Re-bundling banking: creating complimentary relationships

November 12th, 2019

John Olesky | Finacle Conclave | Dubai

The Language of Change

"The Americans have need of the telephone, but we do not. We have plenty of messenger boys."

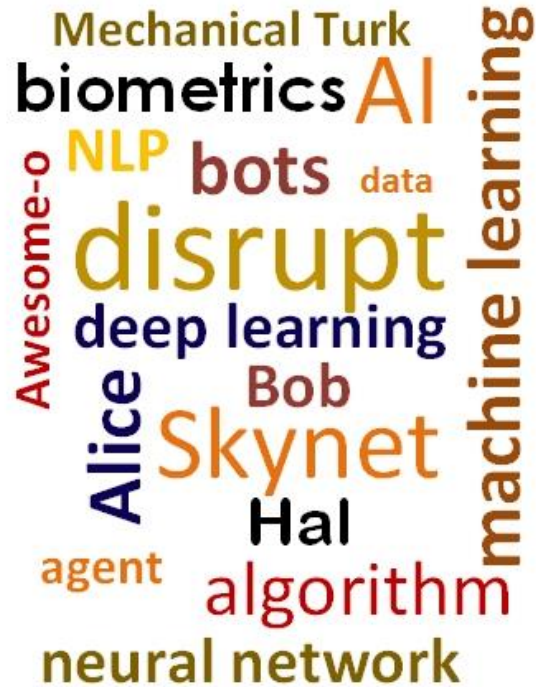– Sir William Preece, Chief Engineer, British Post Office, 1878

What does *change* mean?

verb

1. to make or become different
2. to replace with another
3. to give a different position, course, or direction to

When we read about technology we see…

When we talk about technology we hear...

Blockchain and AI will

- Increase efficiency
- Save ~~money~~ lots of money
- Secure your data
- Reduce risk
- Increase transparency
- Revolutionize finance

"this presentation was built using blockchain"

The use (or overuse) of the word *disruption*

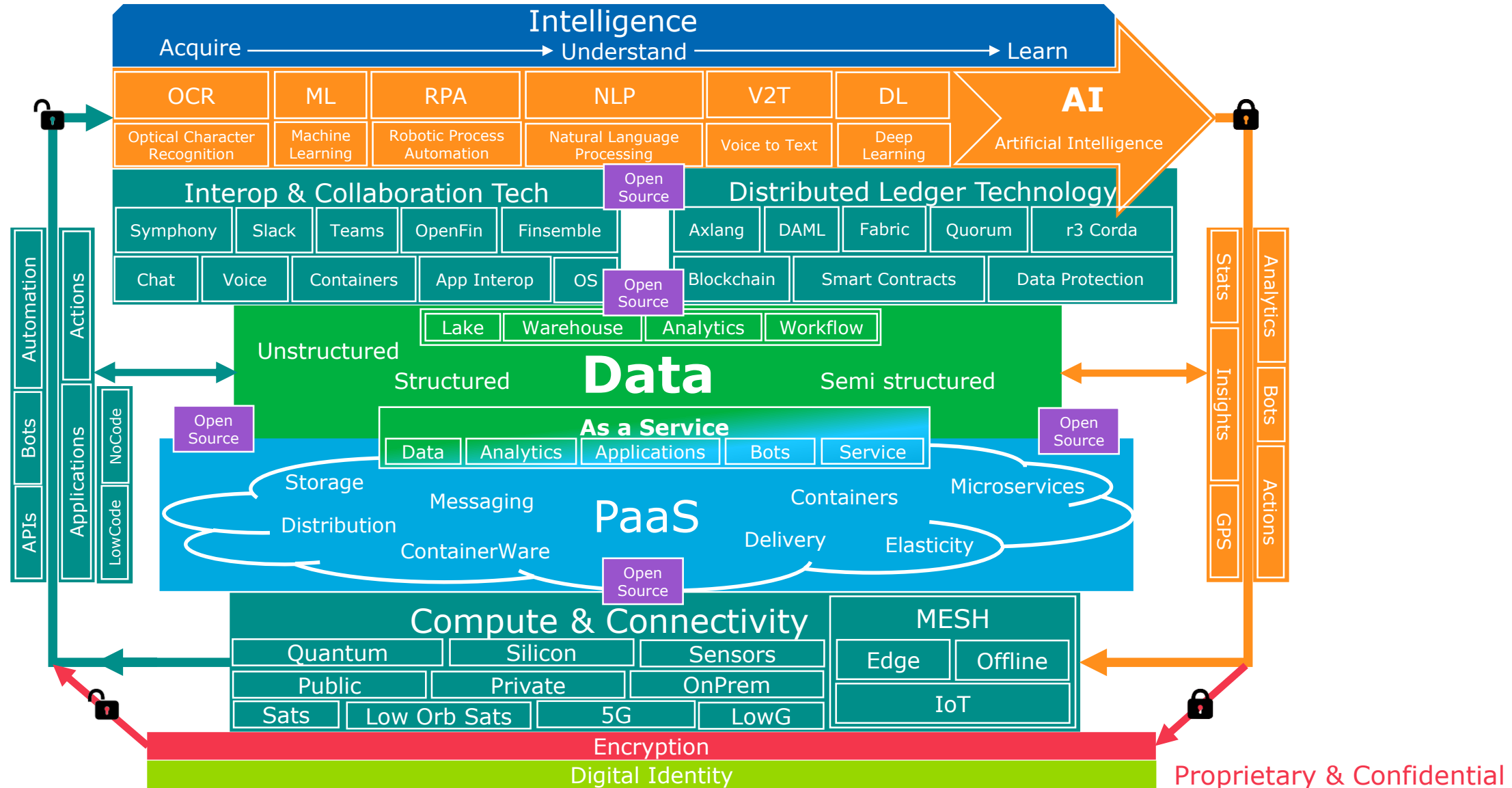**Originally used in the book The Innovator's Dilemma by Clayton Christensen**

- Notable for stating that the reason why many great companies fail is good management

- The very decision-making that is key to the success of established companies is the very process that rejects disruptive technologies

- To direct resources to areas customers reject, that offer lower profit, that underperform existing technologies and have a limited initial customer base involves fighting fundamental principles about how firms work and how they assess performance
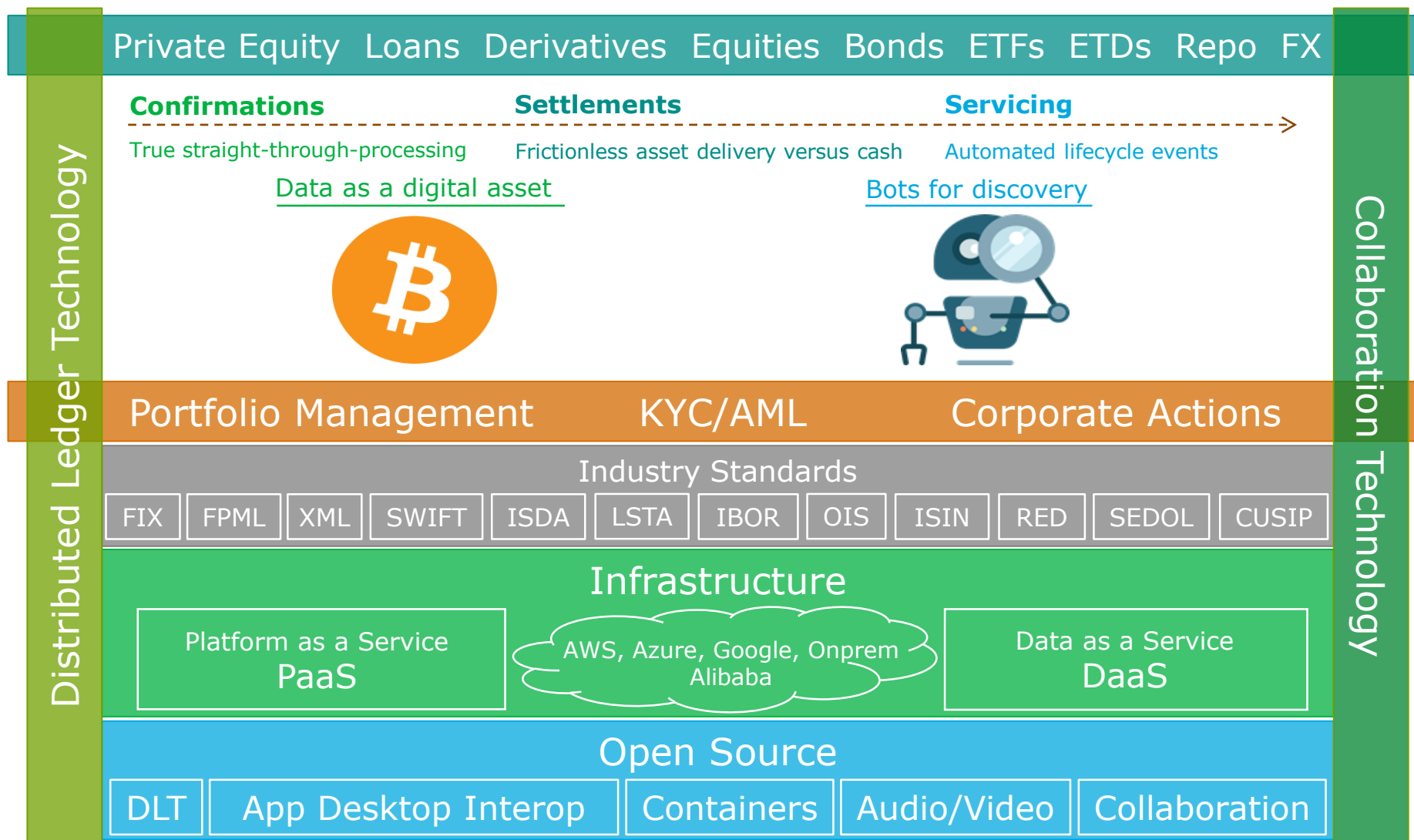
Predictions

"Two years from now, spam will be solved."

– Bill Gates at the World Economic Forum, 2004

Future tech: emerging/diverging/converging
(is your head spinning yet?)

FinTech: emerging/diverging/converging
(is this any better?)

Distributed Ledger Technology

Private Equity Loans Derivatives Equities Bonds ETFs ETDs Repo FX

Confirmations

True straight-through-processing

Data as a digital asset

Settlements

Frictionless asset delivery versus cash

Servicing

Automated lifecycle events

Bots for discovery

Portfolio Management   KYC/AML   Corporate Actions

Industry Standards

| FIX | FPML | XML | SWIFT | ISDA | LSTA | IBOR | OIS | ISIN | RED | SEDOL | CUSIP |

Infrastructure

Platform as a Service
PaaS

AWS, Azure, Google, Onprem Alibaba

Data as a Service
DaaS

Open Source

| DLT | App Desktop Interop | Containers | Audio/Video | Collaboration |

Collaboration Technology

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Maybe better to use themes

Data-centric

- Increased demand for greater breadth, depth and quality of data

Distributed

- The dissemination of data and the processing of events will be increasingly distributed

- Decentralizing operational tasks while still making use of centralized services and infrastructure
  - E.g. trade matching, doc generation, calculations

Automated

- Robotics and enhanced business logic will eliminate redundant and temporal tasks

- AI and bots already used to process transactions and expanding in the areas of task automation and self-service data retrieval

The Three Pillars

"It is not the strongest of the species that survives, nor the most intelligent that survives. It is the one that is the most adaptable to change"

– Charles Darwin, English Naturalist and Geologist

The Three Pillars

Digitization

Increased demand for greater breadth, depth and quality of data

Distribution

Data dissemination and event processing will be increasingly distributed

Automation

Enhanced business logic and robotics will eliminate redundant and temporal tasks

What are we and what is everybody else?

"The greatest danger in times of turbulence is not the turbulence—it is to act with yesterday's logic."

–Peter Drucker, business management pioneer

Who are the players?

FinTech

Firms who are financial firms first who utilize technology to deliver fully-formed solutions that facilitate financial activity

TechFin

Firms who are technology firms first and use this technology footprint to deliver financial solutions

Tech4Fin

Firms who build technology, often to address specific problems that can be used by other firms to develop their own solutions

Where do we want to be?

- What are our business goals?*

  > Growth, speed, footprint, diversification?

- What do we want to become?*

  > Fast, simple, efficient, cost-effective, safe

- When do we want to achieve these?

- Do we need to partner with others?

*Hint: you can't pursue or become all of these at once

Final Thoughts

"If you want something new, you have to stop doing something old."

– Peter Drucker, business management pioneer

Innovation and change are a process

We believe innovation is not an undefined gray area left to chance and a few big thinkers. It can be industrialized

- Language of Change

  > Incorporate new ideas, technologies and paradigms to your everyday operations. Focus on substance

- The Three pillars: Digitization, Distribution, Automation

  > Find your philosophy, hold onto it for dear life and use it as your north star

- What are you and what are others

  > Know where you fit in the value chain

  > Who can you help and who can help you?

Thank you

"Things do not change; we change."

– Henry David Thoreau, American philosopher, poet, author

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2016-08-04