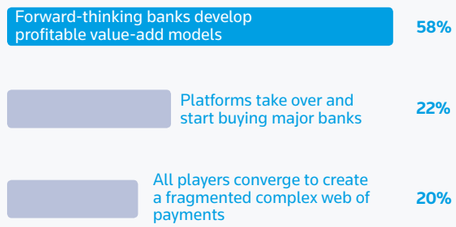
ANZ CEO Shane Elliott

What is the most important driver of opening banking in your region?



Tweet

How will payments have evolved over the next five years?



Tweet

"Safety is not the major challenge at Ant Financial because fraud losses are less than one dollar in a million."

Clara Shi, Ant Financial

Partnership strategies to overcome digital disruption

Will digital disruption by dynamic technology natives undermine the long established business models and customer relationships of traditional banks? *Tristan Blampied*, Senior Product Manager with Pelican, examines the challenges.

The confluence of a variety of trends – social, cultural, technological, regulatory – are combining to bring the banking industry to a generational inflection point. One where long-established business models and processes are under threat, with agile and dynamic entrants from the outside poised to capture emerging growth markets.

This 'disruption' is much broader than a simply 'digital' phenomena. While the catch-all phrase may fail to fully identify the wide variety of drivers that are transforming the banking ecosystem, technology innovation is fundamentally at the heart of the transformational challenges we as an industry face.

Innovation imperative

From innovations in cross-border payments (Ripple, SWIFT GPI), the global adoption of new instant-payment infrastructures (around 40 today, a 60% increase from 2017), a mainstream reliance upon biometric identity authenticators (voice/iris/facial/fingerprint), to the growing expansion of Open Banking and API connectivity models (beyond PSD2 in Europe, initiatives are underway in the US, Australia, Hong Kong, Singapore and India), our industry is changing at an unprecedented velocity, with regulatory mandates playing an important role in driving some of these changes.

In this era of disruption and transformation, banks have little option but to review and re-engineer existing business processes and models, not only to ensure they can manage the security and compliance consequences of a move towards instant and multi-party API transactions, but more fundamentally to remain relevant and competitive – strengthening their service propositions for both existing and, hopefully, new customers.

This innovation imperative presents many operational, technical and business challenges for banks, but for those who are ready to seize it, today's mobile-first, cloud-first, open-API economy brings unprecedented opportunities.

AI powered transformation

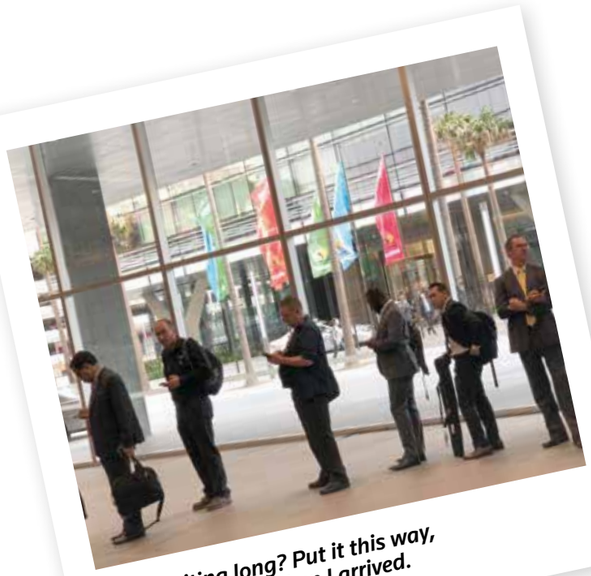
Many, if not all, of these new opportunities fundamentally revolve around data. Banks should not underestimate the value of the historic and real-time transactional data they hold about their customers. Successful banks will look beyond a narrow business-as-usual focus and recognise the hugely valuable view of customers' financial habits, interests and needs they possess in their currently siloed and passive data repositories.

This is one area where Artificial Intelligence (AI) technology is now a business essential. AI disciplines uniquely provide banks with the ability to translate this data into meaningful insight about customer needs. By leveraging the AI disciplines of Machine Learning and Natural Language Processing, banks can transform extensive historical and real-time data into actionable business insight and intelligence, enabling them to offer truly personalised and beneficial services and products. The new 'ambient' smart technology platforms businesses and consumers increasingly use will also be the new 'market squares' for banks to communicate, engage, and serve their customers.

Success through partnership

How can banks best develop these highly specialised AI skills and domain specific capabilities? This is a strategic question and one that will almost certainly involve collaborating with proven fintech partners – ones that have both a deep AI pedigree background as well as possessing extensive banking ecosystem expertise.

Our industry boasts a strong history of innovation. With the right partnerships, today's open-API and real-time economy presents enormous rewards for those banks that embrace the innovation imperative.



Been waiting long? Put it this way, I was a teenager when I arrived.

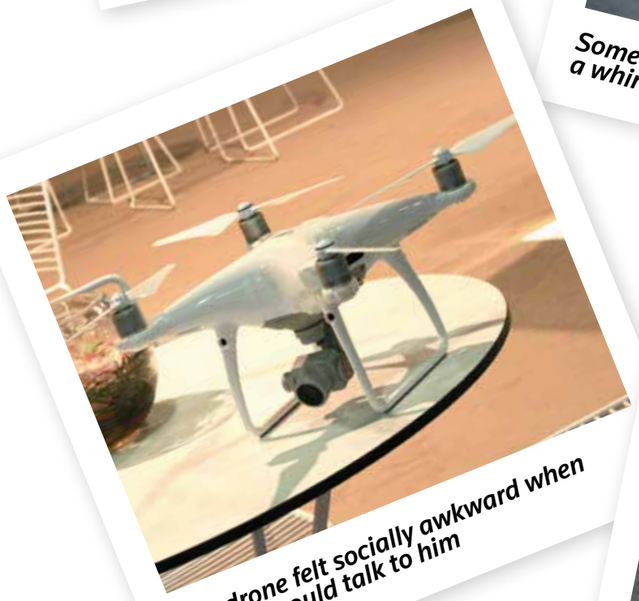
Actually it's Netflix. We didn't have the heart to tell her

He didn't like us singing the 'Ghostbusters' theme

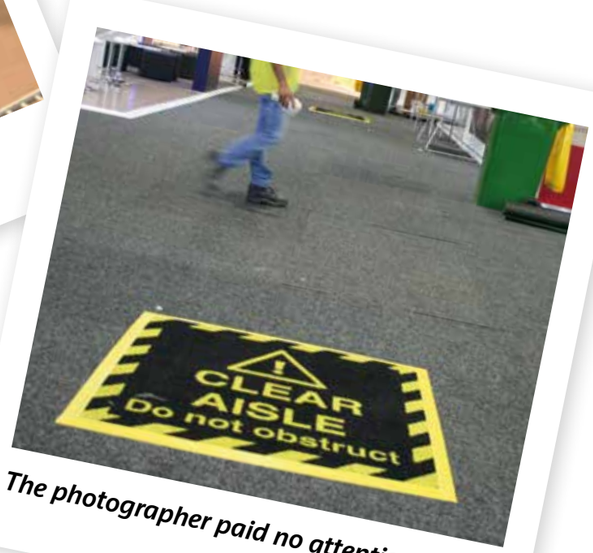
He's laughing at the journalist's salary

Hi boss. Journalists have been sighted, will approach with caution

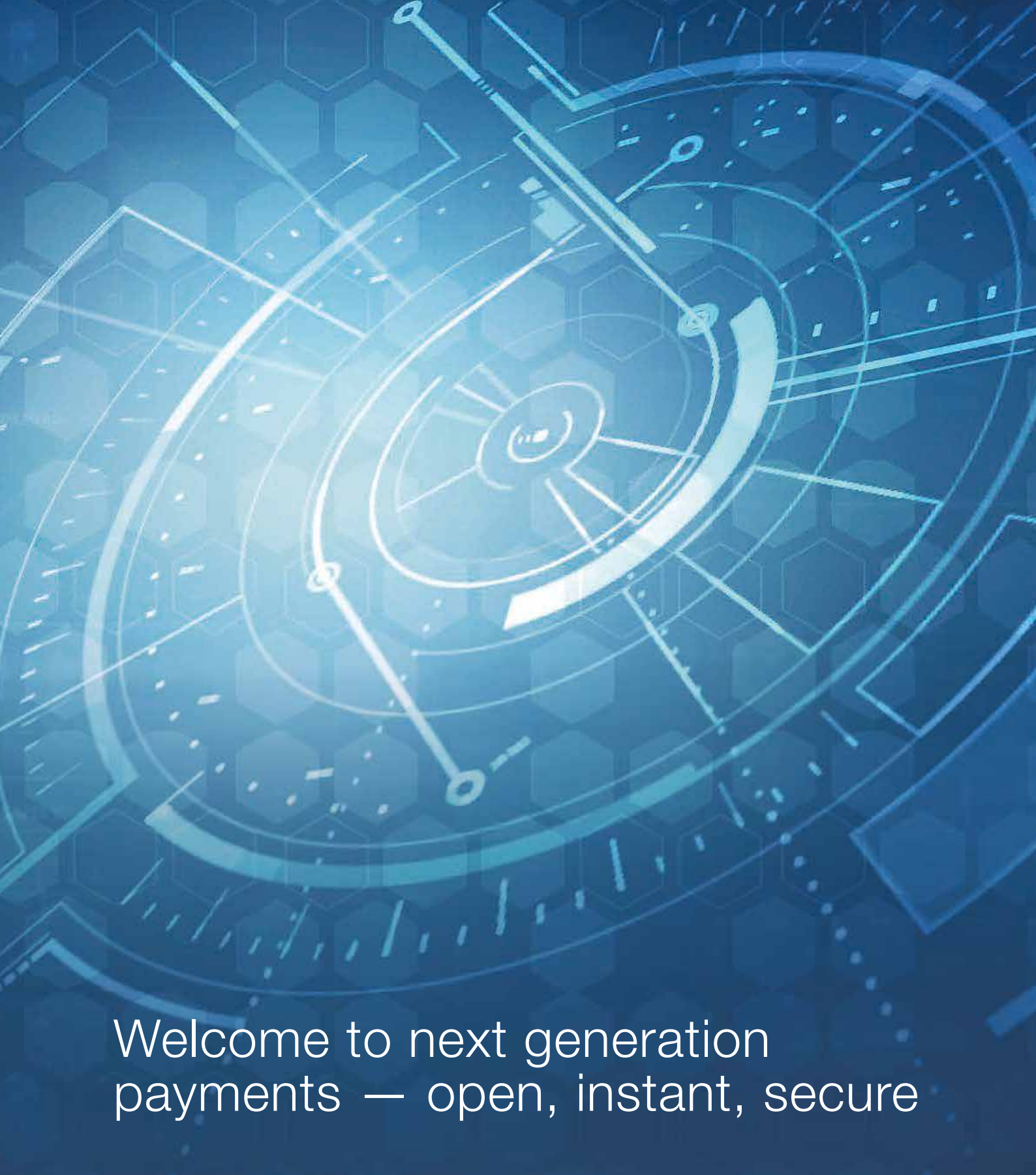
Some delegates went missing when a whirlpool appeared outside the ICC



The drone felt socially awkward when no-one would talk to him



The photographer paid no attention



Welcome to next generation payments — open, instant, secure

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