The Financial Technologist

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HARRINGTON STARR
Your Success. Our Business

THE MOST INFLUENTIAL FINTECH FIRMS OF 2022

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TOBY BABB, CEO, THE HARRINGTON STARR GROUP

Welcome to the Financial Technologist

Harrington Starr's financial technology news, commentary, insight and features.

Welcome to the Financial Technologist's Most Influential Companies issue, bringing you insight and intelligence from some of the most exciting names on the planet. Back for its 5th year, this is the biggest issue to date and we thank our judging panel for shining a light on a hugely innovative and inspiring group. The industry has shifted from disruption to rebirth and now is soaring high.

This year looks set to be another fascinating one. As the World slowly comes back to a sense of normality after a tumultuous two years of Covid, new headwinds create new and imposing challenges ahead. From the awful situation in the Ukraine to surging inflation and constant volatility one thing is sure, there will remain opportunities for companies to turn negatives to positives; and this entrepreneurial, agile sector has a long track record of responding brilliantly to challenges, a feature you will recognise in many of those listed in this magazine.

Each year the list has grown as the market continues to evolve at pace. Looking back at our inaugural 2018 issue it is interesting both to see the companies who have been "ever present", alongside a host of nimble protagonists changing the face of the future of financial services. I recently re-read my notes from that first listing and it is interesting that the formula for influence remains.

I am struck by how close the common themes that investors look for when putting their money behind start-ups in the space are consistent with the common traits we see and read about in this listing. In hosting our podcast and YouTube series, Fintech Focus TV, I am constantly looking for the ever-present threads that unite high performing financial technology companies.

Those regular readers of my column in this magazine will note that I am constantly remarking on what separates the good (of which there are many) from the very best (of which there are few). So what does it take to be a genuine contender for the crown of Most Influential company in Financial Technology?

Looping back to the theme of investors and what they look for, the first thing that unites these businesses is inspirational founding and leadership teams. I recently wrote on LinkedIn about the perfect background for a world class financial technology leader. Some come from technology backgrounds. A growing trend in recent years has been people from the business (i.e. sales or trading backgrounds).

"This year looks set to be another fascinating one. As the World slowly comes back to a sense of normality after a tumultuous two years of Covid, new headwinds create new and imposing challenges ahead."

Most recently there has been a boom in founders who have been product managers. I find this fascinating. Seeing how the product runs from a consumer perspective has given these founders an excellent grounding in creating products with the user at the heart. These companies have boomed. Whilst I acknowledge that you will see in this list -alongside interestingly a number of founders with legal backgrounds- a strong blend of founders from all of the above, it has been those from a product background who have clustered to see some of the fastest growth in 2021 and look set to repeat in this year ahead.

No matter the background, as we all know, strong leadership teams are key. Those who lead with empathy and put the needs of their team deep into the core of their strategy have prospered. Whilst that may sound obvious, the common practice remains to keep profit at the core and a transactional rather than transformational culture follows. Churn ensues and the companies who are driven solely by return fall back. Purpose driven businesses, driven by purpose driven leadership teams with an infectious passion for creating world-class experiences, are the most obvious and glaring theme that course through the companies that will follow as you read on.

After looking at the CVs of the leadership team, investors will turn to the scale of the market opportunity. Whilst there have been a plethora of outstanding ideas, for products and tech formed in recent years, often it it's the scale and accessibility of the market that create the issues that prohibit scale. Challenges such as ease of procurement are STILL consistently overlooked and business planning remains incredibly optimistic in many circumstances. The companies that you will read about in the following pages are well planned. They have exceptional market opportunity, often global scalability and they are in long term growth markets. They are addressing issues that need to be addressed and providing a better future for the consumer (be that B2B or B2C). That scalability of market I find fascinating. In a sector that is becoming increasingly bespoke in its need for solutions, has enough thought gone in to the scale of growth and opportunity, and has there been the necessary research to look at the accessibility and cost of acquisition of that client base? Influential companies have done this seemingly obvious work and you will see a golden thread emerge of companies who excel because of their market coverage.

As important as leadership and market are the quality of the teams themselves. The last two years have seen rapid growth in both headcount and turnover for so many companies and many have creaked as structural challenges follow. The best companies have a laser focus on ensuring talent density both in their tech teams and also their sales and marketing divisions. Talent is the universal tie that unites all of the companies listed. These businesses recognise that and have created a focus in ensuring they both attract and retain their best. Strong talent strategies are at the core of success in the sector and it has been pleasing to see this become central to the board agendas of the very best in the industry. Gone is the hubris of recruitment of yester year and instead we are seeing intelligent strategies designed to engage and enhance careers. A strong sales team, working seamlessly with a world class marketing division, supported by outstanding tech, product, change and implementation teams are critical. The talent teams who help ensure that happen are crucial in a world where we are anticipating a talent shortage to grow to 85.2m globally by 2030.

So the leadership team is key, as is the talent density below that, alongside the scalability of market. The next point of success or failure we see is the relationships between investors and the companies themselves. That unified bond between investor and company is critical. So often we see start ups fail owing to mis-aligned priorities between the two parties. I have been struck by how chasing investment versus those who take it without needing it often have two very different outcomes.

TOBY BABB, CEO, THE HARRINGTON STARR GROUP

I like to see companies who have done their due diligence on both sides- those who are looking for long term gain and are united in where they want the company to head and for the right reasons. This brings us back to the concept of purpose driven companies over those who are simply looking for transactions. When the investor team (be they pre-seed, see, A, B or C) and the company are well aligned in ambition and character we see overwhelmingly positive returns. Investigate all of the companies listed. You will not be surprised to see that this aspect is something they get right time and time again.

Behind these areas, we see, as previously intimated, a relentless focus on the customer. There is a desire to improve experience, reduce friction in processes, resolve market injustice, reduce cost or improve efficiencies. Whichever area they look at, the customer is always central. They invest in outstanding technology. They look to partner with others to create value. They think entrepreneurially. They are agile and not afraid to pivot to market demand. They look at the problems in the market and relentlessly drive to provide solutions. They are playing offense rather than defence. It is truly wonderful to analyse and exciting and inspiring to review. What I love most, and I am jaundiced slightly as a two decade veteran of the industry, is that talent is at the core. Focus on your team. Focus on talent. Attract the best. Keep the best. If you get this strategy right, and as the companies listed prove time and time again, the score tends to look after itself.

Congratulations to all those listed. Nothing we have said before is revolutionary. As often said on the podcast, "common sense is rarely common practice."

A final nod goes to the areas I feel will be significant trends in 2022:

- **ESG and the race to net zero. A fascinating focus emerging here with clear winners emerging.**
- **Crypto and digital assets are on every agenda in FS at the moment. Despite continued undulation, we all know this is a new constant. Those who de-mystify the sector and gain early advantage will soar.**
- **Tied into this is blockchain and its use throughout the sector. Despite numerous peaks to date on the hype cycle, it now seems more relevant use cases are showing the way forward. Exciting to watch what comes next.**
- **No code/ low code is getting louder and we are seeing brilliant innovators emerge. Let's see who really revolutionises the sector here- I have my bets made!**
- **Open Banking will continue to drive forward with a premium on partnerships and collaboration.**
- **The world is constantly looking for smoother payment processes. A lot of trying and failing alongside successes here. Expect to see more queue up to be the latest to revolutionise the process.**
- **Buy now pay later is the easiest one to pick of all. With surging inflation and growing cost of living pressures, this looks set to be one of the fastest growing spaces in FinTech this year.**
- **I don't think I have ever started my predictions without focussing on data and I truly anticipate a breakthrough year in FS that surely must catch up with the innovation and hyper personalisation that has changed the retail and ecommerce sectors so dramatically. Some seriously impressive innovation finally happening here.**
- **I see funding and investment continuing to dominate as people look to capitalise on a ripe market. As previously mentioned, keep an eye on the right matches here.**
- **Finally, if you haven't got a strong and robust cyber strategy expect to fail.**

From a recruiting standpoint we continue to see DE&I dominate the headlines with a drive to improve the accessibility of the industry. Talent will remain at a premium owing to dramatic talent shortages. This again will lead to a real focus on robust talent advisory strategies. In two decades of commentating and working on the sector, I have never (other than the boom of the millennium) seen such a frantic race for talent. To succeed, make sure you are open to creating roles and creating world class recruiting, on-boarding and talent engagement strategies. All of these I love talking about and would be delighted to discuss.

At Harrington Starr we continue to grow in London, Belfast and New York, with exciting plans to continue to support your growth. Events are back in full force and we are delighted to be partnering with both TradeTech and the FIX EMEA Trading Conference this year. If diversity is on your agenda (as it should be) please read our Chief Customer Officer's book, Fintech Women Walk the Talk. With over 160 people at Schroders for her book launch, Nadia Edwards-Dashti has been a driving force for change in the space and is consulting businesses across the world at getting this right. Call her!

Our goal has always been to make clients, candidates and our consultants as successful as they can be. We look to grow teams and careers through our recruitment focus but, through this magazine, events, the podcasts and YouTube shows, we are also dedicated to growing brands, networks and insights. Our purpose is clear: Your Success. Our Business. Please get in touch if we can do anything to help, or indeed if there is feedback on how we can improve.

Thanks for reading and good luck.

Toby

Our judging panel

Influence has become a buzzword of the 21st century. But in an industry like Financial Services, it takes on a new meaning. The firms our world-class judging panel have identified as influential are disruptive and industry-leading- traits you'd expect from an organisation with influence. But they are also change-makers, redefining how we all engage with and perceive the finance space. They drive unparalleled innovation and set the tone for some truly exciting years ahead. It is that which makes influence in financial technology so unique- it is a global force for transformation.

The Most Influential Financial Technology Firms of 2022 were selected by a panel of judges from some of the foremost firms in the space. Each will have brought their own unique understanding of influence to the table, but they unanimously agree that each firm featured in the following pages will have a profound impact on industry development.

Thank you to each of our judges for their invaluable contributions. And congratulations to every firm recognised as one of The Most Influential Financial Technology Firms of 2022.

The Realization Group
Armstrong
ILLUMINATE FINANCIAL
CRUXY & COMPANY
Baringa Brighter together
EY
brandexfinancial.
Vision 57

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THE MOST INFLUENTIAL FINTECH FIRMS OF 2022

THE LIST IN FULL

10X Banking	AXA Investment Management	Bottomline Technologies	CFRA
7Chord	Axe Trading	Brewin Dolphin	Chainalysis
Abacus	B2C2	Brightpearl	Checkout.com
Aberdeen Standard Investments	Balyasny Asset Management	Brillio	Chronicle Software
Accelex	Bankifi	Broadridge	Cirdan Capital Management
Access Fintech	Barclays Wealth	Brunswick Group	Citadel
ACIN	Baringa	BTG Pactual	Clarity AI
ACI worldwide	Baton Systems	BTON Financial	Clausematch
Activ Financial	Baymarkets	Byhiras	ClearCo
Adaptable Tools	Beacon Platform Inc.	Calastone	ClearDox
Adaptive Financial Consulting	Beeks Financial Cloud	CallSign	Clim8 Investment
AEVI International	Berenberg Bank	Campbell Lutyens	Close Brothers
Akinova	BeZero	CanDeal	Cloud Attribution
AlbaCore Capital	BGC Partners	Capco UK	Cloud9
Alfa- Bank	BH Test Company	Capital Group	CLSA
Allica	BH-DG Systematic Trading	Capital on Tap	Clyde
Allvue Systems	BidFX	Caplin Systems	CMS
Alpima	BigPay	CashFlows	Codat
Altair	Binance	Cashplus	CoGo
Amphora	Bitstamp	Cassini Systems	Coinbase
Anglo American	Blackrock	CausaLens	Coinpass
AQMetrics	BlockDaemon	CBOE	Columbia Threadneedle
Aquis Exchange	Bloomberg	CCGroup	Commcise
Ascendant Strategy	Bluecrest Capital Management	Celer Technologies	ComplyPort
Atom Bank	BMLL Technologies	Centrica	ComplyPortal
Autorek	BMO Capital Markets	Cervest	Compstak

THE LIST IN FULL

Copper	Dow Jones	Finimize	Griffin
Coremont	Duco	Fintech OS	GSA Capital Partners LLP
Credis.UK	Ediphy	Fire	Gulf International
Cryppro	Elavon Financial Services	FIS	GVC Holdings PLC
Crypto.com	Elliptic	Fitch Ratings	Habito
Cubelogic	Elwood Technologies	Flextrade	HazelTree
CurrencyCloud	Emagine Consulting	Flywire	Hedgeguard
Curve	Encompass Corporation	FNZ	Hokodo
Cuvva	Enfusion	Form3 Financial Cloud	HSBC
D.E. Shaw	Engelhart Commodities Trading Partners	FundApps	iBanFirst
Dacxi	Essensys	Funding Options	IFX (International Foreign Exchange)
Daemon Solutions	Essentia Analytics	Fund Recs	IG
Daiwa Capital Markets Europe	Euronext	FX Hedgepool	Igloo Trading Solutions
Data Lens	Eventus	FXC Intelligence	IHS Markit (S&P Global)
Datasite (formerly Merrill Corporation)	Exane	GAIN Capital	Imagine Software
Davide Leone & Partners	Exate	GameSys	Imburse Payments
Day One Technologies	EY	Gemini	InBotiqa
Derivative Path	Feedstock	Genesis Global Technology	INCO BROKING LTD
DFIN Solutions (formerly Donnelley)	Fenergo	Gentrack	ING Bank
Digit	Fexco	Ghana International Bank	Insight Investments
Digital Shadows	Financial Conduct Authority (FCA)	GHCO	Instanda
Digital Vega	Financial Times	Gladstone Management	Instinet
DIGITEC	Finastra	Global Processing Services	Instrumentix
Diligent Software	Finbourne	Glue42	Interactive Brokers
Divido	Finceler8	Gold-i	Intersystems
Domos FS	Findexable	Gresham	Intuit

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InvestCloud	Logicalis	MoneyHub	Paddle
InvestEngine	London Stock Exchange Group (LSEG)	Monneo	Paragon
Ion Asset Architecture	LPA	Moody's Analytics	Partners Capital Management
ION Group	Luno	MultiLynq	Paxos
iPushPull	Macquarie Bank	MyComplianceOffice	PayCargo
Irisium	Mambu	Navatar	Peel Hunt LLP
IS Prime	Man Group	nCino	Pharo Management
ITRS	MANTL	NewDay	Pismo
Jaja Finance	Map Fintech	Newton Investment Management	Point Nine
King street Capital	Maple	NinetyOne	PPRO Financial
Klarna	Marex	Nivaura	Previse
Klesch and Company	MarketFinance	Northrow Fraud Solutions Ltd (formally Contego)	Profian
Konsentus	MasterCard	NovaFori	Quantexa
KX	Materialize	NTT Data	Quantifi Solutions
Lane Clark & Peacock LLP	Meniga	Numerix	Quantile
Lantern Ventures	Mercuria	OakNorth Bank	Quantum Group
LCH	Mercuria Energy Group	Oddschecker	Quod Financial
Legal and General	Metro Bank	Olayan Group	QV Systems
Lightsource BP	Milestone Group - USA	One-Signal	R3
Likezero	Millenium	Onfido	Rapid Addition
Linedata	Minna Technologies	Openfin	Razopay
Liontrust Asset Management	Mitsubishi UFJ Securities (MUFG)	Optiopay	Reactive Markets
Liquid Capital Group	Mitsui Bussan Commodities LTD	Optiver	Red Deer
Liquidnet	Mizuho International Plc	Orum	Redburn Partners
LMAX Group	modex.tech	OSL	Refinitiv
LMR Partners	Moneybox	OutFund	ReformIS

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Revolut	Speakerbus	Tokio Marine Kiln	Värde Partners
RFA	StarCompliance	Toppan Merrill	Velox
Rimes	Starling	Tora Trading	Verisk
Ripjar	SteelEye	Torstone Technology	Vidrio
Riskified	Stifel	Toscafund Asset Management	Virtusa
Rival Trading Systems	Stubben Edge	Tower Research Capital	Visa Europe
Rokos	Style Analytics	Tractable	Vortexa
Royal Bank of Canada	Swift	TRAction Fintech	VoxSmart Limited
Salary Finance	Symmetry Investments	Tradefeedr	VR Capital Group
Salt Pay	Symphony	TradeStation	Wadhwani Asset Management LLP
Sarasin & Partners	Systematica Investments	Tradeweb	Wagestream
Schroders	T Rowe Price	TradingScreen	Wealth Dynamix
Scott Logic	Talos	TransFICC	Winterflood Securities
Scottish & Southern Energy (SSE)	Tandem Bank	Trayport	Wintermute
Seccl FinTech	Taskize	Tribe Payments	Workiva
Sernova Financial	TD Securities	TrueLayer	Worldremit
Shield.	Tech Passport	TruMid	Xceptor
Siepe	Teza	Trustpay Global	Xpansion FTS
SigTech	The Bank of London	Tumelo	XR Trading
Simcorp	Theta Token	Uala	XY Capital
Singletrack Systems	Thomson Reuters	UBA Capital	Yapily
Six Financial Information	Thought Machine	Ultimech	YourJuno
Skylight IPV	Tickr	Ultumus	Zilch
SMBC Nikko Capital Markets	Tide	UnBlu	Zopa
Solidatus	Tier1Financial	Untied	
Solum Financial	Tipalti	Valantic FSA	

The Financial Technologist

Industry features

Vendors, Procurement, Enablers

Colin Slight
Co-Founder, The Realization Group

'Procurement' has become something of a dirty word in some quarters. Procurement teams are often the whipping boy, positioned as the blocker or the bottleneck preventing large organisations from buying services efficiently.

Nowhere is this more acute than in financial services, and particularly in capital markets. The financial services sector is desperate to buy innovation in order to ease its sclerosis; technologically-minded vendors are desperate to sell it. It's a no-brainer, right?

Well, not quite. In fact, despite the huge demand for new ideas and better solutions within financial services, many service providers find it a near-impossible market to break into. Over the course of this series of articles, interviews, and events, we're going to look at the vendor-procurement relationship in financial services. We're going to explore the challenges and priorities for all the major categories of player in the market, ask what each could do to foster better understanding of the others, and consider some possible routes through which financial services procurement can improve - to everyone's benefit.

Vendors, Procurement, Enablers

This market is split into three broad groups: vendors; procurement teams (along with other client-side stakeholders); and the small but growing crop of Enablers - consultancies and other service providers set up to ease the process.

Vendors, of course, want to sell in their products to willing buyers. But many find that the barrier to entry is unfeasibly high, reporting lengthy contracting and onboarding times, and little visibility of their position in the procurement process.

"The market for financial services technology remains an immature one in which efficiencies and rationalisation are, according to many stakeholders, much needed. Our third group, the Enablers, are a particularly important piece of this puzzle."

Vendors also complain of 'boilerplate' compliance demands, with a single and inflexible list of documentation requirements that does not reflect the nature of the vendor's business or the proposed commercial relationship. From the perspective of newly-established vendors, the smoothness (or otherwise) of a procurement process can represent the difference between survival and failure.

Regulatory pressure

Clients, meanwhile, have their own set of specific requirements. In particular, Tier 1 and Tier 2 organisations continue to face significant regulatory pressure. This percolates through the value chain, manifesting as more onerous demands on vendors not only through the procurement process but beyond.

Individual institutions also, of course, have their own risk appetites and assessment criteria. There is no guarantee that what is satisfactory to one client will be satisfactory to another.

The market for financial services technology remains an immature one in which efficiencies and rationalisation are, according to many stakeholders, much needed. Our third group, the Enablers, are a particularly important piece of this puzzle. These businesses essentially exist to oil the machinery by which the vendor-client relationship operates. Through consultancy and professional services they aim to ease the way into the market, particularly for newly-established vendors.

The Enablers are also laying the groundwork for the 'marketplace-ification' of financial services procurement, envisioning an arrangement in which vendors and clients are either connected through a platform that also handles some of the back-office tasks, or 'matchmade' by specialists.

First-hand accounts

Over the course of this series we will be speaking to stakeholders from all three groups, and asking what they think can be done better. How can the procurement process be made less onerous for vendors? Is that even something that we should aim for? How can the onboarding process be streamlined? Is there a way to rationalise procurement across the sector? And, most fundamentally, how can the sector ensure that it is innovating in the most efficient way possible?

The series will culminate with a live round-table event in London.

The changing dynamics of technology in capital markets

Steve Grob,
Founder, Vision57

Historically, Capital Markets have been involved in a relentless attempt to try and alchemise the perfect blend of speed, robustness and scalability. But today, not only is the industry different, but the latest technologies available mean that a new approach is both required and possible - one based on data monetisation, hyper contextualisation and universal distribution. This article looks at these trends and predicts the technologies and approaches that are going to dominate in the years ahead.

The Technical Debt Trap

While there are still very significant revenues to be made in capital markets (SIFMA estimates that in the US alone households hold over $50 trillion in liquid assets), the operating conditions are vastly different to 10 years ago. Regulation has increased the direct cost of market making and forced all firms to invest in more transparent audit trails. The relentless shift to passive investment has also reduced the fees that can be charged and growing electronification has reduced commission payments too. The result is that firms either must become flow monsters or specialists and the viability of being part of the squeezed middle is increasingly under scrutiny.

On top of this, the levels of technical debt within both participants and traditional vendors are huge as most of the discretionary technology spend has gone on meeting the waves of post GFC regulations. And, the interest on this debt is compounding annually and so the gap between the latest technology and the ability of firms to harness it grows ever wider.

Rip and Replace v Build and Buy

Firms are reluctant to replace systems on a wholesale basis as the risk and cost involved is high and, in any event, many traditional vendors are suffering with paying down their own technical debt which further discourages complete system replacement. The frustration though is that the technology is available - just look at the elegance in how we use tech in our everyday lives and compare it to the trading platforms we use at work as an example.

So, the paradigm that is emerging is one of buy and build or assemble new platforms from components sourced from different vendors. The traditional objection to this approach was that you would end up with a Frankenstein's monster made up of different pieces that never really worked well together. But today's technology is different, and the API economy is knocking at the door of capital markets just as it has become mainstream in other industries. Equally important is the use of cloud as a way of turning fixed cost into variable and scalable cost. Rather than build a platform that can cope with extreme (but rare) volumes, simply dial in the compute power as and when you need it. On this point it is significant that both the CME and Nasdaq have made public commitments to the cloud, not just for data but for their matching engines too.

The Future

One of the few benefits of the pandemic is that it has proved that even conservative firms like banks can move quickly and this "can do" spirit has become a catalyst for change. One key frontier in this is the separation of data from the applications they reside in. This allows more efficient workflows to be created that dissolve the inefficiencies of using multiple applications that each come with their own unique UI/UX. This approach of desktop integration or interop also allows for better containerisation and micro-apps that all work together in the same way. This is important as studies show that the average knowledge worker spends their day navigating between 9 different applications (and in some cases over 20). This approach also allows for hyper contextualisation for users and, crucially, for clients too.

Another dimension to all this is that, at its simplest, trading is about monetising data - the faster and more efficiently you can bring together and analyse real time, static and historic data - the better your trading outcomes will be. The problem though is that trading data is scattered over multiple different silos and firms face a torrent of external real time data coming from different sources and in different formats. The answer lies in data centricity whereby firms recognise that the strategic value within their organisations is data not the applications. Today, new data mesh technologies are making this a reality as they sit on top of legacy platforms and then present a set of HTML based objects for actionable analysis. Clearly this also provides a platform for AI and ML although practitioners should be warned that these techniques require vast data sets to be truly effective. Nevertheless, firms can derive significant insight into client behaviour and profitability by analysing just the data within their own firms. Related to this is the rise of real time back-office processing and this provides another data set for understanding client interaction (such as margin and risk) more effectively.

The third dimension to all this is distribution. Cloud and modern deployment techniques such as GitHub mean that the cost of owning your distribution rather than outsourcing it to 3rd party vendors is increasingly affordable. In many ways, client portals and FIX routing are the shop windows for firms and yet many remain clunky or beholden to the long on-boarding times and outages of 3rd party FIX operators. The next generation of client portals will offer sublime levels of self-service - not only is this what clients want but it also reduces the operating cost and error count within trading firms.

So, the big message is that there is a way forward based on augmentation and evolution rather than rip and replace. This will elevate our industry to new levels of client centricity, lower and more scalable cost, and greater operating efficiency.

One day we will look back at our industry and marvel at how antiquated it all seemed.

Vision 57

> **"One of the few benefits of the pandemic is that it has proved that even conservative firms like banks can move quickly and this "can do" spirit has become a catalyst for change."**

> **"So, the big message is that there is a way forward based on augmentation and evolution rather than rip and replace. This will elevate our industry to new levels of client centricity, lower and more scalable cost, and greater operating efficiency."**

Post-trade in a defining decade and the trends shaping the future

Brian Collings, CEO,
Torstone Technology

Ten years feels like a lifetime in financial technology. When we founded Torstone in 2011, the sell-side's main focus was investment in the front office, largely leaving back-office functions to gather dust. We saw a problem that needed to be addressed, and with it, a significant gap in the market.

Why hadn't another business tackled this problem before? The answer was simple – the barriers to entry were huge. Tackling post-trade systems means taking on multiple asset classes across jurisdictions, navigating the sprawling complexities of diverse regulations and instruments: a huge undertaking. Our background in developing these systems in-house across asset classes for a sell-side institution gave us the knowledge on how to solve these problems for others. Out of this, Torstone was born.

A defining decade

Since we set up ten years ago, it's been quite a ride as we have seen the sands of the post-trade landscape shift into something quite different today. At the start of our journey, institutions overwhelmingly relied on legacy systems that served as a bare minimum in servicing their post-trade needs. However, recognition of the importance of middle and back-office functions among sell-side firms has grown steadily, shifting institutions' mindsets and elevating post-trade technology to an essential investment, not a requisite.

There have been a multitude of complex factors that have helped to shape post-trade, and for Torstone there have been four defining themes:

■ **The cloud:**
As the post-trade world has evolved, as have the technologies that support it. The cloud is a stand-out technology that has fundamentally changed the industry's approach. The cloud has since proven to be a highly secure way of operating – it not only allows sell-side firms to process vast amounts of data but opens a new way of working, allowing us to service and improve post-trade systems remotely.

■ **Regulatory change:**
The imposition of new regulations such as Mifid II, their emphasis on post-trade reporting and the quality of data were a wake-up call for the industry. The enormity of the task of meeting these regulations turned attention to legacy systems and focussed minds on the urgent need to modernise.

■ **Automation:**
The unstoppable rise of electronic trading and the influx of market data has paved the way for greater automation of post-trade systems. Sophisticated programming and machine learning has put this vast body of information to good use – helping to automate the enormous volume of low-touch but time-intensive processes.

> **"Since we set up ten years ago, it's been quite a ride as we have seen the sands of the post-trade landscape shift into something quite different today."**

growing number of asset classes has also changed the way we think of post-trade. Digital assets and the meteoric rise of ETFs, and their increasing adoption by institutions has been a challenge, requiring post-trade providers to find innovative solutions for emerging assets classes and anticipate new regulations.

A bright future

In finance, we will one day look back at the pandemic as a pivotal moment similar to the 2008 financial crisis. While a terrible tragedy, for the technology that upholds our financial system, it was the ultimate test, not only managing the overnight shift in the way we work but a surge in volumes. Powerful cloud-based technology kept many afloat, proving that the technology is an essential pillar of modern finance and reinforcing the view of middle and back-office as vital functions.

Building on strong technological foundations, we can expect advancements in the cloud and automation as well as the development of new regulations and asset classes to continue to drive evolution in post-trade. Our job is to help clients futureproof their systems and give them to the flexibility to grow and adapt. As we recover and adapt to a post-pandemic world, we see three important trends already in motion that will usher the next era of post-trade services:

■ **Real-time data:**
The growing focus on the provision of real-time information, catalysed by the prospect of a shortened T+1 settlement cycle and new asset classes such as bitcoin or ETFs, is increasingly important to businesses. Real-time data flow allows firms to visualise their post-trade and risk data as it happens, handling and aggregating thousands of trades per second from multiple sources to deliver usable insight to end users instantly.

■ **Consolidation:**
Simplicity and ease of use will be central to how clients approach post-trade technology. With increasing volumes, complexity, regulatory requirements and asset classes, disparate systems are no longer practical. Consolidation is another trend we see continuing, as institutions opt for a single interface through which they can simply manage their middle and back-office functions across all asset classes.

■ **Increasing role of machines:**
Automation will continue to be an important theme as capabilities and applications expand. A significant amount of manual post-trade processes are already automated, yet we can expect its proliferation to continue, taking cumbersome tasks away from human operators and allowing them to turn their attention to higher-level tasks.

The next chapter

The post-trade space is anything but boring and we have an exciting and no doubt challenging decade ahead as we push for the next wave of innovations that will shape the banks and investment firms of the future. The global demand for modern post-trade services has taken Torstone from a small London office to a firm of over hundred people across Europe, the U.S and Asia. The past decade has shown the rapid rate of change and has shown how we, as a business, can not only adapt but thrive in a fast-paced market undergoing significant transformation. Our success is testament to the incredible hard work of our growing global team, so we raise a glass to our dedicated Torstone staff around the world as we set our sights on the next decade.

TORSTONE
SIMPLIFYING POST-TRADE

HARRINGTON STARR
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How to ensure a successful product launch

Oliver Werneyer,
CEO, Imburse

The acceleration of digitalisation brings with it numerous advantages for customers. At the same time, it also creates enormous pressure on companies to modernise their systems and processes as fast as possible to keep up with changing consumer demands. In order to keep ahead of the market, companies have to rethink their strategies, restructure their operations and develop new and innovative products.

Launching new products are a key mechanism for companies to grow into new market segments, unlock new revenue streams, modernise their product offerings and enhance the customer experience. All in an effort to win more customers and boost customer loyalty. According to McKinsey, more than 25% of total revenue and profits across industries result from product launches (McKinsey study). The study also found that companies that focus on creating new products and services grow faster than companies that rely only on their existing suite of products. Launching new products is undoubtedly a necessary step to high expansion and fast growth, but is not always as simple as it sounds.

Enterprises struggle immensely to develop and deploy new products using existing tools and technologies that they have relied on in the past. In order to create something new, they need to leverage different technologies and different capabilities. This requires them to integrate new technology into their existing framework, which is often a cumbersome and very expensive process. Each stage of the customer journey is extremely important to the product success and the enterprise brand. This applies especially to the payment experience; a crucial engagement with the customer and an opportunity to create (or destroy) a lot of product value.

Payments probably affects all core business units, from IT, to sales, to finance. This means that any enhancements to or changes to the payment services within an enterprise faces two major stumbling blocks: the complexity and high cost associated with an integration as well as the lack of payment expertise available in an enterprise. Large enterprises, particularly those that have been around for decades, are still relying on the antiquated, or legacy, IT systems that are often incompatible with new technologies. Whilst the payments industry offers an abundance of technologies and providers, integrating these providers into traditional IT infrastructure is the real, unspoken challenge faced by enterprises.

"Integrating even a single payment vendor into a company's IT system is a lengthy and costly process."

Integrating even a single payment vendor into a company's IT system is a lengthy and costly process. This pain increases when companies need to integrate multiple payment vendors in order to deliver on customers' unique preferences and on geographical nuances. Payment vendor integrations in particular pose serious constrains on areas such as operations and finance due to their excessive costs and the need for additional resources. The length of integrations means that enterprises can't launch products as quickly as they would like to in order to keep ahead of the competition. A Gartner survey shows that only 55% of product launches take place on schedule, and only 11% of organisations have met their internal deadlines for all product launches.

Payment vendor integrations, being critical and complex, really require the best resources with the right expertise in order to ensure delivery. Most enterprises don't have a dedicated payments team or personnel with a strong payments background. This means that the task of planning and delivering modernisation of payments system in most enterprises is left to people without the right expertise. This will make any payments-related project more risky and lengthy and, in many cases, result in an inferior solution. The right payments know-how is fundamental to ensure that the right providers and technologies are leveraged to meet customer expectations. Failure to deliver on these expectations or to provide a seamless payment experience significantly impedes any chances of success for a product launch.

"Launching new products are a key mechanism for companies to grow into new market segments, unlock new revenue streams, modernise their product offerings and enhance the customer experience."

While integration and competency challenges are significant, there are technology solutions in the market that deliver a simple integration solution for enterprises into the payments ecosystem. These payments middleware platforms, like Imburse, do all the heavy-lifting in integrating to different providers, while making the needed payments competency readily available to the enterprise.

As companies think about launching new products, they need to have both a technology partner and a competency partner in place to deliver rapidly and with a future-proof solution. Imburse, as a leading payments middleware platform, solves the payments integration problem for enterprises launching new products, offering both the technology and well the competency component whilst being agnostic to the payments world.

Odds of delivering new products are already stacked against enterprises, but the reward on delivery is big. Enterprises need to continue to invest in launching new products, reinventing their offering, unlocking new revenue streams and exploring new business models. This is key to the growth ambitions for any enterprise, and investment into the successful delivery of new products is critical. With the right technology and competency partners, enterprises can deliver more product launches in record time and benefit from the growth that they generate. Imburse is proud to be a trusted partner and the go-to platform for product launches for most of the large insurers in Europe.

IMBURSE

Looking to the revolution

Asked for 500 words on predictions for Fintech in 2022 seems an innocuous enough challenge. How hard can it be to look forward with certainty in a world where across the end of 2021 and the first weeks of 2022 we have seen massive market volatility, a build up of Russian Troops on the Ukrainian border, rampant inflation, a massive crypto price correction, UK rate hikes and talk of three to four US hikes to come. Oh and a massive correction in the prices of public tech stocks including Fintechs to boot. Thanks for the challenge Editor, hold onto your seat, here we go...

We don't have a crystal ball at Illuminate but we do have a huge and growing expert network across enterprise financial services which is where we operate. With over 30 portfolio companies and a new fund soon to launch we are always active in that network, listening, validating, testing theories, introducing companies, learning, connecting and selling. So what have we seen and what have we heard that might help all of us navigate 2022?

Let's start with some facts: Public tech Markets ARE off significantly, inflation challenges real interest rates in ways we haven't seen in a long time. Fixed income yields have responded to that and volatility is higher across most markets. Crypto demonstrated short term correlation with equities when faced with inflation which arguably wasn't supposed to happen and everyday someone asks me if the drop in public fintech markets is bad for venture and venture backed businesses. It won't surprise you if I don't believe it's bad but it might intrigue you why.

Public markets have been on a rampage since the introduction of QE post the Global Financial Crisis and just as some economic common sense was about to come back Covid kicked the can down the road another two years. Between QE, Covid inspired deficits and tax breaks cheap money has fuelled a boom that needed to come to an end. Letting some air out of the balloon can only be a good thing in my book. Will that impact exit valuations for companies about to IPO or large scale enterprises about to be consolidated into other public companies? Certainly. Will that impact valuations on late series private equity transactions? Somewhat, of course and so it goes. When you get to the earlier financing rounds the most common reason we've not executed deals in our natural Series A space has always been price. Venture investing is like golf, if you get it horribly wrong off the tee on the first hole you can spend the entire game trying to make good. Being thoughtful about valuations at every stage is a good thing...

Mark Beeston, Founder, Illuminate Financial

Good companies led by strong, charismatic, energetic and visionary founders with compelling solutions will always get funding. There remains a vast amount of dry powder in the venture and private equity communities. The market will continue to reward the very best with strong valuations and available capital but we expect more differentiation between the great and the merely good and even more so between the merely good and the below average. But remember all market segments are not created equally, consumer fintech remains a very different market to enterprise fintech. The enterprise fintech revolution has naturally lagged the consumer space due to slower adoption cycles for mission critical technologies for highly regulated financial institutions. But public market correction or not the $300bn market for technology within enterprise financial services needs to modernise, the revolution has truly begun and is only set to accelerate with private capital ready and waiting to provide the fuel.

ILLUMINATE FINANCIAL

Compliance best practices for remote and hybrid working

ComplyPortal
Compliance Made Simple

Luis Parra, Managing Director, ComplyPortal

Remote and hybrid work models are now a new normal—but while this offers many benefits, it also brings security concerns for risk and compliance officers. Organisations will need to evaluate new risks and understand how workflows have evolved in these new working environments—and manual processes are often neither fast nor efficient enough to keep up. That is why compliance officers are increasingly turning to technology. The benefits of a technology-driven approach can be summed up in three core reasons:

1. Employee Awareness
Dedicated regulatory and compliance management technology can help with executing tasks like scheduling and collecting staff attestations acknowledging individual company policies and regulations. Streamlining processes like these can enhance a firm's ability to comply with regulatory demands by:

- **Ensuring staff are aware of all relevant policies and procedures**
- **Creating clear, auditable records to demonstrate compliance to the regulator**
- **Increasing security and efficiency by using secure software to schedule tasks and store documents**
- **Having 'access-anywhere' documents to maintain compliance awareness regardless of where staff are based.**

Using technology in this way can help make up part of your firm's requirement to conduct a periodic compliance monitoring programme (CMP).

2. Security of Information
Compliance technology can increase collaboration across teams and help centralise security management. Centralisation enables security teams to maintain visibility of information and information threats across distributed resources. Additionally, remote and hybrid working practices bring new challenges to controlling information from your firm, clients, and employees—such as employees sharing space with family members or roommates that work for other financial firms.

Compliance management applications can help:

- **Limit access of information to authenticated users**
- **Control what information is accessible to each user based on permissions – sharing documents on a "need-to-know" basis**
- **Store sensitive data within a secure platform rather than in email threads**

Knowing what information is accessible to staff will help you design controls around these sensitive data sources and help prevent unauthorised users from accessing information.

3. Improve collaboration
Compliance work touches every department, so it is important to be able to communicate and collaborate across all teams within your firm. Opting for user-friendly compliance management technology empowers employees to manage compliance tasks themselves. Empowered teams will result in a reduced workload for Compliance staff, leaving more time for higher-value tasks.

Compliance management software can help with:

- **Approval workflows for end users to be able to submit and complete requests directly**
- **Easy access to latest versions of policies and management approvals**
- **Keeping management informed and your compliance team on the same page**
- **Ease of reporting and audit trails**

In short, the onset of remote work from home models mean organisations must also evolve, especially when it comes to compliance monitoring. This is why using technology to assist with compliance monitoring tasks is essential. Regtech solutions like ComplyPortal help meet the demands of the hybrid workspace and monitor increasingly complex regulatory demands. Simplify, manage, and control your processes while allowing your staff to connect and work in a compliant manner wherever they are.

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FinTech in 2022 – what should we expect?

Yasmin Johal, Associate, CMS UK

Introduction
The pandemic has been a catalyst to the revolutionary rebuilding of financial services around a digital infrastructure. The lines are blurring as traditional banks are looking to broaden their services akin to tech companies, and tech companies are entrenching themselves in the financial services arena.

Unavoidably, all FinTechs are moulded by regulations and now regulators are having to assess existing regulatory frameworks to attempt to strike a balance between minimising risks and supporting the UK as a FinTech innovation hub.

Over the last few years, we have seen exciting developments change the landscape and push boundaries. These innovations are not showing any signs of slowing down in 2022.

Tokenisation
Blockchain technology is transforming financial services. Tokenisation, a blockchain-based innovation, is the process by which sensitive information and

"Over the last few years, we have seen exciting developments change the landscape and push boundaries. These innovations are not showing any signs of slowing down in 2022."

data is replaced by a token which still allows the information to be authenticated, but which offers more security. Rights and assets can also be converted into a digital token which can be used, owned and transferred through a blockchain without any third-party intermediaries. This provides greater efficiency, security, transparency and tackles financial crime and decreases transaction costs.

The tokenisation of assets can improve their liquidity and tradability, inspiring a wider consumer base to access new and different investment opportunities. Further, there is an opportunity to use tokenisation to co-ordinate social innovation or decentralised governance. Tokenisation reduces costs and permits new economic incentives into markets they otherwise wouldn't be able to penetrate. 2022 will see a rapid adoption of tokenisation of all things including, for example, whisky, art and property rights.

Decentralised Finance (De-Fi)
DeFi, one of the fastest growing sectors on the blockchain, is an umbrella term for a financial system which excludes third-party intermediaries. Smart contracts (transactions which take place on the blockchain) eliminate the need for banks or government agencies to act as intermediaries to approve financial transactions such as lending, borrowing and trading. In this way, DeFi offers financial freedom and the removal of outdated processes, hugely disrupting traditional financial services as we know them.

Consequently, regulatory gaps in this area are becoming more obvious – for safeguarding and to imbed investor protection issues and protect against fraudulent behaviour. The benefits of working on DeFi are notable, including cheapening the cost of financial transactions, increasing security and improving accessibility for all. The facilitation of this peer-to-peer interaction has prompted experts to predict that over the next decade, changing customer behaviour and technological advances will see the adoption of DeFi solutions.

"The tokenisation of assets can improve their liquidity and tradability, inspiring a wider consumer base to access new and different investment opportunities. Further, there is an opportunity to use tokenisation to co-ordinate social innovation or decentralised governance."

Non-fungible tokens (NFTs)
2021 was the year of the NFT, gaining further momentum in 2022 as they become a core component of the metaverse. An NFT is a digital asset that represents a real-world object. For example, a Pak piece "The Merge" officially became the most expensive NFT ever sold in December 2021, when nearly 30,000 collectors paid a total of $91.8m. Such fractionalising makes investment opportunities more accessible to a wider range of consumers. Beeple's "EVERYDAYS: The First 5000 Days" sold for $69.3m. This process allows creators and artists to sell their own items directly to the consumer as well as package in royalties from secondary sales, making the art market more accessible, democratised, and transparent. NFTs are on a shared blockchain ledger which are traceable and verifiable.

NFT transactions occur online, are often paid in cryptocurrency, and allow the buyer to own the original item as well as providing built-in authentication as proof of ownership. We will see the sale of NFTs ranging from tweets to art, to music increase in 2022 especially as we see the development of the 'metaverse'.

ESG
Regulators are carefully strategizing how to maintain the UK's position as an attractive FinTech hub while ensuring that it complies with ESG considerations. The government announced plans to make the UK the world's first net-zero aligned financial centre, which will require financial institutions and listed companies to publish net-zero transition plans that detail how they will adapt and decarbonise as the UK moves towards a net-zero economy by 2050. The Financial Conduct Authority (FCA) shares the government's objectives set out in its ESG priorities and its second Green FinTech Challenge which aims to support development of new products and services that will aid the transition.

"We will see the sale of NFTs ranging from tweets to art, to music increase in 2022 especially as we see the development of the 'metaverse'."

The Kalifa Review highlights that FinTech has a vital role to play in ESG issues, for example by using digital products to collect and process ESG data and by encouraging green investments - exemplified by FinTechs offering saving accounts engineered to reverse the climate crisis. There is a real opportunity for FinTechs to continue to create useful offerings to its consumer, but not at the expense of ESG values.

Cryptoassets have come under scrutiny for their effect on the environment with many crypto investors reluctant to invest because of the high carbon footprint of 'crypto mining', igniting the complete ban on mining and trading in China, with Iran and Kosovo imposing temporary bans over energy concerns. Blockchain network operations will continue to increasingly turn green by approaching renewable energy.

We can expect to see the 'G' in ESG, governance, rise to prominence this year with more attention on items such as reporting standards, AML, transparency, culture, and senior manager remuneration with the FCA expected to consult on governance this year.

COP26 discussions certainly inspired green blockchains and tokenising carbon offsets to address climate issues.

Shifting the regulatory perimeter
With the development of all of the above, the regulators and government are playing catch up with the creation of regulations which encourage innovation in the UK but protect customers and promote competition. 2022 will see further growth for cryptoasset tech, with an ever-increasing focus on financial services – and with this the calls for regulation will grow apace.
Despite the risks that cryptoassets can bring, it is recognised that they have the potential to bridge gaps in existing payment systems which would allow for more efficient and cheaper transactions.

Large institutions are permitting consumers to transact in cryptocurrency and this adoption seems to be a permanent one which will be embraced by an increasing number of institutions. El Salvador became the first country to adopt Bitcoin as official currency in 2021, meanwhile, China imposed a blanket ban on cryptoassets. Where other countries will fall on the spectrum remains to be seen.

Final clarification of the regulation of cryptoassets is expected. HM Treasury and the FCA continue to consult on the broader regulatory approach to cryptoassets and on new rules in relation to financial promotions.. In Europe, MiCA is a proposed regulation that will establish a harmonised pan-EU regime for cryptoassets by catching unregulated cryptoassets that do not fall within the regulatory perimeter currently. These initiatives give us a good insight into the future of regulating cryptoassets, but much uncertainty remains.

Conclusion
It must be mentioned that the metaverse will inspire innovation in every aspect. Consumer's convenience and ease of transacting has been prioritised by companies and driven competition in the market which has resulted in new products to meet these expectations. Clearly, cryptoassets are here to stay, innovation is booming, now the regulation must catch up. It remains to be seen how restrictive such regulation will be.

CMS
law·tax·future

Simon Sear, Director of Value Creation, Armstrong Transaction Services

How can traditional companies be more like successful FinTechs?

The total investment in UK FinTech companies in 2021 hit an all-time high of $37.7 Billion! Globally the number exceeded $200 Billion. Investors look for growth opportunities and know that the innovation that tech enabled companies bring is a key driver for long-term economic growth. FinTech firms, with their wide and deep influence on the global economy, are at the core of our fourth industrial revolution. That's one of the reasons we are seeing a record number of Private Equity, Venture Capital and M&A deals.

Traditional companies already know that they must embrace digital technologies and data if they are to compete in our ever-digitising world. It's not new, and tech and data have been part of growth strategies for a while. But with the increasing pressure of the post pandemic world, global inflation, and an accelerating pace of digital transformation across all industries they have risen to the top as one of the key mega trends of our time and we're at the start of a super-cycle of tech enabled growth.

But to assume it is just about investing in tech and data is missing the point. FinTechs have been built as digital companies from the ground up. They not only have the tech platforms and data insights required to succeed, but they also have different ways of working and typically different cultures to traditional enterprises.

If you've ever worked at a large company, you'll know that the most common culture is one that sustains operational stability and steady growth. Leaders and managers are taught, incentivised, and encouraged to optimise the machine. They are discouraged from taking risks and leading a revolution. It's more evolution that revolution.

Culture is shaped by people and sustained by them, and if you want to change it you need to add new people, with different views and experience of the world. That's why diversity is so important. If you keep hiring the same kind of people, you sustain, you don't transform.

The other aspect of culture is leadership. Leaders implicitly and explicitly shape culture. From how they act and their values to their ability to be open minded and allow the space for different views and ways of working. Ultimately, they need to have a growth mindset, but also have the ability to keep a business operating effectively and profitably.

The other thing connected to culture are ways of working. If you are in a fast-paced, evolving industry you are likely to have an entrepreneurial culture and light-touch processes and ways of working that enable flexibility and adaptability. If you are in a long-established industry, like traditional banking, you are likely to have high-touch processes, internal rules, silos of teams to hand off to, etc. Which leads to a culture of risk aversion and sustainability.

So, if traditional firms want to be more like FinTechs, sure they need to invest in tech and data, but they also need to seriously think about their ways of working, their culture, their leadership and the diversity of their workforce. Easy right!?

Armstrong

Keeping the conversation going

Andy Browning
Head of Electronic Trading, valanticFSA

One of the benefits of the pandemic is that all of us have had to get more comfortable with change. Almost overnight we shifted our work lives online – commuting to the kitchen table instead of the City and catching up over video rather than over a beer. This changed the way we all shared ideas, but as an active participant in the capital markets arena, we made the effort to stay in conversation with the broader fixed income community to better understand the key challenges they face and develop solutions together.

To keep this conversation going we created the **Sell Side Fixed Income Network** where we look to regularly review key topics for the industry. We recognised that all of us benefit from regular discussions exploring what others are thinking about, what is driving decisions, and what problems we are facing. We are providing a forum that allows market participants to understand and benchmark their views against their peer group. We kicked off this initiative at the end of 2021 and are seeing excellent growth in the network. Initially created to be online, we will further look to expand on how we engage the network through webinars and in-person events in 2022.

From our latest report, we identified a number of key trends, and the community was very clear in highlighting the biggest barrier to growth in 2022 is internal technology limitations. Digging further into the detail, the three key technology issues raised were the inability to change quickly, legacy silo-based data, and total cost of ownership of vendor platforms.

valantic FSA partners with the community to address these three challenges.

"One of the benefits of the pandemic is that all of us have had to get more comfortable with change. Almost overnight we shifted our work lives online – commuting to the kitchen table instead of the City and catching up over video rather than over a beer."

Strategic Agility – Getting results now.

The first is strategic agility and the ability for clients to make changes quickly. Working to be both a change agent by directly helping our clients make changes quicker, but also as an enabler for change providing the tools and frameworks to help our clients build on their existing systems.

We are addressing the problems that clients are facing now, and helping them to fix them now, as opposed to them waiting for a multi-year project to be completed. For example, today it is possible to create front ends that source data from both legacy and other 3rd party platforms. In this way, technology debt can be paid off incrementally, and firms can embark on a path of continuous innovation.

The Wider View – Better insights.

The second is moving from data silos to data centricity. Being able to pull together large data sets from multiple systems and data sources is not easy. Our tools allow firms to move away from a classic silo-based approach and put a layer across all data. This wider view leads to greater insights and the ability to deliver better customer service.

Clarity on TCO

The final piece is reducing the total cost of ownership by looking at all associated costs of running a platform as opposed to just focusing on the cost of software licensing. Understanding the elements involved and being able to address all of them is key.

In addition to automating our clients' workflows for pricing, quoting, trading, and data aggregation in Fixed Income, we provide our solutions in a fully managed SaaS offering allowing clear cost reduction strategies to be implemented.

As well as addressing these current needs, we have ambitious plans to enhance and develop new tools for the community in the coming year.

Continuous platform development

We are continuing to work on our technology transformation capabilities by leveraging our low code development framework. Using this framework, we assist clients by building around their current legacy systems that aren't quite cutting it for them. As new tools become available, they can be easily integrated into existing workflows and put into production with minimal effort or disruption.

"Our mission is to digitise, augment and evolve the value streams within our clients. We will be expanding our geographical reach and broadening our product line of core software solutions as we grow internationally."

Growing Opportunities

Our mission is to digitise, augment and evolve the value streams within our clients. We will be expanding our geographical reach and broadening our product line of core software solutions as we grow internationally. This includes specific Capital Markets Solutions but also has application across financial services, building on our success to date.

At valantic FSA we have successfully digitised the workflow for over 100 firms in the financial industry, building robust and highly innovative systems for trading, workflow management and downstream transaction automation.

In our next edition of our Sell Side Fixed Income expert network, we will be digging deeper into the technology issues that are hampering growth – please reach out if you'd like to learn more about the network.

valantic

The future of automation for UK financial services

Murray Campbell,
Consultant, AutoRek

The last two years have been amongst the most disruptive that the financial services industry has ever experienced, forcing many sectors to reconsider business models. Client-facing roles in particular have undergone a substantial transition as video conferencing has replaced face-to-face interactions.

To better understand how financial firms have responded to market disruption, AutoRek conducted a number of studies throughout 2021 and the beginning of 2022 into the Asset Management, Banking, Payments and Insurance sectors.

From our studies, three lessons stood out for their relevance to the wider financial industry:

1. Operational challenges and tech improvements are company-specific

We asked organisations what does and doesn't present a challenge to their daily operational processes.

While the availability of automated systems and adequately skilled staff were highlighted by two-thirds of respondents as the most significant challenge, firms also pointed to many others including the functionality of manual resources, process complexity and a changing regulatory burden.

Nearly 8 in 10 acknowledge that the capabilities of current systems are hindering operational growth, and firms identify a range of priorities to improve these systems: from seamless data flow, AI-assisted dashboards and dynamic data management through to enhanced risk management and talent acquisition.

The variety of responses tells us that no two firms face the same operational challenges and, consequently, that technology infrastructure improvements for 2022 will be equally varied in their application to the financial services industry.

2. Manual reconciliations continue to challenge many

Reconciliation is an essential process to keep accounts and financial records accurate.

At AutoRek, we are on a mission to save financial organisations time and money by replacing manual reconciliations with end-to-end automation. Yet, while automation is well known to eliminate risk of error and improve accuracy, our surveys still reveal that:

- **60% of financial firms worry that manual reconciliations are the greatest risk to their organisation**
- **75% say that the number and volume of manual processes is an immediate operational challenge**
- **Only 7% say that manual processes present no challenge to their firm**

"To better understand how financial firms have responded to market disruption, AutoRek conducted a number of studies throughout 2021 and the beginning of 2022 into the Asset Management, Banking, Payments and Insurance sectors. From our studies, three lessons stood out for their relevance to the wider financial industry."

Data preparation was also highlighted amongst the most time-consuming tasks for businesses, which further highlights how the complexity of data management continues to grow year on year. This is consistent with our work across all financial sectors, where we find that manual processing is really the root cause of inefficiency.

With half of UK firms we surveyed allocating budgets between £0.5 and £10m to address these manual inefficiencies, we can expect automation to become more deeply embedded in the industry throughout this year.

3. Regulation is accelerating the trend towards automation

Although manual processing has been steadily declining for years in favour of automation, our findings show that a growing regulatory burden is definitely a factor in this transition.

Just 2% of financial firms in the UK have no plans to invest in automation to achieve regulatory compliance. For the majority that did, top focus areas include Operational Resilience, prudential regulation, MiFID II, CASS, Safeguarding and IFRS17. 70% of asset managers also felt that automation will be instrumental in achieving compliance with the IFPR regulation, which came into effect on 1st Jan 2022.

These findings tell us that UK firms are actively pursuing automation as a convenient and cost-effective way to fortify against regulatory breaches. Nevertheless, with 42% still pointing to new or changing requirements as the biggest threat to their company, such solutions need to be flexible as requirements continue to grow in scope and complexity.

What does this mean for software providers?

The results of our surveys clearly demonstrate that automation in finance will become ubiquitous in the medium to long-term. However, the variety of responses and priorities outlined also shows that firms do not want an off-the-shelf solution; instead, they want a reconciliation platform which:

- **Is configurable to specific operational needs**
- **Eliminates manual intervention through end-to-end automation**
- **Is purpose-built around specific regulatory requirements**
- **Is flexible to accommodate for multiple iterations of regulations**

Of course, these are welcome findings at AutoRek, where we have spent over two decades working with financial firms to build bespoke solutions for unique reconciliation, operational and regulatory requirements.

In the short-term, it is clear that the UK financial services industry recognises how automated reconciliation disciplines do and will continue to form the cornerstone of an effective business model in today's post-pandemic environment. It will be interesting to see how this plays out across the wider financial industry over the next 12 months.

AUTOREK

Buy-to-build: a new approach in financial markets

Andrea Linsky, VP of Marketing, Genesis

Software investment projects in financial markets organizations almost always include a 'buy vs build' decision: whether to buy – to purchase an off-the-shelf solution from a third-party vendor, or to build – to design and develop proprietary software in house. As there are arguments for and against both approaches, it is not uncommon for this to be one of the harder questions to answer when it comes to introducing or replacing platforms and applications in the financial services. However, a new approach is emerging that combines the advantages of both buy and build strategies by leveraging ready-made components that can accelerate the development of bespoke software; the buy-to-build approach.

Planning projects and implementing new software in large financial organisations can be extremely complex. As well as having to choose a solution that best fits the functional requirements of the project, it is often the case that there are multiple additional restrictions and requirements imposed on project leads and sponsors. Established vendor relationships in the wider ecosystem of the firm must be considered and approving and onboarding a new vendor partner typically requires a long lead time. Commoditised 'off-the-shelf' solutions are appropriate for many use cases in the financial services industry - for example, where processes are routine and highly standardised – but there are numerous other scenarios where off-the-shelf / 'buy' solutions must be supplemented by satellite applications, add-ons or workarounds to cover the full spectrum of functionality required by the financial firm.

The Low-Code Platform Development Approach

The benefits of a successful low-code platform implementation can be significant. For example, time to production and speed of development is one of the most significant selling points of the low code approach. It is often possible to develop new applications using a Low-code platform in a matter of days or weeks, rather than the months or years it would take using more a traditional development approach. low-code platforms offer a well governed project framework that facilitates fail-fast agile delivery – or, in other words, the ability to 'pivot' and make corrections or fix bugs at pace during development. Using prebuilt 'building blocks' for commonly needed repeatable components, developers can prioritise their time and skills on the more complex and bespoke functionalities. Consequently, scarce developer resources are more efficiently used by businesses. Better efficiency of development teams is a theme running across low-code platforms, in that they can incorporate intelligent features that lead to a reduction of errors, such as automated in-line documentation and intelligent code completion tools that can reduce syntactic and typographical errors. Some no-code platforms have the potential to allow development by non-developers, where technically minded users without extensive development skills can build simple applications on a robust platform. Perhaps most importantly for financial services firms, the freedom created by low-code platforms to create applications can lead to potential governance problems unless a proper governance and controls framework is in place. Low-code platforms are often cited as a method to remove grey tech, and while it certainly can be, there is little benefit in migrating applications to a new platform only to suffer the same lack of controls and visibility as the migration was intended to solve. These potential risks and pitfalls can be mitigated using sensible controls and governance and a well-developed, tested and maintained platform and framework, and should be carefully considered when selecting a low-code vendor with which to partner. A suitable vendor will not only offer to deliver the relevant benefits but, will be able to demonstrate how it can mitigate the risks for a given project, specific to the situation, requirements, governance and experience of the organisation.

> "The benefits of a successful low-code platform implementation can be significant. For example, time to production and speed of development is one of the most significant selling points of the low code approach."

Low-code for Enterprise-grade Platforms in Financial Markets

Financial markets participant organisations have some highly specific requirements, as well as needing technology that is fit for purpose, fast to market and agile enough to respond to change quickly. As such, the generic low-code vendors will not always be in a position immediately to assist in the most efficient way, but there are specialised providers which combine technological innovation with industry-specific knowledge and expertise, and whose low-code building blocks are specifically designed to address requirements particular to the financial markets. There are a large number of potential financial services building blocks that might be employed by this kind of provider, including out-of-the-box integration with commonly-used industry systems and applications, pre-built interfaces with market and static data providers and the ability to consume and process very large volumes of data in real-time together with low-latency processing and access to data stores, which can be critical in, for example, electronic trading platforms, but are generally not necessary to the same extent in software used in non-financial industries.

Building on the Best of Both with Buy-to-Build

The buy-to-build low code approach has much to recommend it as a weapon in the financial services software development arsenal. In an industry that purports to thrive on innovation and swift reaction to change, the potential flexibility, agility and speed of these platforms is difficult to overlook and the allure of collaborative solution development between technologists and business experts within a robust and reliable framework is compelling. Genesis Global is the only low-code platform built specifically for the financial markets and offers a fresh approach to helping firms who need to adapt and innovate their business and operating models in an ever challenging and constantly changing environment.

Genesis

In conversation with FeedStock

Charlie Henderson,
Co-Founder and CEO,
FeedStock

Tell us a bit about FeedStock, what you do, and why?
FeedStock is a VC-backed SaaS start-up that is modernising the outdated manual CRM market with a fully automated data-driven approach.

Traditional CRM solutions will cost global enterprises an estimated $4.6bn to implement in 2022 and can take one year or more to deploy. In addition to that, 75% of users have admitted to fabricating the data they input into their CRM and yet the insights and information in CRM solutions is vital for client success. Something needs to change, and FeedStock is that change, with no manual inputs, immediate time to value and AI-driven insights that traditional CRMs can never achieve.

Why now?
With client relationships now being predominantly digital, the way people interact with their clients has changed. There is more data, and less face-to-face time. FeedStock automatically captures billions of data points across a company's business communications, analyses this data and turns it into accurate and real-time insights so that companies can drive more revenue. The solution generates 100 times the data of traditional CRM solutions today, across more than 400,000 relationships within our client base.

What is the outlook for B2B sales and client relationship management in 2022?
This year, we are facing a continued digital shift in buyers' preferences, and an adjustment to permanent hybrid working. According to Gartner, 43% of B2B buyers would prefer to make a purchase through digital channels and self-serve education, rather than by speaking to a sales rep. Alongside this, Forrester research has found that a typical buying decision jumped from needing 17 contacts in 2019 to 27 in 2021. The sales environment has become increasingly digital, complex and now demands multiple touchpoints and decision makers.
Poor CRM data quality has been a thorn in the side of the sales discipline since the 1990s, and this has become more acute since the pandemic. 79% of CRM users agree that data decay has accelerated at an unprecedented rate over the past two years. Not only this, but as the number of interactions and touch points per sale increase, the time spent inputting data is becoming more and more of a drain on resources. Taking both of these factors into account, there is a huge opportunity to drive growth and revenue increase for those companies and employees who are adapting quickly to the current environment and embracing the latest tech advancements to get ahead. Those with appetite and understanding of the importance of data automation and workflow streamlining through efficient systems will come out on top.

How does FeedStock address those challenges?
By understanding your company's professional network in a data-driven way, and removing the reliance on patchy client interaction data in your CRM, we enable sales teams and client relationship managers to remove the intuition from their sales forecasts and predictions. FeedStock provides the assurance needed for the modern sales manager.
2022 is going to be a big year for organisations as they seek growth opportunities in this rapidly changing sales environment.
At FeedStock, we are looking forward to liberating companies from manual, relationship-orientated CRM tasks and empowering them with data-driven growth opportunities.

FeedStock™

The perils of data bondage

Bernie Thurston
CEO, ULTUMUS

I have been involved in "Big Data" prior to the days of it becoming "the next big thing", and still remember when I had to beg our CFO for a purchase order for a new and very expensive EMC disk array (to the layman – a big, heavy storage device for data storage delivered on flat-bed lorry). For those not old enough to remember the interesting part is this was not that long ago

Advances made in the last 5 years for data storage, processing and analysis have fundamentally changed the connection between technology and data. More so, it has allowed us to build a cutting edge, disruptive Index and ETF data management business from a standing start that is not tethered in a legacy technology, support and pricing model. Thanks to the evolution of technology, we can offer a future proof solution that provides all the data points our client requires both today and more importantly, may want tomorrow, in a single API.

When I look across at our competitors in the Index and ETF managed data service space what I see being offered is endless customisations of flat files or XML that will tie, willingly or not, businesses to their the current data aggregator forever , true "data bondage"

ULTUMUS is hosted 100% in Amazon Web Services, with our costs scaled starting from an initial 50TB up to 500TB with a cost that maxes out at about $1000 dollars per month, we've come a long since that lorry deployed EMC hard disk. Although I do acknowledge that the costs in AWS increase as you manipulate and move data, the fact that we can be discussing 50TB as a base measure explains why at ULTUMUS we never need throw away any of our source data files and have not had to compromise on consuming all required data points our client might need.

> "It should be recognised that data will continue to evolve in both breadth and depth. Organisations need to accept the new data paradigm and design their systems to allow data to be stored in the appropriate structure."

In addition to limitless and low cost storage, we can utilise significant analysis capabilities, with different use cases and tools available to overlay the same data using Athena, Kinesis, Elasticsearch or Quicksight, we are not tied to a single implementation of business Intelligence tool and we adapt as per the requirements of clients – this is a powerful edge, we can pass onto our clients

The fact that storage and analysis has come on in such leaps and bounds is significant; the challenge we see is that our prospective clients own internal technology, operations and strategic vision has not evolved to the same level that allows them to benefit from the changes this new paradigm offers.

To give an additional example of the changing data landscape, when I initially worked on ETFs (exchange traded funds) the only data fields that were available were limited to NAV, shares outstanding, total cash and various basket structures. Over the last two years, the data points available has rapidly increased as ETFs have evolved, now we can provide currency forwards, capital gains tax, apportionment ratio, metal entitlement ratio, switchable indicator, settlement period and the different baskets associated with the period, the list grows on weekly basis.

The simple data structure that was initially envisaged for ETFs is no longer fit for purposes. Additionally, ETFs, Indices or any of the other data sets we carry at ULTUMUS are not going to stop evolving, the data set and solution to represent this has to change to accommodate, as does the technology that supports it.

We often see organisations that have handcuffed themselves to a defined set of data points assuming that constraining data allows easier analysis. Unfortunately, I have to break the news to them that data doesn't work like that, just look at the growth of Facebook and Google, companies that didn't exist twenty years ago are now at the top of their game globally due to their use and unconstrained consumption of data.

Organisations that are bound to their legacy systems and that require data to be delivered in csv cia FTP or single database structure are condemned to continue making the same mistakes, they are going to fall behind, and potentially lose out completely to their competitors, some of which have embraced this change.

It should be recognised that data will continue to evolve in both breadth and depth. Organisations need to accept the new data paradigm and design their systems to allow data to be stored in the appropriate structure. Data points should be available for usage in any use case and also flex/adapt with any new data points that become available or standardised across the industry. In addition it is essential data points can be stored and delivered to any downstream systems in a defined manner and allow upgrading of system components without altering the whole chain in a "big bang" approach

This is easier said than done but organisations need to start making the initial steps, breaking apart the data inputs and the consuming systems, whilst these are tied together in multiple "customised feeds" the data and system will slowly asphyxiate each other.

> "When I look across at our competitors in the Index and ETF managed data service space what I see being offered is endless customisations of flat files or XML that will tie, willingly or not, businesses to their the current data aggregator forever , true "data bondage"

ULTUMUS
a SIX company

Moving the needle: The 19% List

For nearly 8 years the percentage of women in technology roles in the UK rested at 17%. It was static, there was no increase. The issue wasn't only about attracting women to the space, it was keeping them here. The work that we must do is in answering the question: how can we make the industry equitable for women?"

As of 2022 the numbers have changed and we can now report that 19% of all UK technology roles are filled by women.

A flicker on the needle is really encouraging but we have so much farther to go.

I'm really pleased with the results of the 17% list campaign and even more pleased that we can now call it the 19% list.

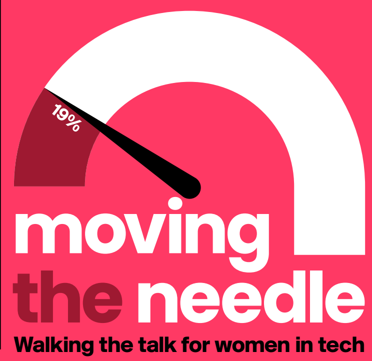
The 19% list is about giving hiring managers visibility of female technology talent and more importantly, when these women are given options within your company, we are looking create roles for them that they want to step into and grow within.

As of 2022, when the needle had moved, that 2% represented a 60,000 increase of women in technology associated roles across the UK. Every single one of those women need to be celebrated but more importantly we need to look at how they will be treated within the industry. This is where the real work starts. The key to driving better gender balance on the numbers is gender equality in the environment, culture, policies, decision making and behaviours. Each of these will drive a more equitable environment that women wish to stay in. This will need constant assessment of promotion criteria, salary reviews, the attribution of credit and remote recognition. Everyone from the newest person in an organisation to the C Level suite will need to continuously address their own bias, their own listening capabilities and their own acknowledgment on the inequity. Denial of the issue is futile if we wish to build a better workplace and therefore a more successful industry. The real results will follow the awareness and acknowledgment with action that we need to see through allyship and advocacy.

The 19% list is an easy way for you to be an ally for others, by hiring for people into positions that will be their next great career step, not just to fill a space in your business or team.

We now have the opportunity to take it further and drive better results for gender balance and gender equality in our businesses. To be an advocate you can help by spreading the program farther so that every single woman who subscribes to the list finds a new role created for her without exceptions.

Contact me to discuss how you can join the list as an ally or should you wish to advocate for the list and sign someone else up. Nadia.edwards-dashti@harringtonstarr.com



Wellbeing in FinTech:

Why habit change should be the cornerstone of your strategy in 2022

James Gorman
Founder, BioMe

The fintech industry understands the importance of employee wellbeing. More and more firms are investing in it. But is the money, time, and effort invested likely to pay off – for the employees and the businesses?

Only if it helps the employees to create better habits.

The long-term physical and mental wellbeing of your employees is largely determined by the habits they repeat every day. Better long-term wellbeing – which is surely the whole point of an employee wellbeing strategy – requires better habits.

More specifically, better habits in the areas that make the most difference to physical and mental wellbeing – nutrition, movement, and sleep.

Think about how you keep your teeth clean

Do you wait until the last day of the month, then launch into a ferocious two-hour brushing session?

No, of course you don't. But have you ever thought about why?

Firstly, you'd never do it. Imagine arriving at month-end and being faced with two hours of non-stop tooth brushing. Even if you remembered, you wouldn't have the time or the motivation. You'd come to dread it. You probably wouldn't start, let alone finish.

Secondly, even if you did manage the 120-minute monthly brushing marathon, it wouldn't be effective at keeping your teeth clean. Hacking away at a months' worth of plaque build-up – the damage from which would already have been done – would be a futile exercise.

What you actually do (if you listen to your dentist) is brush for about two minutes twice a day. You still spend two hours brushing your teeth every month, but breaking it down into a twice-daily habit means it gets done (almost without fail) and it's very effective. The long-term result? Clean, healthy teeth.

Success – in anything – is the aggregation of small daily habits, not a one-off or infrequent herculean effort.

Therefore, the best way – perhaps the only way – to improve the long-term wellbeing of your employees is to help them change their daily habits.

How to (and how not to) create lasting habit change

In his ground-breaking book, Tiny Habits: Why Starting Small Makes Lasting Change Easy, BJ Fogg (the Director of the Behaviour Design Lab at Stanford) highlights that, "there are only three things we can do that will create lasting change: have an epiphany, change our environment, or change our habits in tiny ways."

Real epiphanies are very rare.

"Success – in anything – is the aggregation of small daily habits, not a one-off or infrequent herculean effort. Therefore, the best way – perhaps the only way – to improve the long-term wellbeing of your employees is to help them change their daily habits."

We can't bank on them for habit change, so we should forget about them.

Notice that information and motivation – the mainstays of most employee wellbeing initiatives – are not on this list. Why? Because they don't reliably change habits (1).

Unfortunately, knowing what to do does not result in lasting habit change in most people. BJ Fogg calls this the 'Information-Action Fallacy'. There is no shortage of good-quality, easy-to-find, free-of-charge health information out there, yet most people don't do anything with it.

But what about motivation? Most people believe that motivation is the driving force of change. Unfortunately, this isn't true. For any behaviour (including habits) to occur, three elements must come together at the same time: motivation, ability, and a prompt (2). So, motivation is necessary. And when motivation is high, you can do difficult things. The problem is, as I'm sure you have experienced, motivation is unpredictable and unreliable. It comes in waves, and it fluctuates wildly.
There are, then, only two (realistic) ways that your employees can create better daily habits:

1. By taking the habits they want to do and putting them into practice one tiny step at a time, and/or

2. By redesigning their environment to make their desired habits the path of least resistance.

To generate the biggest impact, your employee wellbeing strategy should be designed to help them do both.

The next question is, what habits should your employees focus on?

The 80/20 principle applied to employee wellbeing

There are many factors that contribute to the wellbeing of your employees, but there are three factors that make more difference than anything else: nutrition, movement, and sleep.
Four health systems are equally and jointly responsible for determining – in large part – how your employees feel and perform day in, day out (3):

- **Metabolic health: How well your body processes, uses, and stores calories.**
- **Musculoskeletal health: How well your bones, joints, and soft tissues feel and move.**
- **Mental health: How well your mind feels and how well your brain performs.**
- **Immune health: How well your body fights infection and regulates inflammation.**

These four systems exert an equally significant influence on the most important employee wellbeing outcomes: longevity, quality of life, work absence, and work performance. And each of these systems is reciprocally connected to the other three - they don't operate independently, so we shouldn't treat them as if they do.

Malfunctions in these systems – and they often malfunction together – are the biggest threats to the wellbeing of your employees and the performance of your organisation.

What causes these systems to malfunction? The main (modifiable) culprits are poor diet, physical inactivity, and insufficient sleep [4].

Nutrition, movement, and

sleep are not just important to health and wellbeing, they are essential to life.

■ **The building blocks for every component and process in your body and brain, and the energy for fuelling them, come exclusively from your food.**

■ **Varied and regular movement is the stimulus to build, maintain and improve every structure, system, process and pathway in your body and mind.**

■ **Sleep is the state in which your physical body recovers and is repaired and rejuvenated, and your mental processes are regulated, rewired, and reset.**

There is now overwhelming scientific evidence that poor diet, physical inactivity, and insufficient sleep are harmful to every aspect of metabolic, musculoskeletal, mental, and immune health [4]. In terms of impact on wellbeing and performance, nothing else comes close.

In addition, nutrition, movement, and sleep are mutually connected, interdependent and synergistic. And, for most people, there is substantial room for improvement in all three areas.

To make your wellbeing strategy as efficient as possible – for your employees and your organisation – you should focus predominantly on helping your people to eat better, move better, and sleep better.

A cautionary (and heretical) note about goals and results

Goals (the results you want to achieve) are necessary for behaviour change, but not sufficient. And, if goals are the primary focus, you won't get very far.

The problem is, a goal is an abstraction (and often one you think you should want, not one you actually want). You can't achieve a goal immediately, no matter how motivated you are. It doesn't give you anything to do. And only by doing can you get anywhere.

'Get better sleep' is a sensible health goal. And many people really want to sleep better. But that's not enough. You can't get 'better sleep' right now. To sleep better, you first need to break it down into the specific habits that will help get you there [5], and then put those habits into practice consistently.

Very few health and wellbeing programmes (not just employee wellbeing programmes) get this right. They typically attempt to motivate people towards goals, and it doesn't work [1].

Another problem is tying success to results [6]. Feeling successful is the single most important skill in behaviour change. But focusing on results makes applying this skill very difficult. One reason for this is that results don't show up in a predictable way.

For example, two people who adopt the same healthy diet and exercise protocol will respond in different ways at different times. So, it makes no sense to tie success to an arbitrary result at an arbitrary time point. It's a recipe for feeling unsuccessful and reverting to old habits, despite making great progress.

The solution is to focus less on goals and more on habits, and to tie success to each small step in the right direction. Get that right, and the results will take care of themselves [7].

Summary

If the purpose of your employee wellbeing strategy is to improve the long-term physical and mental wellbeing of your employees, it must include methods to help them create better habits. Because it's the small actions they repeat every day – especially in how they eat, move, and sleep – that primarily determine their state of health and happiness.

Information alone does not do this. Providing guidance on what to do – no matter how rational, sensible, and necessary – is simply not enough.

Attempting to sustain change through motivation – using fear, guilt, accountability, or rewards – doesn't work reliably either.

A better way is to teach your employees the skills of habit change; help them direct these skills towards the eat, move, and sleep habits with the biggest impact for them; and redesign your physical and social environment to make these habits easier for them to do.

BioMe

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FinTechs – Post trade needs you!

Alastair Rutherford,
Managing Director,
Ascendant Strategy

At Ascendant Strategy we think the innovation engines at fintech organisations need to grasp an opportunity by focussing on tools that support post-trade collaboration and data standardisation. Why?

First off, a little background. In the securities world, there is generally a gap between trade execution (buy Vodafone shares at market!) and settlement (Vodafone shares arrive in your account, money comes out of your account). This gets referred to as "T+n settlement" where n is the number of business days (yes, days…) in between the two events. Most markets now operate on a T+2 basis, some are looking to move to T+1 (in the US, the SEC just announced an intention to do this at end of Q1 2024).

What this means is that all the processes that need to take place to settle a trade will need to happen quicker. This shouldn't be an issue if everything is set up correctly, but for a surprisingly large number of reasons, it's quite frequently the case that manual intervention (usually associated with calls/emails to counterparties) is required to get to that point. Also it's quite frequently the case that things do not get fixed and settlement does not happen – it "fails". New regulation in the EU (CSDR) can make this expensive, particularly if the fail duration is extended.

As settlement cycles shorten, tools which accelerate the "fixing" are critical, and if they can do so by eliminating phone calls and emails, all the better. What we see as highly effective are collaboration tools that compensate for the fragmented business processes and application architectures that support these events within the buying and selling organisations. By creating a 'shared view of the truth' and using this to see errors and drive resolution that automatically feeds back into the in-house representation of the transaction, timelines for settlement readiness should be radically reduced. This can go further as the ability to participate in these collaboration venues and the associated network should drive standardisation of data representing the transaction, and its status. This reduces the potential for error.

We observe that over the last few years, organisations are much less resistant to these kind of collaborative approaches, especially where they improve costly, non-value add processes. If the provider of the service is not a competitor, or group of competitors, so much the better and this is one of the reasons why fintechs have an opportunity.

So as settlement cycles reduce (and T+0 will not be far behind T+1), what we are seeing is increasingly a drive to move "post trade" activities to "pre trade" – for example, ensuring in the case of a securities sale that the securities are verified as available to sell, compared to the typical existing process of doing this after execution has taken place. There has been much talk of DLT solutions being the enabler for "instantaneous" settlement, where the trade is executed and settled literally at the same time: no time for fixes! There will have to be a substantial change to business processes to allow this technological possibility to become process reality. And we think that fintechs who can provide the collaboration tools to support these changes are key to making this happen.

ASCENDANT
STRATEGY

10x better: How to empower true transformation with our technology

Antony Jenkins CBE,
founder, Chair and CEO,
10x Banking

Being recognized as one of the most influential financial technology firms of 2022 is an enormous honor and is testament to the efforts of everyone at 10x Banking who are united in our mission to transform banking.

When I launched 10x back in 2016 there were two questions that I wanted to solve. One – why don't banks work better for their customers? And two – why hasn't technology created true transformation in the financial services industry?

Banks often seem to be focused on selling products as opposed to recognizing that for most people, dealing with their finances is boring or intimidating even though it is an essential part of their everyday lives. Take buying a house. People really care about buying their own home, but no one gets excited about getting a mortgage. What I wanted to do at 10x is improve peoples' lives by making it easier, faster, cheaper, and better to engage with their finances.

When I was CEO at Barclays, I became convinced of the need to transform the organization through technology, but I couldn't find the right tech. So, when I left, I came up with the idea of creating a tech platform that would allow banks to transform themselves and make them 10x better at everything – and that was how 10x was born.

What makes 10x unique is that we bring deep financial industry domain expertise together with deep cloud native technology understanding. We've had decades of experience inside the banking industry. We understand that banking is really about data, but that banks are also very inefficient at handling data. We realized that if you can make that process more efficient, you can have a more effective bank – but to do that you really need to understand the underlying data as well as the technology that enables it.

That really underpins our culture at 10x. Our North Star is all about making banking 10x better and that is exciting and motivating to be a part of. Financial services impact everybody's lives, and so our values and our sense of purpose orbit around the idea that we are all here to transform banking and make it better for customers, for banks and for society as a whole. We have a phrase at 10x that is a play on Facebook's former slogan 'move fast and break things'. We say move fast and don't break things. This is financial services and so you can't afford to break things because you're dealing with

“At 10x, we have created a platform that enables incumbents to fully embrace data, digital identity, and distributed technology, giving them the tool kit to embark on this transformational journey and ultimately be ready for whatever comes at them.”

peoples’ money. But speed is important, quality is important, and delivery is important. That is at the core of our culture.

And we’re on a mission to do this at an even greater scale. We recently hired three senior sales and marketing leaders to help drive the next phase of our growth – chief marketing officer Lucy Heavens, senior vice president for business development in Europe Tom Phillips and regional director for Asia Pacific (APAC) Nicholle Lindner. That followed our oversubscribed $187 million Series C financing round in June last year that will support our goal to become a global FinTech helping transform the largest banks in the world – from tier one institutions to the top of tier three.

We currently operate in the UK and Australia, and we are moving forward with plans to expand into other markets in Europe, APAC, Africa and ultimately the US, Canada, and Latin America. Our technology has the capability to serve retail customers and small and medium-sized enterprises, and by the end of this year, large corporates too. The platform supports a full suite of banking services, from transaction banking, savings, and lending products through to credit cards and mortgages.

All of that is enabled by our transformative technology. In the past tech architectures were typically based around an individual product, so there would be a credit card system or a loan system, for example. What we decided to do was design a system that is built around the customer. So instead of individual product stacks, our system is effectively a set of micro services that can be assembled together like Lego bricks.

From a customer’s point of view, this can provide richer functionality and a much better user experience. And by harnessing data more efficiently, banks can also serve their customers better, for instance by making faster credit decisions, identifying fraud more accurately or providing a hyper-personalized experience where product recommendations are pushed directly to customers in real-time, creating a kind of Netflix-for-banking.

For banks, this can enhance the speed and effectiveness of their operations while also reducing costs. Our technology allows anyone to configure new products without having to write a single line of code themselves. In the past it might have taken a bank six months or even a year to launch a new product. Now it can be done in just minutes without the need for large product management and development teams.

That ability to be more nimble and move faster has the potential to radically change the way banks operate in the future. This change will be driven by three key themes: data, digital identity and distributed – as opposed to centralized – technology. We have moved through the innovation phase of financial services, and we are now entering the transformation phase, and it is those three themes that are going to shape the future of banking. Data, digital identity, and the advent of open banking will empower banks to create new product offerings and business models, while distributed technology can help remove much of the cost and friction that has built up in a world of centralized IT infrastructure. All incumbents have the opportunity to transform, but not all of them will and as we have seen in other industries, many incumbents who have boasted market leading positions don’t always survive if they fail to adapt to the changing world around them. At 10x, we have created a platform that enables incumbents to fully embrace data, digital identity, and distributed technology, giving them the tool kit to embark on this transformational journey and ultimately be ready for whatever comes at them.

Digital Marketplace technology offers innovative solutions

Fuelled by the global pandemic, the past two years have witnessed digital transformation accelerating across all sectors of the economy. From e-commerce to communication, from remote working to digital assets, most people’s day-to-day lives have been impacted by an evolution which is likely to continue over years to come.

On a B2B level, the growth in scalable, cross-border marketplaces driven by data science and innovative auction technology has stood out. Extended market reach, improved depth in pricing, and higher trade volumes are all features that make such marketplaces a compelling proposition.

The strength of B2B digital marketplace technology is its versatility, allowing a tailored approach to different businesses and sectors to maximise their potential. One sector which is traditionally slow to adapt to changing practices is second-hand mobility.

Mobility: Increasing efficiency and mitigating disruption
The automotive sector has seen widespread coverage in recent times, with supply chain disruption and semi-conductor shortages driving prices of both new and second-hand vehicles to significantly inflated levels. In the UK, the average cost of a second-hand car has risen by up to 50% in a single year. This remarkable increase was also fuelled by an upswing in car-owners who saw travelling in private vehicles as a safer option for transit, with public transport systems losing passengers during COVID.

However, online B2B marketplaces are now driving change in the second-hand car market, enabling 24/7*365 access to a wide range of vehicles, and optimising cross-border trade. Marketplaces are increasingly adopting sophisticated data science tools which allow for buyers and sellers to be easily connected through personalised recommendation engines.

These developments mitigate local shortages, create increased liquidity, and counteract supply chain bottlenecks. Traders can bid on a wide variety of cars in multiple languages across multiple regions in Europe. As a result of the combination of auction mechanisms and cross-border trade, marketplaces can demonstrate that the best price has been achieved across their portfolio. Yet the mobility sector is not the only industry seeing significant benefits through B2B digital marketplace adoption.

Phil Bird, Executive Director, NovaFori

Online auctions reshaping the art market
Another successful case study for the benefits of digital transformation is the art market. Forced to go digital due to pandemic restrictions, large auction houses moved to online auctions in order to sustain business. Digital auctions have had a remarkable effect not only on the number of new bidders, but on the demographics of bidders as well. Younger audiences from across the globe wishing to participate in the art market were suddenly able to join online auctions, often from their phones, with an estimated 46% of online art sales in the first half of 2021 sold through mobile devices.

The remarkable rise of NFTs has further contributed to the digital transformation of some of the world’s biggest auction houses and opened up the art market to an entirely new revenue stream. Digital marketplace technology is a fundamental part of this revolution in visual art, with sophisticated auction technology underpinning every single NFT sale on the open market.

Digital B2B marketplaces have seen a wave of adoption in recent years, yet the acceleration of digital transformation is only just beginning. Embracing online marketplace technology to ensure optimal matching of supply and demand is key to the future of a wide range of industries, spanning automotive to art, and everything in between.

With new technologies emerging, will payment cards become a thing of the past?

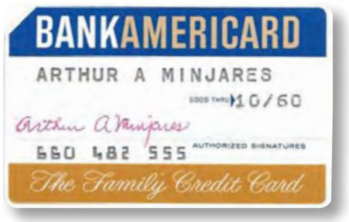
Matt Hayward-Ryan
VP of Sales, Volopa

With ever-evolving payments technologies and greater demand for frictionless payment methods, will this spell the end for the traditional credit or debit card? Matt Hayward-Ryan, the VP of Sales for Volopa, explores where payment cards came from and where they're heading.

Where did payment cards come from?

In the late 19th century, the Western world largely was a "cash" society. That is, goods and services were traded with cash as the most trusted form of payment. However, as commerce increased, carrying around large wads of cash became inconvenient and often unsafe. That paved the way for the creation of the "charge coin", the grandparent to the modern-day debit/credit card! Each charge coin typically consisted of the customer's account number along with the merchant's name and logo engraved on it. When a purchase was made, the coin was scribbled over with carbon paper, purchase details were added, and an invoice was sent at the end of the month for payment – customers no longer needed cash! Charge coins increased convenience, instigated brand loyalty, and paved the way for the payment card schemes which followed.

In 1934, American Airlines created possibly the first "charge card", which allowed certain airline customers to "buy now, pay later". By 1941, half of all transactions across all airlines in the USA were made using a travel charge card, and in 1950, given the initial success of charge cards and the other possible uses, the Diners Club charge card was launched targeting diners at popular restaurants. In 1958, American Express took this concept further making it available to more merchants and became the largest charge card in the world. The issue with charge cards, however, is that you have to pay the entire bill with each statement, or you would be heavily penalised. To counter this concern, various banks started offering "credit cards" as an alternative to charge cards which allowed customers to carry a balance forward and they would simply be charged interest. Although the credit card concept was growing, uptake was very limited at this stage; consumers didn't want a card that they couldn't use anywhere, and merchants wouldn't support a card that consumers didn't have – it was very much a genuine chicken-and-egg conundrum.

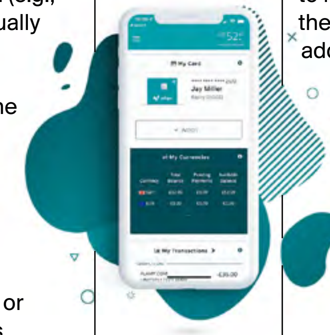


In September 1958, this all changed. The Bank of America hatched a very cunning plan. In Fresno, California, in which 45% of the residents banked with Bank of America, they mailed 60,000 credit cards to their customers unannounced and unsolicited. Whilst this would certainly attract the attention of regulators today, in 1958 this meant there were suddenly 60,000 credit cards in a single city which allowed them to break the chicken-and-egg cycle – merchants were forced to come onboard, or they would miss out on business. BankAmericard then expanded into other cities and – equally important - allowed other banks to use their licensed product. This created so much demand, it eventually led to BankAmericard launching the world's first electronic authorisation system for payments in 1973. With dozens of banks and millions of consumers now using the BankAmericard, the decision was made to move away from the BankAmericard branding, and, if the BankAmericard colours look familiar to you, they are - the card was rebranded Visa! Meanwhile competitor banks who refused to join the BankAmericard scheme created their own card scheme named Master Charge, which bolstered by a partnership with the US giant Citibank, was rebranded MasterCard. Finally, in 1993, EuroPay, MasterCard and Visa created the EMV standard in an effort to standardise the technology and security for payment cards. They were later joined by Discover, JCB, UnionPay, and American Express to create EMVCo which defines and controls the worldwide standards for payments cards today.

With payments becoming increasingly digital, not only have the members of EMVCo such as MasterCard and Visa managed to stay relevant, they have also been pioneers in the creation of new ways to pay. EMVCo participants have created new digital technologies such as "contactless" to make Point of Sale (POS) transactions faster as well as launching new processes such as Tokenisation and the EMV chip to allow us to pay more securely both at POS and online. For instance, ApplePay, which accounts for over 5% (3) of global card transactions and continues to grow steadily, utilises the EMV Payment Tokenisation Specification. GooglePay also uses the EMV specification, and, in the UK, both ApplePay and GooglePay utilise the EMV schemes such as Visa, MasterCard and AMEX. Hence, while it is likely that more and more payments will become completely digital (e.g., via a digital wallet), it is equally likely that these payments will utilise the payment technologies created by the payment card companies such as Mastercard and Visa, maintaining their relevance and dominance in the market. Other technologies such as Blockchain and Crypto, or peer-to-peer technologies such as WeChat may eventually change this dominance, however, they're certainly not anywhere near achieving that level of acceptance yet.

So where does this leave the traditional payment card?

Until merchants can universally accept digital payments at POS and online via a digital wallet, the humble payment card will likely remain in existence. This is especially relevant for travellers where not all countries are equally capable of accepting contactless payments. For example, according to Visa, as of March 2019, 25% of US stores were still unable to accept EMV payments. At Volopa, our card strategy has been to cater for current payment technology demands while constantly improving and innovating to accommodate the payment methods businesses will require in the future. A good example of this strategy in action was a UK / EU commercial airline who contracted Volopa to provide multicurrency MasterCards for their aircrew when travelling and to pay suppliers. The airline also had a bespoke requirement for staff to be able to share a digital wallet to allow greater flexibility; Volopa's agility allowed us to easily integrate that functionality within our platform and they were able to go live in a matter of weeks, allowing the airline to load up to 14 currencies on their card at once. With the added ability to pre-purchase currencies at competitive rates when it suited them, spend the currencies when they chose and also make bank-to-bank payments in up to 180 countries all online or via an app, it has transformed their overseas business spend.



With Mastercard acceptance for both contactless, contact (chip and PIN) and online purchases (with 3DS authentication), Volopa is a smart choice for businesses and individuals who often spend in foreign currencies. As technology moves forward and digital wallet acceptance becomes universally available worldwide, Volopa will offer its payment solutions fully integrated into your digital wallet (and your accounting platforms). For now, however, receiving a leather wallet or purse to put your payment cards in for Christmas may still not be the worst thing...

volopa

New wave of FinTechs helping change the industry dynamic

Mike Powell
CEO, Rapid Addition

I recently attended an in-person industry conference for the first time in two years. I must admit it felt sightly weird (not quite morning after 'Day of the Triffids', but...!). At the same time, I enjoyed the opportunity to escape from my desk and catch up with some old and new faces. The focus of the event was largely around cloud (I can't believe this is still seen as a hot topic in 2022, but the reality is that adoption has been slow in capital markets), digital assets (looking beyond crypto and how institutional players can access this emerging asset class), and as-a-service / managed services.

Some of the panels were pretty good, although it was interesting to note the overriding theme of the drastic need to rip cost out of the industry for it to survive let alone prosper. One key-note speaker painted a particularly bleak picture, highlighting how declining return on equity and increasing regulatory and compliance costs threatened the sustainability of banks and sell-side brokers. Widespread adoption of cloud technology and a wholesale shift to SaaS and managed service was put forward as a key part of the solution, turning infrastructure into a utility and lowering the unit cost to build, operate, and support it. In other words, combining the power of economies of scale and elastic compute to break free from the tractor beam of legacy cost structures.

To be fair, this wasn't the only point, and the case was made that both cloud and as-a-service models can inject greater speed into a business. There is no doubt that using such models to spin-up additional servers for application development or additional capacity in the face of rising data or transaction volumes is infinitely faster than purchasing and deploying hardware via the average bank procurement team.

So, the answer to the meaning of life, the universe and everything (or at least capital markets cost structures) is not actually 42, but apparently reduced cost and increased agility.

It is hard to argue with that in principle, and Rapid Addition has long advocated the need to reduce the unnecessary friction and associated costs in capital markets. We also see huge opportunity to leverage cloud, not just in market data but also for certain parts of the trading workflow (which is why we make our software platform 'deployment environment' agnostic). However, I couldn't help thinking that the discussion was overly fixated on the cost side of the equation and there was a key element missing from the debate.

While all banks and brokers want to drive down costs, we have increasingly seen the dialogue shift to one of revenue growth at many of our customers. In particular, innovative growth strategies that differentiate firms from their competitors, leveraging modern, more flexible technology. And while the need for efficiencies hasn't gone away, we see our customers innovating in areas such client acquisition acceleration, expanding business with existing clients (for example, simplifying trading across multiple asset classes and products), or through the creation of completely new revenue streams. When I look at many of the projects we are involved in, this feels somewhat of a sea change – a shift from a regulatory dominated and cost-centric mindset to one of innovation and growth. What these firms are realising is that they are being held back by their current technology, much of which, while great at the time, has become increasingly legacy. A landscape of 'closed' products and proprietary technology no longer supports where business need to go. Economics and urgency also mean that building solutions fully in-house often makes little sense. However, we are seeing a new breed of flexible, Open API, fully interoperable and scalable technology help capital markets firms to realise their business strategies and plans.

So, while the democratisation of common infrastructure is important, somewhere in the tech stack there needs to be a component that enables customers to bring their unique IP to the market and leverage their strengths. This is what will help them create value rather than merely manage costs. It's fantastic, therefore, to see so many innovative and game-changing companies recognised by Harrington Starr in this year's addition of the "The Most Influential Fintech Firms 2022". These are the companies that will help change the dynamic of the industry and empower those organisations looking to regain the initiative through innovation and growth.

RapidAddition
Electronic Trading Innovators

Learning the lessons of lockdown – helping capital markets businesses provide a world-class experience to their teams and clients

Matthew Cheung
CEO, ipushpull

The last two years have seen a need for capital markets businesses to adapt, and in most cases, radically change the way they work. Initially, most office staff were working from home, then last year, this moved to a hybrid model split between time in the office and at home. Out of necessity, business quickly adapted to video calls and using collaborative software to help cope with the fluid work environment. Quickly we learned that, whilst there are clear benefits to being office based, work doesn't have to grind to a halt when working remotely.

In fact, many businesses discovered new efficiencies when working apart that could then be brought back into the physical office environment. Even before the pandemic, when everyone was in the office, teams had the capacity to be misaligned, working off old data or just simply poorly communicating with each other. It's a falsehood to suggest things were good before, remote working just exposed those frailties, forcing companies to address them head on.

High performing sales teams need high performing data

One such challenge is the sharing of live data, a key ingredient in our sector, yet it's often hard to ensure data is up to date the moment it's shared with internal teams or external clients. This often leads to sales missing out on transacting business, or clients missing investment opportunities, which is a lose lose scenario. Add into the mix a need to support a 'mobile first' world, a myriad of formats and channels to distribute live data to and suddenly it can seem an impossible task to ensure your data is distributed effectively. The pace of digitisation over the last two years means that no business should accept stale data or the need to manually copy/paste data from say, Excel to a chat app or email to SMS anymore, those days are thankfully behind us!

Provide a better service to all clients, not just the largest

When the heat is on, sales teams will typically focus on the most profitable clients. However, most businesses contain a long tail of clients. Scaling your services to meet the demand of all clients is key to growing your position in the market. For most client teams the key to unlocking greater productivity is being able to quickly identify new opportunities. For instance, tracking live data such as interest, orders or quotes from clients across a broking desk or sales team. To ensure key data is more discoverable ipushpull has created a live quote sharing solution. This allows teams or clients to always have the latest information at their fingertips providing the best possible service, never missing an opportunity.

Quick to implement, faster to meaningful results

No one has the appetite to engage in long drawn-out projects these days, you need quick solutions and even faster results. ipushpull's combination of deep domain expertise and configurable platform ensure most client projects are up and running in a matter of weeks. Why not contact us to see how we could help your teams scale to serve more clients.

ipushpull

Five trends defining trade surveillance in 2022

Ollie Cadman, Chief Product Officer, Eventus

The role of trade-surveillance technologies across the markets spectrum continues to evolve as the regulatory landscape shifts, especially with the rise of digital assets. For regulators and firms alike, these technologies are crucial to surveil more holistically.

Defenders of market integrity across Europe should be aware of the following trade surveillance trends in the year ahead:

Macroeconomic trends will drive surveillance needs

Macroeconomic trends like high inflation, rising energy prices and a determined push for renewable energy are driving a shift of investment and volatility back into fixed income, specifically bond markets.

As such, key issues to be aware of from a trade surveillance perspective are those outlined in Market Watch 68, which covers gaps in the surveillance of web-based and broker platform activity. The FCA urges firms to "take steps to ensure that they are monitoring all orders and transactions to detect and report potential market abuse," whether single or cross-product activity.

Actionable insights will become paramount

When it comes to the analysis of trends and anomalies, the focus has turned to assessing how yesterday's behaviour fits into the context of wider patterns and analytics.

In Europe specifically, one way to view data accordingly is through integrated and intuitive workflows and visualisations. At Eventus, we have been working to provide the tools—including visualisations and analytics—that enable quick assessments around specific behaviours. Innovation in this space will help to weed out the noise by delivering data in a meaningful, actionable way.

Institutional digital asset adoption will continue

We're seeing ongoing adoption by institutional firms of digital assets, so much so that the European Commission has responded to the industry's parabolic growth by introducing a regulatory package called the Markets in Crypto-Assets (MiCA).

MiCA is in line with the global trend of establishing more regulatory clarity in this space, leveraging the concepts of traditional financial regulatory frameworks. But more broadly, the rise of digital assets creates the need for more sophisticated cross-product and cross-market surveillance from regulatory technology providers.

As this space evolves, institutional firms will be wise to consider future-proofed trade surveillance technology that leans into traditional finance but also has a strong digital asset presence.

Cloud migration will take hold

This year, firms will further eschew the cumbersome deployment of applications on-premise in favour of cloud-based solutions. With a variety of macro-torrents propelling volatility, investment firms are calling for a solution with optimal responsiveness, scalability and composability. The last feature is vital. Easy integration with existing and add-on applications is crucial to get up and running quickly.

But arguably more important, the proliferation of data, particularly at large sell-side firms—which rely on myriad platforms and feeds to source information—demands a solution that can rapidly and reliably aggregate and display that data in an intuitive and holistic view.

APIs will optimise composability

Central to cloud-based workflows are Application Programming Interfaces (APIs). APIs provide extensibility to third-party tools and downstream applications, enabling a true, seamless and holistic cross-platform workflow.

A marketplace for integrations and extensions empower compliance teams to dynamically and rapidly adjust their purview and workflow, which becomes more essential in the age of high dimensional big data and global, multi-asset compliance programmes.

In the year ahead, the convergence of these five trends leads us to an overarching need for cross-product and cross-market surveillance. Firms are no longer viewing asset classes or behaviours in a silo. Instead, 2022 will be the year of viewing all risk exposures and correlations in the financial behaviour of market participants holistically.

EVENTUS

"This year, firms will further eschew the cumbersome deployment of applications on-premise in favour of cloud-based solutions. With a variety of macro-torrents propelling volatility, investment firms are calling for a solution with optimal responsiveness, scalability and composability."

Intelligent client engagement: how AI contributes to smarter customer management in capital markets

It's fair to say that artificial intelligence (AI) is contributing hugely to the value of businesses in many sectors. A 2021 McKinsey global survey found that 27% of respondents reported that at least 5 percent of earnings before interest and taxes (EBIT) was attributable to AI. Capital markets seem behind the curve, but a number of factors have coalesced to bring us to the point where wholesale adoption of AI is not only justifiable but necessary. These factors fall largely into three groups - global and market trends; structural and operational changes and, finally, shifts in technology.

Global and market trends

We have seen a sustained growth in assets under management (AUM), with retail investors being the main driver of net inflows. There has also been a shift from active to passive fund management - Bloomberg estimates that passive funds will account for the majority of listed US assets by 2026 which suggests an inherent reduction in fees. In capital markets, changes underway include a shift from public to private capital raising, as well as new asset classes and changes in research types and delivery mechanisms disrupting the market (crypto, alternative data, expert networks etc.).

Structural changes

Structurally, there has been an evolution of MiFID regulations in Europe, with divergence between

Cath Rawcliffe
VP, Sales and Marketing, Singletrack

the EU and UK. We've seen rapid growth in ESG requirements and an increase in the threats to global stability and data security. We're working in a new post-Covid way, with more dispersed, digitally-enabled workforces.

Technology shifts

We see that capital markets operate in a world in flux - market changes mean greater and more diverse demands from investment managers; vast, disparate data sets to process, and a high degree of fragmentation. Technology adoption to address these challenges includes workflow automation, an increase in the use of data analytics in decision-making and, to enable these, the adoption of AI. Other technology shifts are driven by expectations set by our personal use of technology, such as an excellent user experience and high availability.

Data-driven advisory

At Singletrack, we call this data-driven advisory: the convergence of technology, business requirements and market demands. In terms of client relationship management (CRM), this means leveraging extensive data and AI, across multiple teams, to produce intelligent customer behaviour insights that people transform into sustainable growth opportunities.

Eliminating manual processes

Operationally, AI captures and structures content, removing distracting manual processes. It can also provide guided next actions which take into consideration previous outcomes, styles etc, moving beyond rote automation to intelligent processes, including scanning for incomplete data, cleaning duplicates, detecting potential issues, notifying users to correct these errors. Applied to CRM in capital markets, one simple example is the automatic capture and identification of monetisable interactions and structured content from unstructured chat, transcripts, emails using entity extraction and sentiment analysis. Not only does this save many man hours, it captures information that may be missed through human error.

AI for growth

These are strong reasons to embrace AI, machine learning and natural language processing capabilities but the really compelling arguments centre around growth and profit. One capital markets CRM use case is detecting an at-risk client and suggesting mitigating measures based on previous outcomes. Various factors including expected revenue versus actual, cancellation risk, service level expectations, changes in behaviour and engagement are built into a score which can be compared across the client base. This is invaluable information for client retention but also for sales forecasting, client negotiations, talent management and optimising service levels.

Managing talent with AI

Looking after key employees is central to growth, and another use case for AI in capital markets is talent management key performance indicators. Looking at the sales team, an examination of activity can include where time is being allocated, capacity utilisation, whether emails are driving revenue and engagement, and identifying the optimum number of accounts for a person to manage. The resulting intelligence ensures activity is aligned to revenue impact, optimises resources and that support for the team can be allocated as needed.

Steps for success

Compelling as it is, there is groundwork to be done in order to achieve such insights. Singletrack has been using AI in our CRM solutions for some years now and have learnt that a rigorous methodology delivers faster, superior outcomes, starting with the data. First, second and third party data needs to be validated, clean and integrated to ensure it's accurate and relevant. Then you must have a clear articulation of your current and desired workflows as well as client types and behaviours. Finally, to demonstrate real benefit across the organisation, the insights produced by your AI must be embedded into workflows with guided next actions. One small example from our arsenal of AI capabilities is Best Time to Call, embedded in our sales workflow, which learns from historical activity to maximise the chance to directly connect with a customer, helping the salesperson to boost their chance of success.

Will AI steal my job?

As we've seen, AI will eliminate manual, repetitive tasks, but it will equally create other, new roles and free up time for value-creating functions. According to the World Economic Forum Future of Jobs report 2020, 85 million jobs may be displaced by machines by 2025, while 97 million new roles may emerge. This applies as much to capital markets as elsewhere, and our focus has always been on helping people and organisations thrive through smarter use of technology.

Investing in AI

A final word on ROI: if the investment in AI saves just one client from dropping or identifies one growth opportunity, you will achieve your return on investment. And if your competition is leveraging data and AI to produce insights and targets to impact growth and profit, can you afford not to?

SINGLETRACK

HARRINGTON STARR
Your Success. Our Business

Siloed surveillance systems increase risk: How firms should tackle the tech in 2022

Oliver Blower
CEO, VoxSmart

Recent regulatory action against one global bank has kicked off 2022 by highlighting some serious surveillance dark spots. In an ecosystem exacerbated by trade and communication data siloes, firms are tasked with adapting their supervisory controls that are increasingly attracting regulatory attention.

In a recent poll of nearly 100 market participants, including investment banks, brokers, and investment managers, VoxSmart found that 69% of firms believe having siloed surveillance systems increases the risk of market abuse being carried out. For years, financial institutions have been reliant on multiple disparate vendor solutions to detect any potential cases of market abuse. The trouble is that this has not been effective and the risk of overlooking conduct risk such as misinformation or confidentiality breaches remains extremely high.

So how can firms turn their tech systems into a powerful and harmonious ecosystem that can drive their business forward for years to come? There are three areas where firms can start to think smarter.

1. Squeeze value from every investment

Large financial institutions are looking to make the most of tech investments made pre-Covid downturn by exploring extra use cases from existing products and providers. As a result, firms will increasingly value vendor partnerships and favour the move towards greater vendor consolidation.

In turn, clients and their vendors will start to look more seriously at data quality and control across an organisation, breaking down data silos and prioritising interoperability between surveillance and data management systems.

> **"Firms need to be agile when it comes to new areas of the business being put in the spotlight and ensure their monitoring and analysis tools are adapting well and evolving in lock step with business growth."**

2. Plan for scale or plan to fail

A digitised and dispersed environment has led to mounting regulatory pressure around recording keeping, monitoring and oversight. This will encourage firms to revisit historical practises surrounding trade and communications surveillance to ensure both technology solutions and processes are suitable in terms of sophistication, coverage, and scale.

Currently, surveillance is looked at on an individual conduct risk assessment basis – which means that very few areas of the business, if any, are out of bounds when it comes to regulatory scrutiny. Firms need to be agile when it comes to new areas of the business being put in the spotlight and ensure their monitoring and analysis tools are adapting well and evolving in lock step with business growth.

3. Apply AI intelligently

Artificial Intelligence (AI) and Machine Learning (ML) is not new within the financial sector and in the context of supervision there is real potential to drive efficiencies when applied in the right ways. AI and ML play an important role in increasing alert accuracy, optimising manual processes, such as listening to calls, as well as aid data discovery and in-depth contextual analysis.

While traditional lexicon-based trade and communications surveillance is considered a base-line control expected by regulators, its limitations are apparent to all (false positives, noise, inefficiency, data challenges, etc). As an example, we have found that using a combination of AI algorithms to process and analyse communications data can be 10 times more effective than lexicon-based surveillance in isolation. Once this data is processed, it can then be used as additional context and insight across the firm, aiding wider investigations.

VoxSmart are dedicated to ensuring our solutions solve real industry needs and collaborate with our clients, peers and partners to deliver a smarter way to monitor trade, markets, and communications data. We are on a journey to make this a reality for our clients, who share our belief that one solution that enables visibility into all activity cross-firm and cross-department must

VoxSmart

Dacxi: The crypto wealth platform

Katharine Wooller
Managing Director, Dacxi

Dacxi is the champion of democratising cryptocurrency and decentralised finance (or DeFi) within the UK. Both a wealth building platform and learning hub, it has led the charge in building a network of independent investors and partners It is now extending its activity to educating financial advisors and pension providers about the role digital currencies and tokens can play in portfolio asset allocation.

Whilst the world of tokenised assets is expanding exponentially, Dacxi is selective in only offering 'Blue Chip' coins, selected challenger 'altcoins' and tokenised precious metals on its website. MD Katharine Wooller is clear that the business focus is not to act as an 'exchange' but a way for investors to build a crypto asset base:

'We don't see Dacxi as a trading platform – there is plenty of choice for those who want to buy and sell on a speculative basis, trying to time the market for short term gain. Rather, at Dacxi, we believe in 'time in the market' recommending a long-term buy-and-hold strategy.'

The business has also worked with external partners to develop ways to shelter capital gains made through crypto from tax. On the one hand it works with SSaS pension providers with clients looking to diversify 5-10% of their portfolios into assets that have the potential to significantly outperform traditional retirement assets. On the other, it has developed a 'Cryptocurrency ISA' that works through a Director's Loan scheme.

The Dacxi board takes developing relationships with financial intermediaries seriously. Gareth Cleverly, Dacxi Sales Director, is about to embark on a series of 'Lunch and Learn' roadshows dedicated to financial services professionals:

'We appreciate that to truly democratise crypto we have to demystify a sector that is only now starting to be taken seriously. It is clear that businesses like ours need to establish crypto's bona fides. We've already seen the importance of this, working with individual investors at the start

Underpinning those bona fides is the certainty that global commerce needs global currencies to reduce the transactional time and expense of foreign exchange and escape the propensity for central banks and sovereign nations to roll their printing presses and flood financial ecosystems with fiat currency, causing inflation.

'For us it is not a question of 'if', but 'when' DeFi will become the global transactional exchange system of choice,' says Wooller. 'It's not going to happen overnight, and it may not immediately affect the average man and woman at street level but, with multi-national businesses and financial services giants like PayPal and Visa gearing up for crypto, it will happen with increasing speed.'

At first sight, in technology terms, the Dacxi offering may look little more than a digital wallet. However, the business has 'skin in the game' deep in the blockchain business through its own digital currency 'Dacxicoin'. Designed to be a community coin and funding tool. It runs on Dacxi's own proprietary blockchain technology which has been developed in-house and is called 'The Dacxichain'.

Dacxicoin is available on Dacxi's own platform and is also traded on several Tier 2 exchanges. The sum total of Dacxicoin issued will be limited to 10 billion, thus representing a wealth building opportunity for investors and those working within the Dacxi ecosystem. Future applications for Dacxicoin include 'crowd funding/lending' for tech businesses, particularly start-ups, providing an opportunity for small independent investors to access exciting new ventures from initial offerings upwards.

BY 2025, THROUGH DACXICOIN, THE BUSINESS ASPIRES TO HAVE:

- 100 countries with a national licensee operating in a powerful global network. Licensed, regulated and managed locally.
- Each country will have opportunities and access to new product sectors from Property Crowdfunding to Local Crypto. All designed to help them build wealth as quickly and safely as possible.
- A global innovation funding system that has the power to significantly fund opportunities in every country where Dacxi operates.
- A community of customers and investors supported locally, yet connected globally, able to introduce their friends and share their ideas and successes.

The transactions within each country, and within the global network make up what's called the 'Dacxi Economy.' The value of all of these elements has the potential to be in billions of dollars.

Naturally, security for customers within the Dacxi ecosystem is paramount, as Sales Director Gareth Cleverly points out:

'Everything at Dacxi starts with security and it is one of the few exchange platforms where the 'front-end' interface is independently rated as A+. Also 98% of crypto assets are held in 'cold' wallets away from 'hacking' and the remaining 2% are held in hot wallets which are backed by cash reserves for full 100% security. The company does not risk its business by lending-out its customers' assets.'

With regard to democratising crypto, MD Katharine Wooller has paid particular attention to building and encouraging a 'women in crypto' community, running webinars and face-to-face training sessions designed to upskill women.

"We appreciate that to truly democratise crypto we have to demystify a sector that is only now starting to be taken seriously. It is clear that businesses like ours need to establish crypto's bona fides"

'Women traditionally prefer to save rather than invest,' she says. 'Crypto is a way to do both and our community of crypto ladies have been early adopters of regular monthly investing, following the concept of "pound cost averaging" to de-risk their portfolios from volatility and take advantage of buying the dips and running with the market upsides.'

As you might expect one of Dacxi's main challenges is the noise created by the plethora of naysayers with regard to the future of crypto. Wooller's response has been 'education, education, education', from grassroots level up to engaging with the FSA. Not surprisingly she has become one of the UK's most sought-after comment-ators on 'all things crypto'.

Almost five years after its inception in 2017, Dacxi has carved out a unique position and proposition as the UK's 'champion of crypto'. Already it is looking towards the implications of what Web 3.0 and the Metaverse will mean to its business, partners and customers.

'They may say that money never sleeps, but crypto is money on steroids having just had a major caffeine hit,' Wooller claims.

She and the business have their eyes facing positively to the future. And there seems little chance they'll blink.

Why purpose matters for financial software businesses

Jay Mukhey
Senior Director, ESG,
Finastra

As an international business, Finastra is proud to provide banking software to over 8,000 financial institutions, including 90 out of the top 100 banks. We have also developed a powerful, open platform that creates opportunities for digitization and innovation within the financial services industry.

This is the core of our day to day, but we also strongly believe in 'doing well by doing good' and creating an open and inclusive culture, which are key drivers of our success. Our purpose is to unlock the potential of people, businesses and communities by providing affordable access to financial services through the collaborative power of our technology, diverse talent, and ecosystem.

Having a clear purpose for the business means that every decision we make is considered with the 'triple bottom line' in mind; what is the impact on the planet, on people and prosperity for all, including Finastra and its stakeholders? We are also committed to diversity, equity and inclusion (DEI) across our workforce and in the solutions we create in terms of gender, race, age, ethnicity, sexual orientation and socio-economic background.

DEI is a vital component for the long-term success of our company and, most importantly, helps us to reflect the views, beliefs and cultures of all our stakeholders. Guarding against discrimination in the workplace and fintech more broadly matters, not just because it's the right thing to do, but because businesses that fail to do so will fall short on representing and being relevant to all individuals and helping them reach their full potential, in both the workplace and the world.

Driving positive change

It's an approach we build on with our strategy to 'collaborate to innovate' and to orchestrate ecosystems that drive positive change. We endeavour to create new paths to economic growth, prosperity and opportunity, whether that's taking a lead in helping to reduce the trade finance gap or donating thousands of volunteer hours to support our environment, social and governance (ESG) programs.

In fact, the ESG agenda is now a prominent board issue and is essential to employees and other stakeholders looking for a close alignment with their own values. It's more important than ever to demonstrate a clear and genuine commitment to become a carbon neutral organization by 2030, for example, and help our customers do the same.

Finally, we continue to invest in programs that communicate our messages about the need for impact, openness and inclusivity in finance. Our Hack to the Future initiative encourages participants to demonstrate innovative ideas that solve financial services problems in line with the United Nations Sustainable Development Goals (SDGs) and build a fairer fintech future.

It's clear that the world faces some extremely challenging times ahead. Collaboration and inclusion will not only help everyone stand together and reach their own potential but will make for more positive outcomes as we face the future.

FINASTRA

What do successful Series-A have to do with inclusion?

Magdalena Thurin and Marie-Charlotte Johnstone-Rouzier
Co-Founders, LiFT

We created LiFT in 2019 with a clear objective. We want to be someone else's next step. This means that we want to provide companies and individuals with the means to go further in their development, to reach higher in their ambitions and to be happier with their realizations. What we are convinced of is that this cannot be achieved if we work according to a linear vision of growth. As economist Kate Raworth puts it with her *Doughnut economics* model, the most efficient growth model is about finding a soft spot of growth balance where we can collectively get all richer and happier. This is what inclusion is about.

At LiFT, we focus on a specific target. We primarily address FinTech start-ups either preparing for Series-A or that just completed Series-A and have to deliver on their commitment to their investors. This time of the life of a start-up is critical. With the right talents, in the right seats, supported by the adequate corporate culture, a company can really use the resources flowing through the organisation during this period to build rock-solid foundations. The other way around, if nothing is put in place at that time to consciously define an innovative and efficient management model, the performance of the company will suffer from it until this is corrected.

This is why we make it a priority to provide start-ups with the tools and frameworks to design inclusive management models, inclusive recruitment programs and inclusive growth-sharing strategies. These services all have in common to support FinTech Start-ups to complete seed and Series-A funding rounds, and to make their 18 months runway post funding a success. The key challenge of this stage of development is to deal with the growing institutionalization of the organisation. As the company grows communication channels become less direct and conflicts can multiply.

LiFT

Training CEOs and Managers to deal with this phenomenon of institutionalization of a growing start-up is a great way to secure growth on the long term while fostering an inclusive corporate culture. Only 20% of start-ups manage to go from seed to Series-A. The odds are more favorable for start-ups going from Series-A to Series-B but what is interesting is that 25% of start-ups failures are due to not having the right team in place. So the market need is here, the money is here but either the skills balance or the management system or both, are missing. Our mission is to increase start-ups' success rates by addressing these challenges.

This is how inclusion in the FinTech start-ups can become a reality. Upstream, education programs to promote FinTech careers to diverse talents are key. Downstream, when a start-up already exists, its primary focus is to secure growth. As it is a riskier environment than incumbent banks or established scale-ups, it tends to drive away people with less of a safety net or more risk averse by education. Finding the right balance between growth ambition and attractive culture often relies on having an inclusive mindset. And this actually can be achieved by having an excellence mindset. If, as an entrepreneur, I put all my efforts into finding the absolute best candidate for each job, rather than going for the easy way of hiring within my natural ecosystem, I will end up leading an inclusive company and most likely a very successful one too!

HARRINGTON STARR
Your Success. Our Business

Diversity, Equity and Inclusion

Does remote working hurt women's progress?

Laura Rofe
Strategic Partnerships Manager, PPRO

Over the last two years, the number of Europeans working regularly from home has at least doubled [1]. In some ways, that's great. It's more convenient. It cuts the time and money spent on commuting. And it can enable a better work-life balance.

But there are potential downsides. If everyone is working remotely much of the time, it's easy for people to become disconnected from the larger team and for their work to go under appreciated.

While this can impact anyone, there is the risk that it will particularly disadvantage women. A survey published last year found that two-thirds of millennial women believe they'll miss career opportunities by not being in the office.

Many of us have spent years building formal and informal mentorship and networking programmes designed to give women access to the types of professional relationships and opportunities that men often enjoyed as a matter of course. If we all become, just a face – or voice – on a computer screen, we risk all the work unraveling.

So, what can employers do, to ensure that women's work and talent continues to be seen, recognized and rewarded in this new era of remote and hybrid working?

TIPS FOR MANAGING REMOTE OR HYBRID TEAMS

1. Never treat remote staff as an afterthought. Any company announcement or meeting should be set up to allow remote staff to dial in, so they get the news at the same time as everyone else.

2. Allow, and encourage, employees to nominate and highlight their and their colleagues' successes and contributions. Have a system which enables them to do this.

3. Ensure that all opportunities aren't just publicized to everyone, remote and on site, but that it is clear they are open to everyone who wants to apply for them, no matter where they work.

4. The company should develop best practices for managing hybrid teams, formalize these in official training and make sure that all managers take that training.

Keeping track of progress (or lack thereof)

Companies should also monitor what impact working remotely has on their staff's careers. Do women who work from home take longer to get promoted than men – or than women who work on site? And so on. Look at the data. If remote working is undoing gender-equality gains, the sooner you see that in the data, the sooner you can do something about it.

At PPRO, where over 40% of our team is female, learning and progression is a huge focus. We are always discussing how to best place and carry out processes and initiatives that promote and recognise staff members in ways that are adaptive to flexible working.

Making your voice heard

How can we as women ensure that our work is recognized even when we work apart from our colleagues? For starters, keep your manager informed about what you're doing – and how it contributes to the team's or the company's success. Maintain open communication which can be via various channels that work for you and your manager for example; regular catch ups that are scheduled in the diary, sending brief messages regarding the week's accomplishments and challenges.

Make sure you record the hours you work. This is particularly important, as home working often leads to a blurring between work and personal life. Make sure your company knows not just about your results, but the effort you put in to achieve them.

Finally, if a chance to work with teams beyond your normal role comes up, and if you are in a position to do so, grab it. This will help boost your profile within the company and ensure that you are not simply a name on a list or a ghost in the machine. And the kind of peer recognition that flows from this sort of opportunity strengthens your relationships within the company and reinforces how valuable you are.

Remote and hybrid working has the potential to be one of the most positive developments in the workplace in decades. But to realize that potential, we need to ensure that this shift doesn't disadvantage women and other traditionally excluded groups in the workplace.

> "How can we as women ensure that our work is recognized even when we work apart from our colleagues? For starters, keep your manager informed about what you're doing — and how it contributes to the team's or the company's success."

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HARRINGTON STARR
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Diversity, Equity and Inclusion

Lydia Sear
Marketing Executive,
Harrington Starr

Neurodiversity for 'normal' people

The DEI conversation we need to start having

I hadn't heard of the term "neurodivergent" or "neurodiversity" until I began my own personal research into my condition, Attention Deficit Hyperactive Disorder (ADHD), which I was only diagnosed with when I was 21. Did you know 1 in 7 people (15%) in the UK are neurodivergent? The chances of having team members that sit within this group is higher than you might think, so why are we still lacking the useful information and resources needed to support these people? Personally, I think it's because mental 'disabilities' have only recently become accepted. My grandparents have shared some distressing stories about how people with mental health conditions were treated in the past, from being locked away in a "mental home", to being drugged up and declared hopeless. If only those people with Autism Spectrum Disorder (ASD), Tourettes Syndrome etc had the support and understanding we're starting to see today. No wonder people are hesitant to seek diagnosis and try to ignore their symptoms; we're recovering from a world where people like us were seen as mental, crazy outcasts!

I saw an incredible video on LinkedIn depicting a hotel (Kimpton Fitzroy London) and their brilliant wheelchair access lift which they managed to "seamlessly integrate with [their] historic architecture". It was simple, elegant, but most importantly, inclusive without question. As much as I wish more establishments were as proactive in implementing this, it goes without saying that if you see someone struggling physically, you leap in to help them. But what about those with hidden disabilities? How do you know? And how do you build their ideal working environment? Most can walk just fine and they don't appear to be struggling, so what's the big deal? It is imperative that we address this mindset to build neurodiverse company cultures.

Neurodiversity simply aims to support all people, no matter how their brains are wired. I always say: We're different, not deficient. In fact, many people believe that conditions like ADHD, ASD, or other mental health conditions have set symptoms, set needs and don't cross-over. On the contrary, I firmly believe that being neurodivergent means you have needs spanning across an entire spectrum. I wouldn't be surprised if a doctor turned around and told me I had ASD too; it's more common in people with ADHD and I match a lot of the criteria, for example hypersensitivity of the 5 senses and social anxiety.

We're all beginning to understand that the need for DEI efforts comes from a lack of awareness of other people's struggles from those in privileged positions. If you're a white, able-bodied, straight male, (you get a bonus point for being middle or upper class!) you will not know some of the struggles that, say, a black woman may have faced in her life due to her appearance and gender. Improvements are being made – slowly but surely – and it's great to see people being honest and talking about how we can stamp out institutional racism and sexism. If we focus all DEI efforts to include people with disabilities too, I truly believe we will have cracked the code for inclusive and progressive industries.

So, how would I describe the perfect formula to build the ideal work culture for 'people like me'? Firstly, there's no set blueprint or rules and I certainly don't have all the answers, but from my own experience, it comes down to these key behaviours:

> "Did you know 1 in 7 people (15%) in the UK are neurodivergent? The chances of having team members that sit within this group is higher than you might think, so why are we still lacking the useful information and resources needed to support these people?"

Educate & Raise Awareness

Gauge authentic discussions and ideas by engaging in focus groups and providing your people with the means to learn. This could be in the form of educational assemblies hosted by experts and people who live with a hidden disability, or simply encouraging your staff to watch resourceful videos. Equipping your team with knowledge and understanding about different needs is the best way to help everyone embrace each and every difference. If my team members fully understood how my ADHD affects my work, I would feel a lot more at ease and comfortable to express myself.

Make it fit

As humans, we grow as individuals by working in fulfilling roles; the meaningful and where we can excel. Too often, people who are neurodiverse are placed in jobs that don't fit their talents. For example, some might be brilliant at logistics and patterns, system analysis etc, but may be expected to be creative at the same time – that's not going to work. The same applies the other way round too, as the saying goes; you can't fit a square peg into a round hole. I know from my personal experience that my superpower is being creative, that's where I thrive. Put me in front of an excel sheet, or ask me to organise a set of systems and I become immobile... it's just not where my abilities are.

Revise your company's communication strategies

Social and emotional intelligence can be tricky for many neurodivergent people. However, if you encourage a safe space where they can express their personal challenges and discuss what will help, you will witness a more open culture of staff who are comfortable to embrace their individuality. Not everyone is comfortable engaging in laddy, hands-on banter with lots of eye contact, so be aware that other people may be uncomfortable in boisterous environments. If your staff work in the office full time, consider the need for a break-away room where staff can focus on their work in quieter, less stimulating conditions. While I love working with recruitment consultants, they're on the phone constantly and that can sometimes overwhelm me, especially in an open-plan, brightly-lit office. Thankfully, we have the privilege of being able to work from home 2-3 days a week which is great when I feel I need some space and need to concentrate on deadlines/ huge projects that require a lot of my attention.

Going forward, perhaps you could start with an anonymous survey encouraging people to express their personal needs and challenges. It's important to ensure your people, whether neurotypical or neurodivergent, work together to each other's strengths to allow each of us to thrive in a more organic, progressive way. Give everyone their unique purpose. You will end up with a cognitively diverse, successful and forward-thinking culture.

The upper echelons of FinTech have inclusion and culture at the heart

Charlie Johnston
Chief People Officer (CPO), Mambu

Over the past 18 months, we've seen a proliferation of digital innovations targeted at niches brought on by new customer demands. Financial services have rapidly modernised thanks to collaborations with fintechs like Mambu, who are agile and flexible at their core. By embracing a culture of curiosity, collaboration, inclusion and disruption, we have been able to reach the upper echelons of today's financial services providers.

Building and Growing a Team Culture

One of the differentiators of great teams is great leaders. Leadership, like many things, is evolving with the impact of the pandemic and societal shifts and is something that should be continuously developed. People want to be inspired by the people they work with and for. They want to see their leaders and peers as human beings and vice versa. Traditionally, the employment relationship has followed the mannerisms of an ego-system whereby decision making is centralised. Mambu believes in the power of the team and strives to put as much control into our employees' hands while reinforcing the role of modern day organisations - that we are all part of a larger ecosystem. As we continuously look to re-write the rules of workplace culture, inclusion is something we are actively embedding in our DNA.

This year we're going to be focused on what we're calling 'Living Leadership', the idea that at Mambu, everyone is a leader. How we influence and work with others in the most inclusive way is a differentiator for a successful organisation to build trust and bring people together. It is a non-negotiable for the best teams in the virtual world we are living in. By investing in leadership development for all Mambuvians, everyone has the chance to step up. From the person serving our customers over the phone to the C-suite leader, we want everyone to be consciously aware of the impact they have through how they lead and influence others.

The culture we are working towards must strike the right balance between the polarities in the world right now. Through this balance we can change people's experiences and how they engage with the evolving world around them. Evolution in banking and finance is no exception. Whether it's digital banks, challengers or niche spinoffs Mambu's strategic approach allows inclusion to be built into financial services through innovations like open banking and embedded finance. Our talent is the driving force behind the diverse ecosystems required to level up how consumers finance and bank themselves.

This is what it means to be a Mambuvian. To drive change through curiosity, by challenging the status quo and collaborating with others to find unique solutions to everyday problems and to always believe in the impossible

The Importance of Being a Flexible Employer

Deloitte has said that Covid-19 has been a time machine to the future for how we work. My perspective is that the old ways of working are not coming back!

Companies that say we'll get through this and everyone will return to the old way of working are kidding themselves. It is intense to win the hearts and minds of the best, most diverse talent thanks to 'The Great Resignation'. People have more choices over how they work and who they work for. Equally important for today's workforce is a company with a strong sense of corporate social responsibility who is actively impacting their communities in this hybrid world.

We know to be successful we need a balance. It's why we have a four-day work week in the summer months. This has been a signature benefit at Mambu for some time now! And we are currently reviewing our working practices by listening deeply to our people on what is important for them as we think about the next steps in our culture. The past years have massively shifted expectations and now it's about understanding how, why and what can be done differently for our people. I truly believe that Mambu has a huge opportunity to not just disrupt financial services, but disrupt the world of work – a prospect that we are really excited by!

This year we're letting people know it's ok not to be ok with all the changes in the workplace and the challenges in the world. We want our leaders to talk more about work-life integration, the events of the world, celebrate the most important ecosystem (our Mambuvian's families and loved ones) and most importantly learn to achieve the right balance of all the contradictions in society. We're showing everyone that we are all human and are in this together.

The Great Resignation

What hasn't changed in the old and new world is that people join companies and leave leaders. It's really all about trust, inclusion, purpose and ultimately followership. What worked historically and got us to where we are now won't necessarily work in the next chapter. We need leaders to think about how they are going to change and what they will do differently.

I lead a diverse team of people who all have individual needs and desires. A big part of my role is getting curious about everyone who works for me and asking myself critically the question - why should they follow me? Deeply connecting and understanding the needs of one person, whilst acknowledging that the person sitting next to them needs something completely different.

That's the differentiating factor for us all and it isn't easy. And it is our challenge as leaders in this moment.

The Future of Work

Technology has also been a major disruptor in corporate environments. The lines between home and work were already blurring but the pandemic accelerated that much further. At home we bounce between apps and devices most of the day - whether to organise something personal or enable productivity at work. This creates an opportunity and challenge. By leveraging fast and collaborative tools in the workplace, we are more connected and thus gather greater data and insights on how to evolve and grow the business. Modern technology provides the tools needed to lead - like finding the best talent to developing employees and better understanding engagement levels.

How we communicate with each other is fundamentally changing how we attract talent, how we predict employee behaviour, and how we measure performance. The combination of technology in our future of work presents a huge opportunity in particular for diversity and inclusion, both to remove bias and improve equity. I believe we are just at the start of the possibilities where technology advances great leadership and people practices.

At Mambu we are eager to pioneer the human world of work and to disrupt the traditional corporate mentality, much the same way as we have done in banking. And we are very excited for what's to come!

White men & DE&I

Ashley Botten
VP Sales Europe, Tipalti

I feel like a fraud writing about DE&I, fearing groans of *"what could he know?"*. Perhaps that's why we don't hear enough from people 'like me' on the topic. And let's face it, any groaners would be right. I've never myself experienced deficits of respect, safety or equity just because of who I am, how I look, or who I love. As I write this, I realise I've likely benefited, directly or not, by others being held back; leaving the field on which I play, a little less crowded maybe? It's not a nice thought.

Aware, but not aware enough, I hadn't approached DE&I consciously enough until certain events this last decade brought endemic discrimination to life for me. Of course, these events weren't new, they just added up for me for the first time. By simply asking questions I hadn't before, I was soon confronted by the experiences of loved ones and those in my charge. Cat-called, followed, marginalised, belittled, passed over. Stories shared were confronting enough, but what really surprised me was the casual nature with which such behaviour was dismissed as normal. Worse still, I found myself questioning... *"Really? Surely not, could you have misread that"*? And so the problem compounds.

You don't need to be among the marginalised to appreciate that barriers to equal access and treatment are wrong. If you've ever felt that subtle relief that this doesn't affect you, you've answered the question of whether you should care already.

Those of us in positions of leadership have an obligation to do right by our people and by our business. Speaking and acting on DE&I is key to both. Beyond the moral obligation, diversity in team and leadership has been shown over and over to improve results. I work in tech sales; a largely male dominated space, although it really shouldn't be. Despite any 'machismo' reputation to the contrary, sales requires curiosity, listening, empathy, solving problems and having great attention to detail. I happen to have observed that the women I have worked with often best their male counterparts in these areas and despite a male majority, women have led the pack in individual sales performance and leadership. Bigger brains and datasets agree; in 2019, a BCG study found that *"Sales organisations that don't actively promote women into positions of leadership run the risk of underperforming."*

> **"You don't need to be among the marginalised to appreciate that barriers to equal access and treatment are wrong."**

If, like me, you're male, pale and tasked with growing the top line, removing barriers for others is key to your success.

In recent years, my action towards gender equity in particular has been more conscious. Balanced representation has been hard to achieve, but committing to tip the scale away from a male-dominated norm has never backfired. The sales leaders I work alongside today are 50% female. We experience less groupthink and a broader range of ideas, skills and collaboration. Given the hyper growth our business is experiencing - and this may sound familiar to Fintech readers, this ratio may be hard to maintain in the short term as we race for talent in a field that is largely male, but commitment to diversity will remain. This formula works.

Action is more important than words in so many regards, but in this connected world, words can travel a lot further. White men are too quiet on this topic. For all the groups, forums and movements on DE&I, the voices are almost entirely of those who are under-represented and fighting for a seat at the table. Women advocating for women, LGBTQ communities, black and Asian forums demanding access. These efforts will drive real change and are a major learning resource for people like me opening their mind to what others are experiencing. Throughout history, the oppressed have had to challenge the established to affect change. It's been slow and bloody, but it's happened. Wouldn't it be better for the established to advocate change, to welcome it, to heed the data, to improve their businesses and to contribute to the betterment of society today, rather than clinging on to a status quo that will see naysayers displaced over time?

> **"Action is more important than words in so many regards, but in this connected world, words can travel a lot further. White men are too quiet on this topic. For all the groups, forums and movements on DE&I, the voices are almost entirely of those who are under-represented and fighting for a seat at the table"**

I haven't known where to add my voice, or whether it would always be appreciated, but it's obvious that overcoming my own discomfort is essential if I want to contribute. The more I engage, the more I learn, the more I realise the fear of getting it wrong is insignificant compared to the value of participating and being an ally.

Having asked my female peers to proof my words, a theme emerged. *"So what's the call to action here?"* Gulp.

Ask more questions and learn what others have experienced. What comes back may surprise and motivate you.
Don't dismiss something as untrue just because you don't experience it yourself.
Engage in forums where white men aren't present enough. Company diversity councils, Women's groups on LinkedIn. Ironically, these groups which advocate for diversity and representation often do so without the presence and support of enough white men. Change needs to happen together.
Build networks of future colleagues ahead of positions needing to be filled. When we hire reactively and need to fill roles fast, picking from a candidate pool that represents the status quo leaves little room to affect change.

And speak up. I can't profess to have gotten this right yet. But if we wait until we've 'got it right' to speak up on DE&I, we'll leave those who deserve our support without it for too long.

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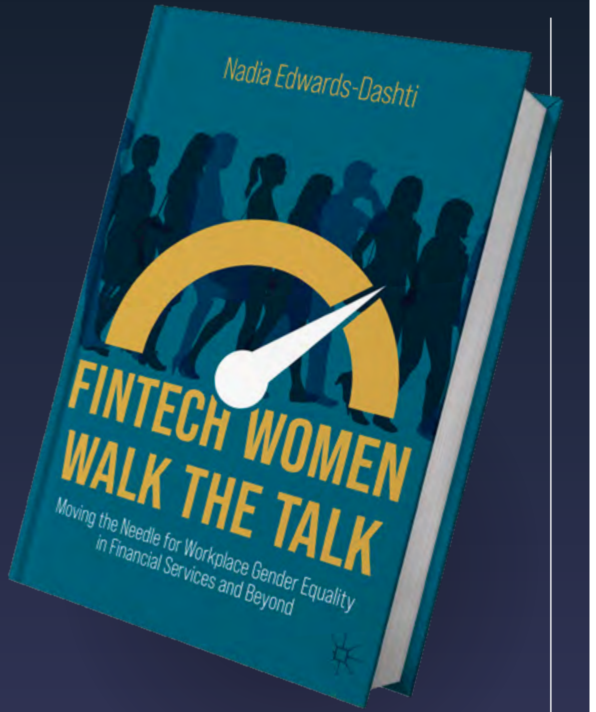
Diversity, Equity and Inclusion

FinTech Women Walk The Talk: the book launch



March 15th saw over 180 people come together at Schroders in the UK to celebrate the brilliant Nadia Edwards-Dashti and her ground-breaking book: FinTech Women Walk The Talk.

Inspired by the award-winning podcast series, The DEI Discussions, this book collated the experiences and action statements of people from across the industry that had shared their journeys with unparalleled authenticity and eye-opening revelations.

The #walkthetalk panel left an empowering mark on everyone present, spotlighting the work we can all engage with to ensure diversity and inclusion has a place in every organisation.

Not only was it a delight to see so many familiar faces at the launch, but also wonderful to see so many new ones join us; everyone has a stake in walking the talk for change.

Thank you to Stephanie Phillips, Arun Fernandez and Mellissa Gyasi for their phenomenal support. Thank you to Schroders, PPRO and OpenFin for your invaluable support of the launch. And to FinTech B2B Marketing for your brilliant media assistance. To Georgia, Lydia and Alexandra of Harrington Starr for bringing the event to life; and the entire Harrington Starr team for their endless backing.
And of course congratulations to Nadia on such a phenomenal book that will undoubtedly inspire us to walk the talk for change for gender equality across the entire industry.

Our industry on the cusp of change

Paul Humphrey
CEO, BMLL Technologies

"We haven't been through two years of a pandemic to learn nothing. I want to take the very best of what we've learned through the experience and put that into our working lives."

We are absolutely thrilled that BMLL Technologies has been recognised by Harrington Starr as one of 'The Most Influential Financial Technology Firms' of 2022, paving the way for exceptional industry innovation. I thought this would be a good opportunity to reflect on events of the past year, as well as looking forward and touching on issues which I feel strongly that we, as an industry, need to change.

Scaling up: Positioning for growth

2022 will be a big year for BMLL. Establishing an award-winning data and analytics company operating at the cutting edge of capital markets takes a long time to build. So after being in 'build' mode for many years, in 2021 we emerged from 'stealth' mode by refreshing and aligning our strategy. Going forward, 2022 is BMLL positioned for growth.

Over the past year, we established that our product solves the specific problems our markets face, and we have doubled our revenue as a result. We have gained a new clientele made up of global banking, hedge fund, broking and exchange clients, all of which we're extremely proud of. We also gained a number of US-based clients which fits in nicely to our 2022 growth plans around establishing a US office.

We have been really pleased to see our existing clients continue to grow with us, meaning they are using an increasing number of our services, and we are expanding as a result. In order to be closer to our clients in the City, at the beginning of 2022 we were fortunate to have moved into fantastic new offices in Old Street, otherwise known as the Silicon Roundabout, the beating heart of Fintech.

We added some new people to our team in 2021 and have continued to invest heavily in our talent. I'm a huge believer that early stage companies, like BMLL, need to focus resources on training their staff, because as much as I'm really proud of our technology, our people are our greatest asset. As part of our ambitious growth plans for 2022 and beyond, there will be a recruitment drive, so we'll be looking for other wonderful people to come and join BMLL. One of the things that has helped us in that quest, and of which I am immensely proud, has been winning the Harrington Starr Award for 'Best Workplace for financial technologists'.

Building a diverse pool of talent

As an industry, we need to make sure that we take great advantage of the entire talent pool that is available. At BMLL, I want to continue to drive diversity through our organisation - not just for diversity's sake. I want to bring in different people with different ideas that can bring something distinctive to the organisation. This means my hiring managers are encouraged to quite literally hire people who are dissimilar to them and can come at things from a different angle. At BMLL we've got a wonderfully eclectic mix of 20 nationalities. Admittedly, hiring female talent specifically on the technology side has been a challenge, not just for BMLL but for many other companies as well. In 2021 we managed to make good inroads with this, but we've still got a long way to go. I want to encourage more women to come and join the exciting journey we're on here, but also as a wider message, encourage more women to join the fintech and data science arena because I believe it's a brilliant place for them to work.

I think going forward, our industry also needs to focus on geographically expanding its hiring pool, since the days of being physically located in an office have passed. I feel strongly that if companies can't offer flexibility they are not going to attract the best people. It's that simple. So I wish the very best of luck to those leaders of my generation who want to remain stuck in the dark ages, because I don't believe they will attract the top talent with that approach. We haven't been through two years of a pandemic to learn nothing. I want to take the very best of what we've learned through the experience and put that into our working lives. What that means in practice is making sure a working hybrid environment is set up, incorporating top-notch AV and sound equipment.

ESG and Sustainable Trading

Improving the ESG performance of financial markets trading firms is another area where the industry needs to change. As a data analytics company, we store huge quantities of data and we draw insight from it by engineering that data. But since BMLL offers data science as a service, firms can now access this central pool of information that was once the preserve of only the most sophisticated global firms. Because BMLL has built a sizable data warehouse and provides all the storage and compute power centrally, this removes the need for firms to build this out themselves. By providing data science as a service, we are mutualising that carbon footprint across the financial services industry.

We are determined to play our part in shaping how we respond to the ESG challenges we face as an industry. That is why BMLL is one of the founding members of the Sustainable Trading initiative, which aims to drive positive change in the financial markets trading industry by helping firms improve the ESG performance of their trading businesses. Getting involved with the Sustainable Trading initiative from the start has been a strategic decision for us. ESG is at the forefront of our minds, not only in terms of the environmental aspect of BMLL's operations, where our products are built for sustainability from the outset, but also in terms of diversity, equity and inclusion. Diversity of thought and skills is key to our growth and recruitment drive.

The value of wellness

Ultimately, we are proud to be part of the Sustainable Trading initiative, because we want to work with companies that share our values. When it comes to attracting talent, as much as people are interested in flexibility, they also care about values. What do we, as a company, care about? We must face the fact that what we have been through in the past two years has affected the nation's mental health. It is essential that we care about the wellness of our people. And that is something that I will never compromise on.

"We added some new people to our team in 2021 and have continued to invest heavily in our talent."

Trading tech optimisation for hedge funds in 2022

Dan Enstedt
VP of Business Development, EMEA, FlexTrade

As we arrive in 2022, hedge fund teams face a raft of both new and familiar challenges. The ongoing pandemic and a recent surge in volatility have stressed firms, putting the need to reduce operational cost and complexity back on the agenda.

However, against a challenging backdrop, growth opportunities do exist. For example, JPMorgan's recent 2022 Global Alternatives Outlook highlighted hedge funds as potentially being the "go-to investment" for the coming year due to moderate economic growth, higher inflation and the prospect of low returns in traditional public markets.

With inflows predicted to increase in 2022, to tackle the new operating environment while positioning to capture expected market growth, many hedge fund trading desks are re-considering their technology choices and operating models' efficiency across three key areas.

The shift to integrated, multi-asset trading capabilities

The past 18 months have demonstrated to many firms that having the right technology in place can be a mission-critical enabler in an increasingly competitive and volatile market.

> **"The past 18 months have demonstrated to many firms that having the right technology in place can be a mission-critical enabler in an increasingly competitive and volatile market."**

However, many hedge funds' current in-house trading technology does not deliver the agility needed to add new instruments or asset classes to enable differentiation in a competitive market cost-effectively or efficiently. Further, in-house solutions can be challenging to support and often do not provide the increase in scale firms need should trading volumes rise, or business needs shift.

Additionally, funds need similar infrastructure and controls around compliance transparency and to manage and operate efficiently to pass investors operational due diligence to attract institutional investors.

Increasingly, we see managers move towards open-architecture, scalable and integrated multi-asset OEMS solutions, such as our own, FlexONE, that support equity, fixed income, cash, foreign exchange, and corresponding derivatives. Doing so provides a flexible foundation to handle changing business requirements.

Simplification and streamlining of existing trading technology

For many years, managers have deployed a mix of separate or partially integrated order management and execution management solutions across asset classes or funds to handle their trading operations.

The unintended consequences of this have meant manual reconciliation of data is required between systems, impacting the speed of trading performance and preventing teams from capturing market opportunities.

From an operational cost perspective, separate EMS and OMS solutions can mean a higher cost base. For example, headcount is necessary to increase trading volumes or change strategies, crucially impacting profitability in a low margin and fee pressure environment.

Further, system maintenance costs are also higher spread across multiple solutions, and the time cost of learning different new systems for each asset class can create internal complexity.

> **"Increased market volatility coupled with more demanding risk transparency requirements from investors has meant the manually-intensive processes currently required to incorporate data to augment traders' workflows, such as risk factor analysis, are no longer viable."**

The deployment of a single, consolidated order and execution management solution can tackle and simplify these challenges while insulating against an increase in cost as trading volumes increase.

Incorporating improved, integrated risk analytics via API

Increased market volatility coupled with more demanding risk transparency requirements from investors has meant the manually-intensive processes currently required to incorporate data to augment traders' workflows, such as risk factor analysis, are no longer viable. Instead, access to timely data and actionable analytics is now vital.

We now see trading teams looking to integrate real-time and intra-day risk factor data and analytics via API directly into the OEMS order blotter. By doing so via powerful, flexible APIs, traders have almost instant access to sophisticated risk factor analytics, typically only available at the end of the day, when it matters the most – at point of trade, which improves trading-decision making.

FLEXTRADE
Trade your best.®

HARRINGTON STARR
Your Success. Our Business

How the industry is reaping rewards from inter-company workflow

Kishan Bharwad
Head of Product, Taskize

2021 was a milestone year for Taskize, as financial services firms began to realise the power of inter-company workflow. We had record growth, as we onboarded over 100 additional firms taking the total number of clients to over 450, spread across 53 countries.

Since our launch five years ago, we've built a solid foundation in our platform and the Taskize Smart Directory™ and Taskize Bubble™ have matured into critical value components for clients allowing them to navigate the industry without having to know the industry so that people from one organisation can reach out and into another organisation to resolve a query or issue, all while maintaining workflow. The fact that Taskize is asset, workflow and time zone agnostic means that our clients are making Taskize part of their critical digital infrastructure, and our cloud-based deployment means we can flex at the speed and direction of their strategic objectives.

A large part of what drove this record growth last year, was how we began to execute on our strategy of tailoring workflows to tackle some specific use cases, to really drive efficiency across the myriad of processes in the post-trade space.

The first of these was with one of the world's largest institutional asset managers with operations across the US, Europe and in Australia. After already successfully deploying Taskize for their inter-company workflow, they began to look at how Taskize could be used for intra-company workflow across their globally distributed operations teams. A lot of the tasks that these operations teams tackle on a day-today basis are scheduled or regularly occurring, such as submitting daily reports or ensuring reconciliations or valuation are performed on time each day.

Analysis showed that in some teams these types of tasks, that are not transaction driven, made up nearly 40% of their daily workload and they had very little insight into how those tasks were executed which meant it was impossible for management to optimise their resource allocations across their global teams.

"As a company, we're really proud of what we achieved last year, and these three use cases really show the versatility of the platform."

Taskize worked in partnership with the asset manager to create a scheduled task workflow, that automatically generates Taskize Bubbles (a secure collaboration workspace) at set daily and weekly frequencies, then uses the Taskize Smart Directory to automatically assign each one to the appropriate team along with all the relevant task context. Managing these repeating tasks on Taskize allows senior executives to gain greater insight into the amount of work taking place and the time it is taking to complete. With this information to hand, senior managers can now better reallocate resources across the business.

As evidence of our flexibility around workflow, the next use case involved one of the world's largest custody outsourcers. When Citi won a mandate to outsource Mitsubishi Luxembourg's customer base, they took on $630 billion dollars' worth of business on behalf of Mitsubishi Luxembourg's customers. To service this business, Citi uses Taskize to provide an outsourcing service not only to Mitsubishi but also to Mitsubishi's customers. This unique workflow retains Mitsubishi's relationship with their client but also gives them visibility over their outsourced enquiries. At the same time Citi can use Taskize to provide a repeatable service model that they can mutualise across all their own client base.

This collaboration brings together Taskize's structured workflow capabilities and Citi's industry-leading proprietary custody network spanning over 60 markets to create a network effect between Citi, its counterparts and various market infrastructures to address operational workflow challenges.

The final, and perhaps our most high-profile regulatory use case, was the extension of the Taskize platform to offer a solution to the CSDR penalty dispute process as an effective and simple alternative to email. In this case, the workflow within a Bubble was customised to allow Euroclear to offer a standardised model to all their members for raising and resolving penalty disputes. By offering a structured process for capturing dispute data and allowing Euroclear to optimise not only the behaviour of their clients but also their own dispute teams they are able to reduce errors, ensure consistency, and offer a better client experience. As the CSDR regulation beds down and becomes part of the fabric of operational activity, Taskize will become Euroclear's only channel for penalty dispute.

As a company, we're really proud of what we achieved last year, and these three use cases really show the versatility of the platform, and its potential to help prevent and solve operational issues across a wide range of processes. As the industry moves towards T+1 and focuses more heavily on improving operational efficiency, we will be continuing our strategy to ensure that, ultimately, more and more financial institutions realise the potential of inter-company workflow.

TASKIZE
MAKE WORK FLOW

Increased automation, replacing Excel and cloud adoption – the evolution of FX

Peer Joost,
CEO, DIGITEC

In the past, pricing NDFs and FX Swaps was a manual process and highly inefficient, due to an absence of industry reference rates and the complexity of accurately pricing forward curves.

Many trading firms used Excel in every area of FX, whether to calculate prices, create a complex financial model or a VAR calculation. With its flexibility and convenience, Excel allowed firms to perform complex calculations across multiple connected spreadsheets, and enabled Traders to develop customised reports quickly and without needing to consult with IT departments.

For some firms, spreadsheets may still be viable for small numbers of transactions or in markets with a reduced need for automatic pricing. But as trade volumes increase and FX markets become more automated, spreadsheets are no longer a viable solution and may become more of a hindrance, with calculations taking longer in the face of bigger transaction amounts and growing transaction data.

The Need to Replace Excel

As regulatory oversight has grown, so have compliance obligations and costs, forcing trading firms to respond by focussing on efficiency and reduced costs in pre-trade, trade, and post-trade workflows.

For many Compliance teams Excel is no longer fit for purpose, with insufficient governance and control, and difficult to understand workflows across different teams, systems, and locations. There is a lack of transparency and auditability, and Excel limits the availability of timely information and makes real-time analysis more difficult, hence impacting decision-making.

Spreadsheets result in human keying error and can heighten security concerns and hide control issues. Security features are lacking, meaning that even if spreadsheets are password protected, they are relatively easy for hackers to access.

As a result, Compliance teams now demand that Excel is replaced by applications which support data controls, specified workflows and approvals, and change management processes to ensure complete visibility and transparency across all functions, fully supported by an audit trail.

The Drive for Electronification

Increased electronification, automation and the use of sophisticated tools allow all banks to increase their product range and, ultimately, their market making and trading volumes. Electronification improves the availability of data and workflow efficiency, enabling Traders to diversify trading books and manage multiple instruments effectively. This is particularly relevant for regional and local banks, many of which are now adopting electronic trading for FX Swaps and NDFs for the first time, and where pricing as many client requests as possible is an important internal benchmark.

DIGITEC clients typically double the number of instruments they price once they are live – a clear indication of the benefits of electronification and automated workflows this brings.

Changing attitudes to Cloud adoption

Attitudes towards the Cloud have changed for good. Those firms (and regulators) that didn't buy into the idea of Cloud technologies, citing security and latency as barriers to adoption, have seen the FX market continue to operate efficiently during Covid, even during periods of extreme market volatility. There is now a consensus in the market that despite the obvious challenges of Covid, the Cloud has passed the test.

Many firms now have staff working in the Cloud while their technology remains on-premise, which makes little sense. We predict that 2022 will see more firms announcing Cloud adoption for significant parts of their businesses, including their wider financial markets and electronic trading businesses. Use of the Cloud, whether private, public or hybrid enables technology firms to deliver against different client requirements and improve accessibility at scale.

The private cloud is particularly flexible, allowing organisations to customise the cloud environment, and offers improved security and high scalability. For DIGITEC, deploying our D3 pricing engine in the Cloud has meant that our services (as both dedicated as well as multi-tenant solutions) have been made available to smaller banks which could not previously justify the investment in on-premise technology. Asset Managers and other trading firms are also starting to use D3 as their technology requirements evolve, and additional users mean an improvement in the quality and amount of data, which drives additional services.

Since DIGITEC's adoption of Cloud technology, 100% of new clients have connected to the range of hosted services, indicating that flexible technology and investing in innovation are essential to the evolution of the FX Swaps and NDF market.

In the past there was the argument that using centralised applications and No Code modules were too expensive for anything other than core products, but the recent adoption of applications deployed on the Cloud makes these robust systems more affordable and accessible for many more firms – meaning that at last there is a credible (and superior) alternative to using Excel.

The next step – Specialised Industry Clouds

As NDF and FX Swaps volumes continue to grow and markets move towards greater automation, driven by more electronic trading, the need for better and flexible infrastructure will become increasingly important. This will drive further development of industry-dedicated Cloud solutions which can be built as collaborative efforts based on shared best practices.

Industry Clouds can be customised to accommodate specific business, operational, legal, regulatory and security considerations and provide firms with a menu of available services from which to build their technology stack, making sourcing, implementation, and integration processes much easier to manage.

Looking forward, DIGITEC is well placed to service its clients in the Cloud as the market evolves and moves towards Specialised Industry Clouds.

> **"Many trading firms used Excel in every area of FX, whether to calculate prices, create a complex financial model or a VAR calculation."**

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When archaeology meets data science

How and why a data lineage and data management solution is equipping organisations to review their systems across the past and future


Philip Dutton and Philip Miller, Co-founders and Co-CEOs, Solidatus

In February, news broke of a data leak at Credit Suisse. Known as Suisse secrets, the breach related to more than US$100 billion held by 30,000 clients, some of whose records stretched as far back as the 1940s.

Of course, you can do nothing to change the past, and for problems that happened decades ago, you're unlikely to be fined. But what can organizations like Credit Suisse do to demonstrate to the world that they've learnt from their mistakes and won't make them again?

The reason for this is that once trust is lost, it's very hard to regain. After all, reputational costs can often far outweigh any financial penalties slapped down by regulators – although the threat of either is enough to keep chief data officers awake at night.

The problem for bankers and financiers – and indeed anyone who deals in data, so pretty much the whole corporate world and large swathes of the public sector – is that data complexity is on an inexorable upward journey.

Complexity: the biggest challenge for CDOs

Dealing with complexity is unquestionably the biggest data challenge for CDOs and their colleagues; the data landscape has become messy, badly designed and bafflingly interconnected. As we move systems into the cloud and reflect on the onward march of technology, it's clear that a new approach to data and metadata management is needed. And this is before we explore the huge raft of data-related regulations that have emerged in recent years.

All of which explains the impetus behind Solidatus, a powerful tool for clever data management, visualization, and discovery.

Using Solidatus you create living blueprints that map how your data flows, and how it's affected, as it moves around your systems, both now and at other points in time.

By revealing hidden opportunities and threats, and showing you the impact of change, a Solidatus lineage blueprint delivers clarity and an enriched understanding of your data ecosystem, so you can optimize your infrastructure, operate more efficiently, and minimize risk.

Its cleverness perhaps explains why Solidatus has been recognised as one of the most influential financial technology firms of 2022 by this publication.

Described as "paving the way for exceptional industry innovation, and at the fore of exciting change" by the magazine's panel of experts, we were acknowledged for the work we're doing "to set new industry standards through [our] authentic culture, drive for brilliance and transformational technology".

But what makes it so different?

In short, it lives in the real world. If you're not living in the real world, the picture of your data doesn't represent a reality that will actually happen.

Game-changing technology

This makes Solidatus a game-changer.

By taking a view of the world we live in, we are, in this moment, looking at reality. We need to understand what's happening today, but we can also look at the likely future state of our interconnected systems. The model you create in Solidatus effectively becomes timeless. This way of working doesn't require anything to fundamentally or conceptually change. It's a case of looking at the future back, not the past forward.

We ask: what is the world going to look like? What can we extrapolate to see how things will be different? It's not about a static catalog.

And this brings us back to digital archaeology.

Digging in the data

You can't tear down your systems, but we can help you understand them better. In doing so, you can safeguard and improve the world of your future.
If the people who built your systems are long gone, how can you move forward? Well, you can capture this information and map it into a model of your systems so that you can move forward; machines are only as smart at the people who've written them.

So, archaeology really is at play. The world has gone through revolutions in terms of data, which has become unwieldy and complicated. The pace of change of technology, whether it's hardware, software or outsourcing to the cloud, has been tremendous. And at the same time, there's been an absolutely colossal change in regulations and expectations of technology to respond to them.

In such a landscape, you need transparency.

What Solidatus gives you is a mirror to identify where you have faults. Shedding a light on this complex landscape allows you to engineer improvements, to deconstruct, and to move forward into areas of potential value. It's all about understanding your business from a data and systems perspective and asking yourself how you can bring them with you on your onward journey of, say, moving your mainframe into cloud. And that's just one of many, many examples.

Quantifying the benefits of this approach

But what does this mean in practice?

Well, let's use the example of a bank.

One particular bank uses Solidatus for a variety of purposes, with data privacy and cross-border data sharing being important pieces of their data jigsaw. Their journey coincided with the emergence of many GDPR-like regulations, bringing with it the mammoth task of enhancing the security of any data that's stored in or flows through EU member states and beyond. In practice, this means everything – or at least you need to audit everything to see if it applies.

By using Solidatus for various data- and systems-related projects, we've calculated that the bank has potentially saved around 400 person-years of rigorous investigation, likely to equate to tens of millions of dollars annually in perpetuity.

Their way of working in this area of their operations has fundamentally changed, and for the better, also guarding against regulatory fines that can potentially run into the millions.

The ROI in terms of opportunity costs and remediation costs is enormous.

The world isn't getting simpler. Consider for a moment that a standard smartphone has more computing capacity than the massive fleet of computers it took to put a man on the Moon in 1969.

How complex will your systems be in another few years? Is it time to re-evaluate how you manage your data?

Solidatus

Next generation central clearing for traditional, digital and hybrid markets

Over the last year, the team at Baymarkets has been keeping abreast of market developments and upgrading our real-time clearing system Clara accordingly, both to accommodate the latest requirements of our clients as well as catering for new opportunities that have come our way.

For more than 15 years Baymarkets has been providing both exchange and OTC technology for clearing cash and derivatives across multiple asset classes for world leading clearing houses. Recently we have expanded our asset class solution to support digital asset operations requirements - providing traditional safety, security and trust to the digital marketplace.

We are enjoying conversations with exchange clients and prospects across the globe to understand their future clearing solutions requirements as well as more general market needs. This includes those who want to:

- **Add CCP functionality for cash and derivatives products**
- **Modernise existing systems**
- **Add digital assets to their current offering**
- **Launch a new digital assets platform**

New age requirements
In this era of increasing digital assets interest, with a potential market for 'anything versus anything', Baymarkets' latest partnership is able to provide equal facilitation of traditional, digital and hybrid exchange solutions.

The partnership between Exberry (the exchange and matching engine), Baymarkets (the full-service Clara clearing system), and Digital Asset (the open-source Daml shared ledger development framework) provides exchange operators a unique opportunity to register, trade and clear traditional, alternative and digital assets all on one integrated platform, known as the Exchange-in-a-Box Utility.

Never before has there been a fully compliant and secure end-to-end exchange platform that includes registration, custodianship, trading, matching, risk management, and clearing services. It is a ledger-based, cloud-based, blockchain-based exchange technology that for the first time offers central counterparty clearing services. It is truly revolutionary.

A leap forward in the evolution of exchange solutions
Our *Exchange-in-a-Box* solution is one simple package which can also run alongside existing legacy systems and swiftly goes from concept to scale. This end-to-end, low latency engine that supports millions of transactions, with real-time clearing and risk controls, and seamless integration with an authoritative register that manages every aspect of clearing and settlement, can be up and running in a fraction of the time.

Tore Klevenberg, CEO at Baymarkets

BAYMARKETS

Increasing efficiency and lowering total cost of ownership for our clients, the Utility removes the need to build IT departments to operate the exchange system, the clearing system, and the ledger technology. Clients with regulatory approval and established market operations staff can quickly adopt the solution and be globally operational in no time.

Unlocking Potential
Whilst continuing to develop our more traditionally-focussed solutions, we are also investing in solutions for the digital asset space. The coming trend is a much closer integration and convergence between traditional assets, centralised finance, decentralised finance and digital assets.

We are working with exchanges that have reached the limit of existing technologies and need a next-generation solution, as well as with start-ups and entrepreneurs who require the same capabilities. While focusing primarily on digital asset implementations, the Utility solution can also be used for any other asset class requirements, including commodities, equities, rates and credit products.

It's time to unlock value by making the process simpler, safer and more seamless for all sides.

Exchanges grab crypto headlines but OTC dominates trading volumes

As the digital assets market continues to evolve, more financial institutions are entering the market, attracted by the extreme price volatility and the availability of more data.

As more institutions start to trade crypto, OTC volumes are increasing rapidly. Measured by the number of tickets traded, Exchanges dominate due to the popularity of retail trading, but institutions are looking to trade in larger size directly with their trusted counterparties.

OTC crypto trading has grown because of -
1. The benefits of relationship trading with fully disclosed counterparties.
Leading crypto Liquidity Providers (LPs) have built large franchises making markets on Exchanges. As institutional adoption accelerates, clients are looking for a bespoke service from each LP tailored to their execution requirements.

This has led to LPs building out large direct to client franchises and increasing sales, onboarding and operational capacity.

2. The similarities between OTC FX and Crypto market structure.
FX is largely an OTC market, with long established bilateral credit relationships between institutions as well as a large portion of the market volume attributed to Prime Brokerage. As banks and other tradFi institutions build out digital asset franchises the FX desk is a natural home for their market making and trading offerings.

Further to this, the evolution of crypto Prime Brokerage will undoubtedly lead to exponential growth in institutional OTC trading as firms look to better manage counterparty risk and balance sheet optimisation, and streamline trading operations. The invention of a bitcoin NDF and crypto options provide further evidence of this market structure overlap using FX-like derivatives to facilitate institutional trading access.

3. Exchange liquidity is not institutional grade.
The established crypto exchanges execute large numbers of tickets but are predominantly retail driven venues. Experienced institutional traders face high exchange fees and sparsely populated order books making executing in any meaningful size a challenge.

Phil Morris, CEO Reactive Markets

reactiveMARKETS

For example, in many cases traders are having to execute across 10-20 levels of the book to trade 1 BTC, whereas OTC liquidity providers offer full amount pricing with zero fees and higher execution certainty.

OTC trading volumes are increasingly rapidly
Exchanges still dominate the news, but OTC Crypto volumes continue to grow at pace. As an example, on August 2nd 2021, the total amount of Bitcoin traded on that day was $131 billion – with 99% of that traded on an OTC basis.

Trading OTC Crypto and FX in one place
We launched Switchboard in September 2021 to capture the growth in OTC Crypto trading, and in 2022 added FX liquidity. Recognising that many institutional FX desks have been given responsibility to also manage crypto, we wanted to provide a single solution for all their relationship trading.

Switchboard is the market's first truly open and transparent liquidity network for OTC Crypto and FX trading. It improves liquidity, simplifies connectivity, and reduces trading costs for all participants, whilst also allowing client relationships to be maintained through fully disclosed trading.

As institutional Crypto and FX trading continue to grow, firms are increasingly looking to improve their execution by trading directly with their Liquidity Providers using the Switchboard network.

Trusting the source

Clive Posselt, Commercial Director, Instrumentix

Over the past 2 years the business of capital markets trading has become even more closely entwined with technology than ever before. During record-breaking market volatility and volumes, firms faced the novel challenge of having most of their global staff working from home and that dramatically accelerated digital transformation in a very short time frame. With this backdrop we have seen exponential growth in demand for increasingly sophisticated monitoring and analysis of the trading plant as more and more firms look to exploit the intrinsic link between technology efficiency and execution performance.

For the sell side, having the correct insights into the performance of their trading systems and client experience, allows them to make optimizations to their stack that can make a critical difference to financial performance. As the buy side has become more data driven and systematic in their approach to how and where they execute their flow, the use of advanced data sets and algo customization has continued to increase. This means that fractions of basis points in overall execution performance can mean the difference for a sell side firm being ranked as a top broker or being cut off entirely.

We have seen organizations responsible for electronic trading execution, not only seeking more high quality execution metrics, but they also want more context into exactly why specific outcomes have occurred. Understanding the relationship between trading plant performance and execution outcomes is evolving into another arms race around execution alpha. The insights born from that understanding can drive the changes needed to both deliver against clients expectations and optimise P&L and the firms with superior execution analytics, intelligence and understanding will be the winners.

While firms focus on more accurate data and sophisticated insights to improve trading outcomes, they are also faced with the ever increasing challenges of data lineage and the need to be able to augment, manipulate and transform data that can be captured from the wire. Fundamental to being able to achieve this is the ability to manage the multiple protocol changes that naturally occur as orders traverse a typical trading infrastructure. This is where the ability for a trade plant monitoring and analytics platform to be easily integrated with other systems and effectively act as middleware is critical. Clients are demanding true multi-hop performance analysis that allows them to really understand tick-to-order and tick-to-trade timeframes not possible with legacy solutions. To deliver against this it must be possible to compute complex and integrated calculations in real-time as the norm.

Increasingly demand for trade plant analytics is not just coming from infrastructure and network teams as has historically been the case. As the race for a competitive edge has accelerated, easy integration with other systems ensures that the data and analysis produced can be leveraged by multiple user groups and stakeholders across an organisation, whilst ensuring that the output they interact with either via a user interface or API is tailored to their specific needs.

"Even without the ability to interact with clients in person we have seen strong growth in our core markets and formed exciting partnerships in new geographies and for hosted service provision."

For example, the network team will want to receive both different metrics and also differently formatted insights to that demanded by the trading technology team or by the trading desk themselves. Due to our unique framework any external data source can be rapidly integrated with xMetrics to create both user defined fields and functions not inherent in the raw data and additionally to be analysed alongside the massive amounts of data that xMetrics produces to display a truly holistic view of an entire global trading plant.

We have also seen expectations around alerting frameworks evolve rapidly, with SLA based alerting being superseded by adaptive multi factor alerting that relates real-time changes in behaviour vs historic and multiple inter-related performance metrics. These alerting frameworks also need to be integrated with clients messaging platforms of choice.
Another question that capital markets firms have been increasingly wrestling with is the best way to manage resourcing constraints and this accelerated the adoption of as a service models for complex platform delivery. All firms have extremely knowledgeable experts within their execution and technology businesses, but across the board these key team members are time poor. Deploying and maintaining a real-time trade plant monitoring and analytics platform can be complex and time consuming and in order for clients to make the most of the goldmine of data and insights available and maximise ROI, we are now almost exclusively providing our platform as a managed service. This is something that we would not have expected when deploying in large global organisations only a few years ago, but has now become the norm.

The last two years have been challenging for the whole market, but a very busy one for Instrumentix and this has continued as we have gone in to 2022. The world has definitely shrunk, and technology firms have had to rapidly digitise their marketing and sales processes which has meant that in many b2b environments it is now much easier for buyers to get information and also run evaluations of new products remotely. Even without the ability to interact with clients in person we have seen strong growth in our core markets and formed exciting partnerships in new geographies and for hosted service provision. That said, we are really enjoying getting out and seeing customers in person again.

We see data at speed and scale being the continued key to success for trading businesses, but it is only useful if traders can trust the source and that is why data taken from the wire is so critically valued. Finally, the advanced contextual analytics needed to interpret existing, new and unstructured data sources to optimally manage trading businesses has rapidly become as critical as finding the data itself.

instrumentix
the evolution of flow monitoring

Houston, we have a solution!

Clara Yalmanian
Co-Founder and Head of Growth, One-Signal

Like most things, markets fluctuate around their average. In the event of good news, they run ahead; in the event of bad news, they fall behind, and sometimes they get carried away with their own euphoria. Nevertheless, they can come out of any critical situation thanks to their special feature: their own "self-healing" powers. However, this rests on one important precondition: they must be protected from outside manipulative intervention. It is very appealing for regulators to intervene in the market. In fact, many think that it is their duty to do so, leading to market distortions, which, in turn, invite more interferences, inevitably creating a vicious cycle. This way, markets stagger constantly between regulatory influences and their self-healing forces, which leads to a natural equilibrium following every exaggeration phase.

When mentioning recessions and depressions, the most used examples are the big depression of the 1930s, the dotcom bubble in 2000 and the real estate bubble in 2008. All three events were disastrous for most investors and speculators.

Recessions usually follow economic booms. During these phases, companies increase their profits, which in turn leads to a boom in the stock market. Rising stock prices attract the attention of the public, who swarm to the stock markets in large numbers to get a piece of the cake and achieve their dreams of wealth and security. While stock prices continue to rise daily and the unwary masses seek financial fortunes long considered lost, an increasing number of businesses form without a solid business plan. Even these "companies" find generous backers in the crowd. The larger the stock market bubble becomes; the more newcomers are attracted. Initial doubts arise when the first sellers are faced with a lack of buyers for their overpriced shares. Panic breaks out and everyone rushes to exit at the same time. As a result, share prices drop like a waterfall. The 1920s bubble and its subsequent burst is an excellent example of this phenomenon.

After the bubble burst, the Dow Jones Index (DJI) reached its lowest point on the 8 th of July 1932 at 41.20 points, decreasing by 89.19%. This crash lasted 840 days. Prior to that, on the 8th of August 1898, the DJI broke through the 41.2 barrier for the first time, taking 8,462 trading days or 17.57 years to reach its all-time high of 381.20 points on the 3rd of September 1929.

Although each asset bubble that preceded these economic disasters had a different cause, they all had similar courses. When comparing the time between the number of trading days and the all-time highs with the number of trading days until the crash, it becomes evident that crashes occurred 10 times faster compared to the rise. The panic illustrated in these examples can be compared to the one elicited during the March 2020 crash.

"When mentioning recessions and depressions, the most used examples are the big depression of the 1930s, the dotcom bubble in 2000 and the real estate bubble in 2008. All three events were disastrous for most investors and speculators."

Thanks to technological advancements, news spread quickly– one would believe that markets have reached near-perfect efficiency. However, reality shows that there still is a minority of people who are more knowledgeable than the majority. Technological advancements, combined with financial market innovations, have unquestionably led to market democratization. It has never been easier for individuals to invest small amounts. Even though these advancements have led to the enormous successes of a few "small investors" who have become role models for the masses, most small investors have failed. They replicated the mistakes of generations of inexperienced and naïve investors and speculators, who squandered their hard-earned money on a high-stakes game with a slim chance of winning. Several centuries later, the same has happened. Many individuals who lived through this experience and lost a large portion of their fortune due to poor decisions abandon the stock market without learning anything from it or about themselves. Most people are relieved to have escaped the meltdown unscathed, and, out of shame, you will find them rarely speaking about it. However, a handful learn from their mistakes and go on to become seasoned investors and speculators.

"The goal of ONE-SIGNAL is to identify in which phase the market is currently in, and to anticipate subsequent developments by analysing the emotional state of market participants and detect trend reversals."

One-Signal was developed following the great awakening caused by the dotcom bubble burst. After realising that most investors base their decisions on their emotions, the goal was to identify these emotions in the market. We therefore believe that markets are driven by powerful emotions: fear and greed. Greed attracts investors to speculate even in a dangerous market environment, leading to irrational exuberance and thereby to the formation of asset bubbles. Conversely, fear leads to panic and mayhem.

For this reason, One-Signal is purely based on sentiment indicators, as we believe that these best gauge the prevailing emotions in the market. One-Signal therefore stands on two pillars: sentiment indicators, and a contrarian approach.

The goal of ONE-SIGNAL is to identify in which phase the market is currently in, and to anticipate subsequent developments by analysing the emotional state of market participants and detect trend reversals. Thus, we always consider the mass and all types (from small to big) of investors in our analysis.

Our vision is to provide investors all around the world with the best information possible to eliminate these emotions during their decision-making processes. Our philosophy is simplicity. We are aware of the time constraints of individuals nowadays, and therefore keep our daily information short and precise. Our aim is to alleviate the stress investors face every day, as we believe that everyone should have the opportunity to make decisions without emotional burdens. This system has been proven to be an exceptionally effective and profitable tool for the daily prediction of market movements. By using this tool, we assist the aforementioned small investors in making the right trading decisions. Our goal is to democratise trading tools which were previously only accessible to high-net-worth individuals and financial institutions.

Simply put, we are the essential information tool investors can't go without.

ONE SIGNAL
SMARTER TRADING
www.one-signal.com

7 factors to consider when moving a FinTech from start up to scale up

David Ornstein,
COO, Baton Systems

I'm excited to be working with the Baton team. The company is at an interesting inflection point as it moves from a start up to a scale up. Here are seven factors that I believe are important for FinTech firms to consider as they take this next step:

Adapting the approach

One of the first hurdles you often face when joining a young company, coming from larger organisations, is the natural hesitancy some people have that you'll bring a lot of machinery and process just for the sake of it. The objective is to bring just enough of what's appropriate for scaling up.

It's also important to recognise the changes growth requires in innovation-led firms. Firstly, there's a need for a rigorous approach on seeing that innovation from the initial idea through to delivering the value proposition in practice. Secondly, the firm must be properly resourced and structured to be able to take the innovation created and deploy it much more broadly.

Building a scale up structure

In startup companies there's a tendency to rely on a hive mind approach, where everyone can easily keep up-to-date, quite informally, of the decisions others are making and of developments with clients and within the company.

As an organisation grows, you need to bring in the structure to support expansion, while retaining enough flexibility. In order to do that, I've learnt it's important to be able to introduce enough management processes to institute more rigor in communication without implementing a template that isn't fit for purpose because it doesn't accommodate for the specific environment and state of the company and its products. Instead, I've encouraged my teams to consider what a defined process looks like at the top level and then identify those parts which are germane to particular business teams or functions and those which are not. This is an important preliminary step in scaling up from the hive mind to a stage of leveraging greater resources.

"There's a need for a rigorous approach on seeing that innovation from the initial idea through to delivering the value proposition in practice."

Retaining an agile state of mind

In software engineering we often talk of agile as being a process, but I think it's better seen as a culture.

It's important for the agile approach to be inculcated in every level of the organisation. Baton's expansion to date has appreciated the need to retain that agile mentality while introducing the structure needed for the organisation to excel at the next level of scale.

Getting the product market fit right

Scaling up requires a thorough examination of your product's market fit. I've seen some issues where firms tried to apply more broadly the success they have had in a small corner of a big marketplace, without really understanding why they had met success in the first area and what was different about the broader market they were now investing in. The initial approach is extrapolated to serve this wider market without first drilling down and gaining a deep practical understanding of wider customer needs and usage. It's clear to me that without this preparatory work, firms are frequently required to pause and perform numerous expensive iterations before the product can deliver full value.

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The challenge is to become more rigorous, in terms of refining the product for a precise fit, so customers can derive the value from the specific innovation. At Baton, it will be vital for us to challenge any assumptions that merely scaling up will deliver the right fit.

Engineering and the 80/20 pareto

Like many things in life, with engineering 20% of the effort often gets you 80% of the total effort really required to deliver customer benefit.

There's a process of repeated product iterations, considered reflection and customer insight that's necessary to take a solution that performs well on a test bench in a limited, controlled setting to a state of commercial production readiness. Leaders of scaling organisations must think about what it takes for managers to instill the necessary disciplines. This might include a sharper focus on quality assurance, standing further back or a more rigorous approach to designing the test cases that go into the QA process.

Listen to your clients

Once a start up has in place the core building blocks the next level of internal operational growth is often customer driven. In early stages the frontline of the start up may cover the whole range of support needs, but as the company grows it's necessary to have a professionalised organisation and approach to 24/7 customer service support and SLA performance. These steps help implement valuable structural changes which measure the pulse of the customer and the product, laying the groundwork for the next stage of growth.

Investing in your team

Investing in your team and their skill sets is not just good practice but essential for growth.

In scaling up, firms often find they need to develop new managers. When I've appointed people to their first management jobs, or the next level of organisational management, I've always tried to provide the support with appropriate training and management tools, and to set clear expectations of the role.

I find it critical to be thoughtful, open, and frank about what lies at the heart of the social contract between the firm and employee - it's ultimately a two-way value proposition: What am I expecting this person to do for the organisation? And: What is this person expecting the organisation to do for them?

I usually try to see the answer from the individual's perspective in terms of development. Delivering next year's organisational plan can match with an opportunity for the employee to grow their skills and advance their career by, for instance, presenting to wider audiences including senior management and clients.

Working within the close knit community of a start up it's generally easier to empathise with colleagues, which makes for improved team cohesion and performance. I've found maintaining those bonds through growth, whenever possible, is a critical part of visualising a scaled up organisation with a sustainable culture.

At Baton we're embarking on an exciting new journey - ramping up the firm to deliver transformative change across the entire post-trade process from trade-matching through to settlement using distributed ledger technology (DLT). I'm thrilled to be part of it and looking forward to the year ahead.

Baton
Post-Trade • Redefined

WhatsApp compliance - under increased scrutiny

If you have been reading the financial press recently, you will have seen that a number of large banks have come under scrutiny by the US regulator for failures surrounding record keeping of employee communications, particularly around the use of WhatsApp.

This trend is also evident in the UK and follows on from the Covid-19 pandemic which caused a steep increase in the use of electronic communications channels. Regulators across the globe are intensifying their enforcement of record keeping compliance breaches in relation to platforms like WhatsApp, and financial firms should be taking this very seriously.

What are the requirements?
Rules by CFTC, ESMA, FCA, FINRA, and SEC dictate (to a varying degree) that financial firms must create and preserve, originals of all communications relating to their business. They also need to maintain and implement procedures for the supervision of communications. Non-compliance can lead to severe repercussions – as we saw before Christmas when a tier-one bank was fined $200m.

What is the problem?
Record keeping and supervision rules are relatively straightforward to manage when it comes to email and desk phone communications. However, the emergence of instant messaging channels like WhatsApp, Signal, and Telegram and the sheer volume of communications data that is created today has complicated matters.

Electronic communications channels are constantly changing, and new platforms pose a significant risk for firms' compliance teams, as they represent new places where regulated representatives can hold unmonitored conversations that need to be captured.

Consequently, the monitoring of digital communications channels like WhatsApp has become a significant challenge.

How can firms meet the challenges of WhatsApp compliance?

To comply with relevant communications record keeping and supervision rules, financial firms need to:

- Have policies in place that **permit or prohibit the use of relevant communication channels**. Where a channel is prohibited, the firm needs to be able to demonstrate adherence to that policy.
- **Monitor all permitted communication channels** used by regulated employees.
- Have **supervisory procedures** in place to detect and prevent regulatory violations.

Matt Smith, CEO, SteelEye

- **Train internal staff on digital communications compliance.** This should be offered before providing access to firm-approved channels and should include expectations for digital communications and guidance around permitted and prohibited channels.
- Act appropriately where certain channels or registered representatives do not comply with policies and set out **remedial actions**.

Often, the solution to accurate communications compliance lies in combining policies with technology – capturing communications data from platforms where it makes sense and banning the use of channels where it does not.

However, the latter comes with its own risks since platforms like WhatsApp can still be used even though they are prohibited. The important thing here is that firms are able to monitor employee adherence to policies by capturing the intent among regulated staff to communicate on prohibited channels. To do this, firms require a platform that can generate alerts when words like "ill msg you on WhatsApp" or "Got a tip, I'll ping you on Signal" are used together.

There is no golden rule for complying with digital communications rules within financial services given the continuously evolving landscape. However, working with a data-driven platform that is future-proofed for change can certainly go a long way to help. One thing is clear, firms must take heed and change the way they approach their WhatsApp and eComms record keeping before it is too late.

Driving the prime of prime industry forward

When Raj Sitlani and Jonathan Brewer set up IS Prime with systematic hedge fund manager, ISAM in 2014 their vision was to create a better Prime of Prime offering than already existed in the global market. They had decades of eFX experience between them from a sales, operations and management perspective and were determined to offer an enhanced client experience by doing things differently.

Their aim was to lead the market with a technology driven approach, gain a competitive edge through proactive client relationships, and provide a superior liquidity offering by building exceptionally strong relationships with Liquidity Providers. Their vision helped them to attract a best in breed team and together they have achieved what Raj and Jonathan initially set out to do...and so much more.

Outstanding Technology

IS Prime's proprietary technology capabilities were outstanding from the outset, leveraging ISAM's quantitative trading expertise and setting them apart from the Prime of Prime offerings that already existed. The FCA regulated firm, which is part of the ISAM Capital Markets Group, has continued to push boundaries, making significant investments in technology in order to maintain its position as a market leader. The sophistication of IS Prime's technology and execution tools remains unmatched in the industry, enabling them to optimise liquidity for institutional clients and provide consistent pricing and tight spreads. IS Prime's specialist Flow Analytics and Smart Order Routing is particularly impressive, ensuring that their clients' end customers can execute on the best possible liquidity pool for their trading styles.

Raj Sitlani, Managing Director of ISAM Capital Markets, comments, "Our technology has been integral to our business success and our ongoing investments have enabled us to provide an even greater level of customisation and flexibility to institutional clients, with bespoke liquidity pools and execution rules."

Raj Sitlani, Managing Director, IS Prime

Unrivalled Liquidity

IS Prime's success can also be attributed to its compelling liquidity offering. The group prides itself on its relationships with Tier 1 bank and non-bank Liquidity Providers. By managing these relationships carefully and also providing significant volumes to these LPs, the firm is able to negotiate exceptional pricing. In fact, IS Prime is amongst the largest global spot FX clients for many of the group's LPs.

Raj Sitlani continues, "We select our Liquidity Providers very carefully and use our proprietary data analytics tools to inform our decisions. Clients benefit from our pricing but also from our highly customised approach. It is the combination of our liquidity and technology that has enabled us to grow and retain such an impressive global client base of retail brokers, hedge funds, asset managers and prop trading firms."

Building On Success

IS Prime has ambitious growth plans, building on their success to date. They moved into large premises in the City last year to accommodate future growth and have plans in place to launch additional services, enter new territories and grow their team. They will continue to invest in their technology in order to stay ahead of the pack.

IS Prime

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About Harrington Starr

Harrington Starr is a multi-award winning financial technology recruitment business based in London, Belfast and New York City.

Founded in 2010, we are specialists in technology, change & transformation and sales recruitment and have helped clients and candidates across five continents.

Our diverse range of clients include banks, hedge funds, vendors, service providers, payment providers, asset managers, start-ups, disruptors and many more. The one thing they have common though is that they trust Harrington Starr with their most important asset: people.

We are passionate about helping our customers grow their teams, their brands, their networks and their careers. After-all, your success is our business! Speak to us today to see how we can help.

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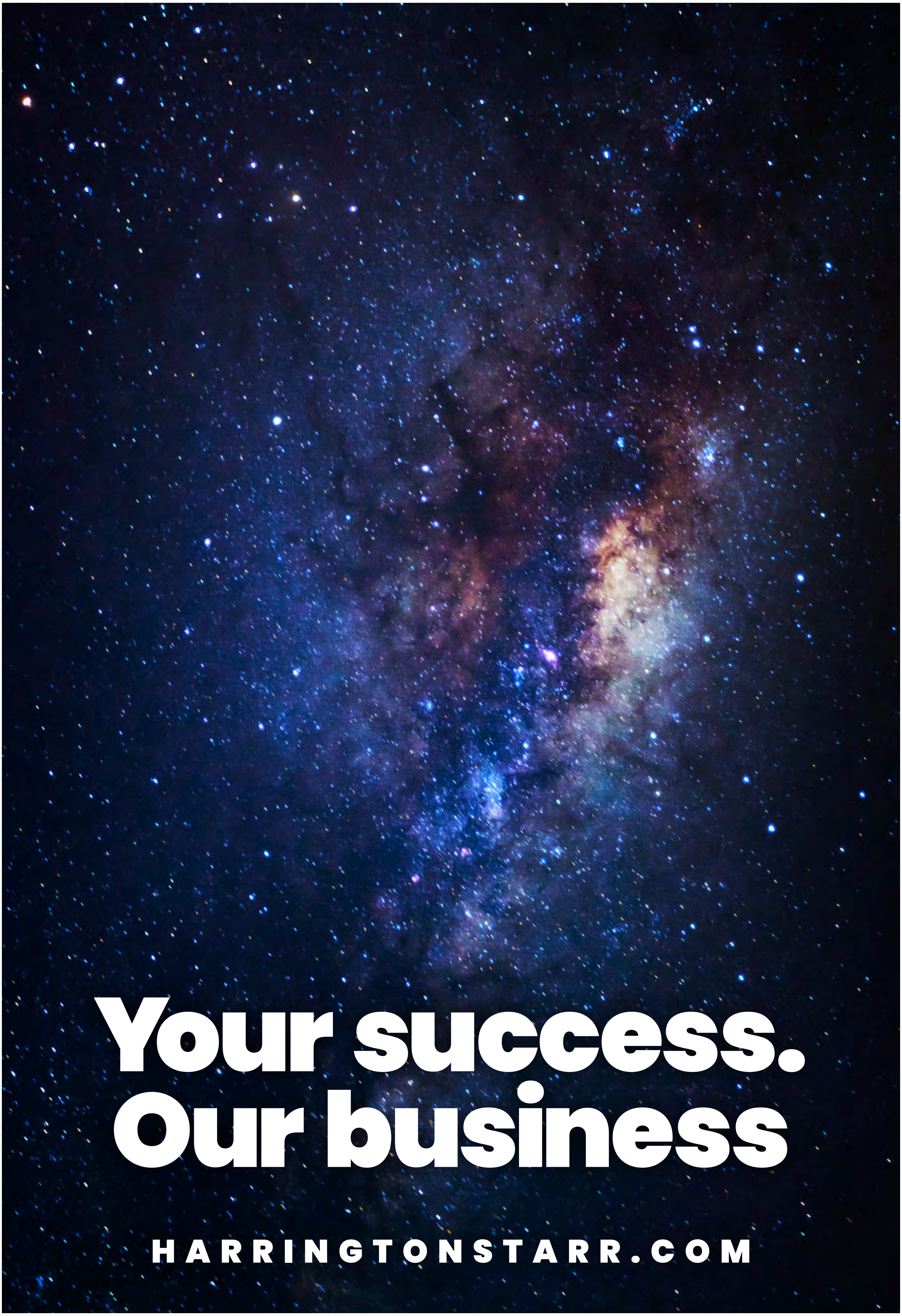
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