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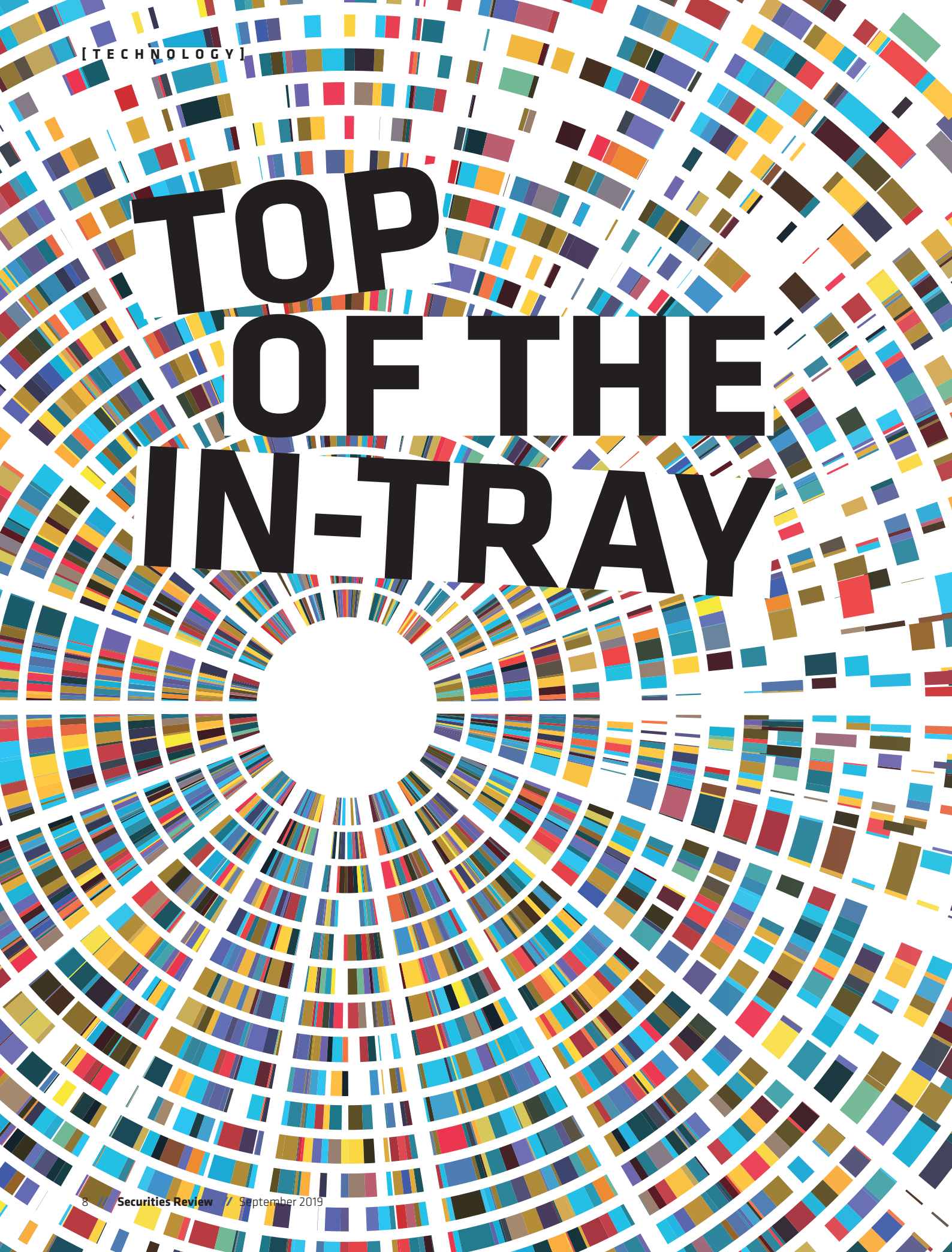

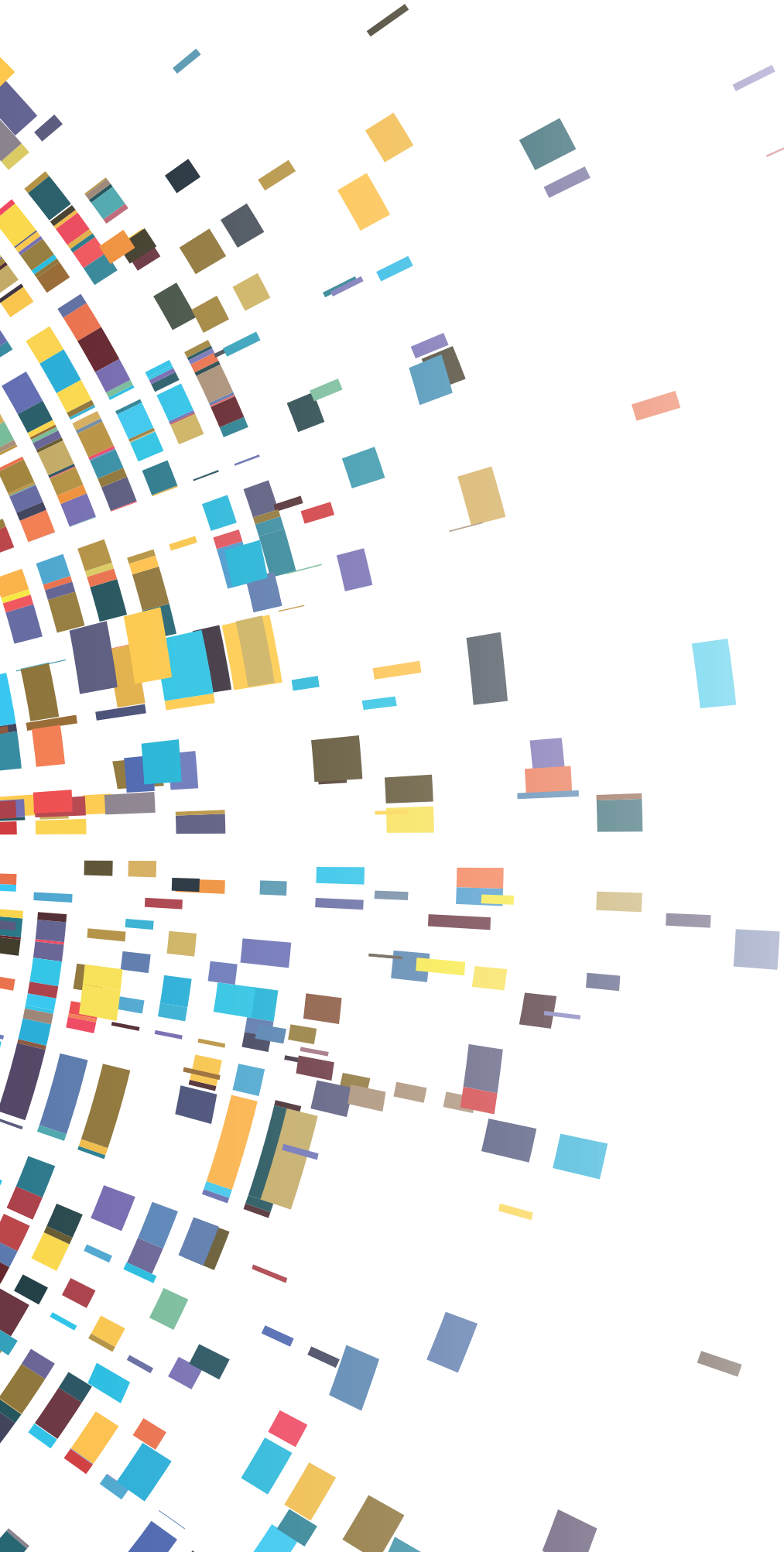

Securities services leaders discuss what is at the top of their agenda going into this year's Sibos conference.

As the world becomes increasingly interconnected through data and technology, securities services leaders are looking forward to gathering in London for this year's Sibos conference to connect on ways to advance the industry through stronger standards, collaboration with one another and FinTechs, and using technologies such as APIs to leverage the growing power of data.

The theme of this year's Sibos, "thriving in a hyper-connected world", focuses on the challenges and opportunities that come from mass digitisation and having more data-driven relationships, and conference-goers will be able to learn about and discuss how new technologies are helping to evolve business models.

"The technology side of the business has always been important to the securities

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services industry, but there has been an exponential change in the centrality it has," says Colin Brooks, vice chairman, securities services, transaction banking, at Standard Chartered. "When I started, one of the main technology challenges in the industry was how many fax lines you could hook up to a single node. This looks positively mundane when you see the transformative potential of where the technology agenda is likely to lead us."

Using APIs to unlock the value of data

In a hyper-connected world, securities services firms increasingly need to figure out ways to more efficiently provide information to clients on everything from performance to regulatory data, in order to help asset managers and other institutional investors better compete and meet stakeholder demands in today's market.

"With Sibos, I think the real benefits are going to come from everything we discuss related to the use of data. That is where the future lies in terms of being able to provide new services to our customers, more information, more in-depth analysis of their settlement behaviour and market trends," says Alexis Thompson, global head of securities services at BBVA.

Yet while data is more abundant now than ever before, accessing and making sense of that data isn't always so easy, as

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information may be siloed in disparate systems or departments and does not always make its way to clients quickly. APIs, however, offer a promising path forward, enabling securities services firms to more easily leverage data internally and provide new information to clients faster.

"We're spending a lot of time and energy building APIs, and we're redesigning our client-facing system to use APIs. Like all banks, we've got some high-volume legacy platforms and a relatively complicated infrastructure, and so we're using APIs for any sort of data request to get that data and present it through a common interface," says Matt Davey, head of coverage, marketing and solutions at Societe Generale Securities Services (SGSS). "Building API infrastructure helps open up data from within the bank, often in surprising ways, where what is a piece of operational data for us can become valuable in the front-office for one of our clients."

Even though other advanced technologies will be on display at Sibos, APIs arguably will have a more widespread and immediate impact. "While distributed ledger technology, cloud and robotic-based solutions receive a lot of attention, API technology – because of its maturity and myriad of uses – has the potential to be the most powerful enabler of innovation in the post-trade industry, just as it has been in payments and other areas of banking," says Juliette Kennel, head of securities and FX markets at SWIFT. "This year's Sibos will feature sessions and speakers looking at how APIs are transforming financial services and I would really encourage people working in the sector to go along to those."

Even though APIs have been around for a while and are top of mind for securities services leaders, the industry has some catching up to do to make the technology as widespread and effective as it is in other sectors.

"As an industry, securities services is probably a bit late on the adoption of APIs than other areas of financial services," says Paud O'Keefe, global head of client digital experience at BNP Paribas Securities Services. "If you think about areas such as payments, their use of APIs is more advanced because of regulation. Regulations like the PSD 2 (Payment Services Directive 2) in Europe drove widespread adoption of APIs within the payment space, but there hasn't been a comparable regulation within securities services."

Moreover, securities services firms have to figure out a way to assure asset managers that there won't be interoperability issues when implementing APIs. Despite awareness of APIs among asset managers has jumped 26 percentage points over the course of 2018 to 72%, not everyone is ready to jump on board. Around 70% of asset managers are concerned about API interoperability when considering adding a solution from their custodian or broker-dealer, according

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to a survey from SWIFT and the Boston Consulting Group.

"There's been a bit of concern around API interoperability. But because our part of the industry has been a bit slower, it gives us an opportunity to learn from other areas in the best possible way to deliver value for our clients," says O'Keefe. Being at Sibos with payment firms, he says, could be helpful in terms of learning from others who have gone through the challenges and successes of developing APIs, as it will be important for securities services as an industry to have a strong set of global standards from the outset.

Going further together

In addition to learning from how payment firms have adopted API technology, securities services leaders see a need to come together and figure out best practices and standards to thrive in a hyper-connected world.

"We're part of the open API standards initiative, BIAN (Banking Industry Architecture Network). I think that highlights another important aspect, which is collaboration," says Davey. "It's not a traditional response; in banking everyone's typically focused on competition, but there's a lot to be gained by collaborative efforts on standards, where we can work together to help define those for everyone's benefit."

Collaboration can also help address another subtheme of this year's Sibos conference, which is "keeping ahead of cybersecurity threats," an area that becomes more relevant and urgent as the world becomes more connected and digitised. Increasingly, cybersecurity is top of mind for securities services business leaders, rather than being relegated to just an IT concern (See page XX). That's because if the industry lacks strong cybersecurity practices, the potential to leverage data becomes more limited, especially in an industry where data sets are highly sensitive.

"As with so many parts of the industry, ensuring high-quality safeguards across the industry is not possible without common international standards – this is something the industry must drive forward," says Julia Romhanyi, global head of securities services at UniCredit. By tackling cybersecurity collectively, securities services firms can potentially reduce costs while finding more effective solutions.

"Whilst there is a degree of co-operation between institutions, to effectively combat sophisticated and resource-rich cyber-attackers, institutions need to pool resources," says Brooks of Standard Chartered. "Just as 30 or more years ago we created SWIFT to provide a robust and secure messaging system, we need to

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do something similar for cybersecurity, otherwise every institution duplicates resources trying to protect themselves from the same security threats."

Working with new technology could also prove to be fruitful for securities services firms to find more efficient and effective ways to improve cybersecurity. "Artificial intelligence, for example, can be used to screen for fraudulent activity – identifying irregular payment activity and identifying threats at an early stage," says Romhanyi.

FinTech provides a path forward

"In the past couple of years at Sibos we've seen an increased presence of FinTechs, and I'm sure that will increase this year. At the beginning, people in our industry were wary of that, but these FinTechs are an integral part of our business. If they weren't at Sibos, there would be a gap," says Thompson of BBVA.

Indeed, many securities services leaders express optimism about the ability to work together and in some cases invest in FinTechs to ultimately deliver better solutions to clients. And conference-goers see this year's location as a prime opportunity to build more relationships with these firms.

"I'm really pleased Sibos is in London, because there's such a strong FinTech community here," says Davey. "There's a good connection between the banks, FinTechs, and government, where we're all moving in the same direction, and we've got a good policy environment. And increasingly banks are engaging with FinTechs, so I expect that will be a strong theme at Sibos this year."

Altogether, this year's Sibos offers significant potential to help securities services firms collaborate and learn from other types of companies to navigate this new era of hyper-connectedness, something that is changing the entire business world, rather than just finance. This year's Sibos will include the conference's largest-ever "Discover Zone" to feature FinTechs, and panels will include representatives from companies outside of traditional financial services, such as Netflix and Amazon.

"What I have particularly liked about recent Sibos conferences is the broadening of the agenda to include experiences from industries outside the financial services world," says Brooks. "We shouldn't be shy about learning what works and what doesn't in other industries and using or adapting those ideas."