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APAC not ready for global FATCA

Financial institutions in the Asia Pacific (APAC) region are unprepared for global tax reporting requirements, according to Wouter Delbaere, Asia Pacific market manager for regulatory reporting at Wolters Kluwer Financial Services.

The majority of APAC jurisdictions have committed to sharing tax information under the Automated Exchange of Information (AEOI), sometimes referred to as the global version of the US Foreign Account Tax Compliance Act (FATCA), by 2018.

India and South Korea have agreed to begin sharing information a year earlier.

But a survey by Wolters Kluwer Financial Services and the GRC Institute has found that more than 90 percent of financial institutions have not yet started implementing solutions, and have no global teams in place to address the requirements. Almost 60 percent said they have not yet discussed their strategy for AEOI internally.

The report found that the majority of institutions are using manual processes for their current FATCA requirements. Almost 90 percent are taking either a completely manual or semi-automated approach to FATCA reporting, and more than half are relying solely on a manual solution.

Delbaere explained: "This approach is inherently risky. Not only is it error-prone and time-consuming, there are also shortcomings in user and version control."

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Bitcoin is a bust, says prominent developer

Bitcoin developer Mike Hearn has declared the 'experiment' a failure, suggesting that divisions within the community, capacity limits and technical issues have led to challenges that mean the currency is no longer a reasonable alternative to traditional payments.

In a blog post on Medium, Hearn wrote: "Despite knowing that bitcoin could fail all along, the now inescapable conclusion that it has failed still saddens me greatly. The fundamentals are broken and whatever happens to the price in the short term, the long-term trend should probably be downwards. I will no longer be taking part in bitcoin development and have sold all my coins."

Hearn left his job at Google, where he had spent eight years, to work on bitcoin full-time, but he now claims the community has failed.

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China and Germany hot for new investment strategies

China and Germany have skipped up the ranks as strategic sources of potential new investment, according to BNY Mellon's annual investor relations survey.

When asked which countries were likely to have the most strategic importance over the next five years, the US and the UK remained at the top, with 91 percent and 76 percent noting them, respectively. China jumped from fifth place in 2013 to third, with 50 percent citing it as a source of opportunity.

Germany moved from seventh place to fourth, with 45 percent identifying it as a source of opportunity, meaning it overtook both Singapore and Japan, which came in in fifth and sixth place, respectively, compared to third and fourth in 2013.

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APAC not ready for global FATCA

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"Manual spreadsheets enable business users to easily visualise and organise data, however, this flexibility comes at a price. Freely making changes to the data, formulae and formatting opens the door to errors, inaccuracies and inconsistencies, without any corresponding audit trail."

According to Delbaere, the new AEOI regulation will mean additional data requirements, increased cross-border coordination, and more complex client information reporting.

This manual approach to FATCA limits scalability, and will become impractical for managing AEOI requirements. Although it may work for FATCA, because the regulation applies to a limited number of accounts—those with connection to the US—AEIO applies to more than 100 jurisdictions.

Delbaere said: "Taking a tactical approach for FATCA reporting—be it completely manual or semi-automated—significantly increases the risk of being caught out by tax, and with the financial institutions' reputation at stake, any form of regulatory compliance should not be taken lightly."

The report also noted that the US still intends to apply FATCA rules alongside AEOI, which "leaves financial institutions in the awkward position of having to comply with two similar, yet divergent standards", said Delbaere.

Delbaere suggested that requirements for the two regulations are similar enough to warrant a united approach, and could be consolidated in to a single automated tax compliance solution.

This, he said, would lead to cost savings, faster implementation, more consistent data, and improved ability to use best practices for both requirements.

The best-placed financial institutions will be those that upgrade their current technology infrastructure to collect and report the additional information required under the new regulation. This should also be able to simultaneously consolidate and centralise information with other data, said Delbaere.

According to the report, such a data repository could help firms to comply with various regulatory requirements and offer a clearer overview of business activity.

It could also help firms to identify and anticipate trends in the market and address any potential problem areas, informing planning and strategy across the organisation. Delbaere added that despite a 2018 deadline, firms should start to make these changes now, suggesting that a common cause of failure in implementing regulatory solutions is a failure to start on time.

He said: "The window of opportunity to adequately prepare for a successful Global Account Tax Compliance Act implementation is swiftly closing, and institutions that have not yet decided on their strategic approach may find themselves in a tricky position."

Bitcoin is a bust, according to prominent developer

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While bitcoin was designed to be decentralised and separate from large and systematically important institutions, Hearn said it "has become something even worse: a system completely controlled by just a handful of people".

He also suggested that the bitcoin network is "on the brink of technical collapse" and that it is no longer a preferable alternative to the existing financial system.

He pointed out that bitcoin cannot move existing money, has unpredictable and rising fees, and is already suffering from large backlogs and failed payments.

New interest in China and Germany

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The top two issues affecting global market confidence were unchanged, with systematic market risk and political risk emerging again as the most common concerns.

Concern around new regulatory environments was less prominent, dropping from the third-biggest issue in 2013 to the fifth in 2015. Instead, currency exchange rates were the third most-cited concern, jumping up from eighth in 2013.

The most common goal for investor relations programmes was to expand or improve engagement with existing shareholders, identified by 46 percent of respondents, however in 2013 this was cited as a goal by 54 percent.

Increasing international shareholder ownership was highlighted as a goal for 37 percent, compared to 45 percent in 2013, while improved disclosure and diversifying shareholder base both emerged as goals for 33 percent of respondents.

The report also found that companies are increasing their outreach to sovereign wealth funds, with 65 percent engaging with them compared to 57 percent in 2013.
The number of companies reaching out to socially responsible investors also increased from 26 percent in 2013 to 30 percent in

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2015. The reasons cited by those engaging with these investors included targeting long-term investors, and to diversify their shareholder base.

Guy Gresham, head of the global investor relations advisory team in BNY Mellon's depository receipts group, said: "Global issuers recognise the importance of maintaining an active, engaged investor relations programme."

He added: "In developing this survey, we've focused on helping companies identify best practices in investor relations by providing actionable benchmarks. Whether it's meeting the evolving needs of long-term stakeholders or enhancing disclosure, new opportunities are always emerging for global firms to demonstrate leadership."

The report is based on results from 550 respondents across 54 countries, spanning a range of market cap and industries, including the financial, industrial, consumer, technology and healthcare sectors.

DTCC urges blockchain collaboration

Industry-wide collaboration is required to get the best out of distributed ledger or blockchain technology, and necessary for modernising and simplifying the financial industry infrastructure, according to the Depository Trust & Clearing Corporation (DTCC).

In a whitepaper, Embracing Disruption–Tapping the Potential of Distributed Ledgers to Improve the Post-Trade Landscape, DTCC called for collaboration in order to address the limitations of current post-trade processing and to move away from a siloed back-office model.

Siloed systems mean multiple versions of the same information and a lack of transparency. These legacy systems were not built to protect against technology threats that exist today, such as cyber crime.

Evolution over a period of time has also led to overly complex systems, without many widely-used standards. These systems were typically built before the industry was required to operate all day, every day, and so are not suited to 24-hour processing, seven days a week.

According to DTCC, a secure distributed ledger could provide a full, traceable transaction history for shared assets, which could be shared between trusted parties. This could improve operations, mitigate risk and reduce post-trade costs.

DTCC recommends exploring opportunities for improving existing infrastructure in areas where automation is either limited or non-existent, and where technology can provide clear benefits.

These include master data management, asset issuance and servicing, and recording and matching for complex asset types that don't currently have a strong solution. The technology could also be used for netting and clearing, collateral management and, in the long term, settlement.

Michael Bodson, DTCC president and CEO, said: "The industry has a once-in-a-generation opportunity to reimagine and modernise its infrastructure to resolve long-standing operational challenges."

"To realise the potential of distributed ledger technology in a responsible manner and to avoid a disconnected maze of siloed solutions, the industry must work together in a coordinated fashion."

Guernsey making progress in financial crime fighting

Guernsey has made positive progress to come in line with international standards for anti-money laundering (AML) and combatting the financing of terrorism (CFT), according to Moneyval.

A body of the Council of Europe, Moneyval assesses measures in place for prevention of money laundering and terrorism financing. The latest report is based on the fourth assessment of the island, which was conducted throughout 2014 and 2015.

According to the report, Guernsey has surpassed the standards laid out by the equivalent International Monetary Fund, which assessed the jurisdiction in 2010, and has substantially strengthened its AML and CFT measures.

The report found that, although the structure for prosecution in money laundering cases is as complex as it was four years previous, it is still reflective of international standards and has not presented significant issues, in practice.

It added, however, that while there has been an increase in money laundering prosecutions, "the figures are still disproportionately low".

Similarly, the framework for confiscation and provisional measures was found to be comprehensive, but the number of restraint and confiscation orders made in relation to money laundering and other economic crimes also remained relatively low.

The offence of financing terrorism has been extended in Guernsey to include both funding of terrorist groups and individuals, and AML and CFT now provide a "sound basis" for identifying situations that require due diligence, according to Moneyval.

The report also noted that these requirements have not been made mandatory for non-resident customers, private banking, or for "legal persons and arrangements that are personal asset holding vehicles".

It also cited concerns that the rules covering reduced customer due diligence allow for "discretion to refrain" from any mandatory due diligence measures entirely, and that the due diligence measures applied to certain customers do not appear to be adequate for mitigating that clients' inherent risks.

Considering the size and nature of Guernsey's financial sector, Moneyval also suggested that the maximum penalty for AML and CFT breaches in Guernsey may not be proportionate or suitably dissuasive.

It did find that the island has put additional measures in place to aid international cooperation, and that Guernsey-based authorities and institutions are competent, knowledgeable and aware of their obligations.

Reporting for financial institutions was found to be adequate, and cooperation between different authorities on the island was found to be effective.

Euroclear's assets under custody hit €27.5 trillion

Client assets held in safekeeping at Euroclear reached €27.5 trillion in 2015, increasing 6 percent over the prior year.

The group's operating results for 2015 also revealed an all-time high of €674.7 trillion in the value of securities processed, a 6 percent increase over 2014, as well as a record level of collateral outstandings at more than €1 trillion.

The number of netted transactions settled in the Euroclear group increased 5 percent to a record 190.7 million.

On the funds side, Euroclear saw a 12 percent increase in fund assets under custody.

The value of funds serviced by FundSettle increased 17 percent over 2014, and the volume of fund transactions processed by Euroclear increased 9 percent to 22 million.

Euroclear's Collateral Highway mobilised an average of €1.06 trillion in collateralised transactions daily in 2015, a 20 percent increase over 2014.

Tim Howell, CEO of Euroclear, said: "Euroclear has delivered another robust operating performance in 2015, benefitting from continued investments in both traditional products and new services such as the Collateral Highway."

"We continue to support the development of efficient and stable capital markets. We are resolute in our commitment to deliver the regulatory-driven initiatives in our European franchise, as well as providing new capabilities and services to clients around the globe."

Peel Hunt chooses BNP Paribas Securities Services

Independent corporate broker, advisory and trading house Peel Hunt has chosen BNP Paribas Securities Services as its international clearing and settlement provider.

BNP Paribas will provide a single-agent solution for clearing and settlement across more than 100 markets, underpinned by a proprietary network covering 26 markets.

The mandate will also include a synthetic value-at-risk solution, including pooled cash positions across all markets, and a consolidated view of all risk, allowing for better collateral optimisation.

Julien Kasparian, UK head of sales and relationship management for banks and brokers at BNP Paribas Securities Services, said: "Thanks to our multi-local model, Peel Hunt will benefit from the efficiencies of a centralised set-up combined with local market expertise and client support."

Sunil Dhall, chief financial and operating officer at Peel Hunt, added: "We were impressed with the robust service offering from BNP Paribas Securities Services, which provides a harmonised clearing offering for all trading venues and a tailor-made set up that meets our needs."

Taiwan and Singapore exchanges partner up

The Taiwan Stock Exchange (TWSE) and Singapore Exchange (SGX) have established a strategic partnership that will see Global Link Securities, a subsidiary of TWSE join SGX as a remote trading member.

The partnership aims to allow TWSE member brokers to directly trade SGX-listed securities, making international trades more cost effective and efficient for Taiwanese investors.

Taiwanese investors will also gain additional access to the healthcare, consumer and digital sectors, and real estate investment and business trusts.

SGX and TWSE are also launching a series of market education and awareness programmes in Taiwan, intended to help institutional and retail investors in Taiwan to better understand the opportunities of long-term investment in Singapore's equity market.

SGX CEO Loh Boon Chye said: "We are delighted to extend our partnership with TWSE. We warmly welcome Global Link, TWSE's subsidiary as a remote trading member and are pleased to deliver greater convenience and choice to international investors accessing the Singapore market."

"By expanding our connections internationally, Singapore's equities market will continue to deepen, with listed companies able to target an ever-increasing investor pool."

Sush-der Lee, chair of TWSE, commented: "The signing of today's agreement is the next stage of our step-by-step cooperation with SGX. We also hope to welcome Singapore investors to trade the Taiwan market by way of a trading link sometime in the future."

Lee added: "We hope that this type of cooperation between exchanges will make it easier for brokers everywhere to offer streamlined and cost-effective cross-border investment services."

Global Link is expected to begin trading Singapore-listed securities in Q2 2016.

NSE gets surveillance SMARTS

The Nigerian Stock Exchange (NSE) has adopted Nasdaq's market surveillance technology for its compliance platform.

SMARTS, the surveillance, supervision and compliance technology, is designed to help improve market integrity globally, and will allow NSE to better monitor for market manipulation such as spoofing and layering.

It is also intended to help NSE to grow and expend its market.

The exchange already uses Nasdaq's X-Stream platform as its trading engine.

Tinuade Awe, general counsel and head of regulation at NSE, said: "This development affirms our continuous commitment to protecting investors by creating a fair and orderly market."

"As we introduce new asset classes to grow our market, the deployment of a robust, integrated and efficient solution to monitor the increasing complexity of trading activities is imperative."

"Regulatory and compliance issues continue to be a primary focus in our quest to become Africa's foremost securities exchange, and we are pleased to be leveraging Nasdaq's global leadership in the development of capital market surveillance systems."

Tony Sio, head of SMARTS market surveillance at Nasdaq, said: "We are thrilled to partner with an innovative forward-looking exchange such as NSE."

"NSE has a tremendous growth potential and as the volumes and products expand the sophistication and impact of manipulative practices could also increase. By detecting activities such as spoofing and layering as soon as they occur, the exchange is signalling to the market how seriously it is in promoting a fair market."

Nasdaq's SMARTS technology is now used by 52 regulators and exchanges worldwide.

iPM Epic year for InData

Software, technology and service provider InData has reported record growth in 2015, mainly attributed to a strong uptake of its iPM Epic platform.

The platform is designed specifically to handle big data, and can automate external data feeds, unify data sources and use external data for advising marketing materials and investor presentations.

While creating a comprehensive insight in to client data, it also offers a more complete view for regulatory compliance purposes.

InData saw a significant increase in new clients using services delivered through the iPM Epic platform, as well as new clients migrating. Revenue related to the platform reportedly almost doubled compared to 2014, with iPM Epic accounting for 77 percent of revenue additions in 2015.

The company also saw growth in its iPM Cloud offering, which offers simpler installation and maintenance of products and ongoing support.

While some existing clients migrated to the cloud-based offering, the iPM Cloud option was chosen by 75 percent of new customers.

Finally, InData reported a increase in new international expansion, which it attributed partly to an increased demand for data management and analytics services among global buy-side firms.

Business outside of the US accounted for 37 percent of new revenue in 2015.

According to InData, this has allowed for the development of new products and services for both new and existing clients, and has led to new international relationships.

David Csiki, president of InData, said: “Our early investments in big data technology delivered via iPM Epic, released in 2014 and deployed via iPM Cloud, have paid off.”

“Heading in to 2016, our firm is well positioned within the marketplace as an innovator and we will continue to expand our software, technology and services offering for the benefit of current and future clients in all regions.”

Broadridge: ETF assets took off in 2015

Exchange-traded fund (ETF) assets held by financial intermediaries reached an all-time high of $2.2 trillion in 2015, according to Broadridge’s Fund Distribution Intelligence.

ETF assets saw an increase of $124 billion, or 6.1 percent, which the report attributed to an increases in the popularity of passive investment vehicles.

Passively managed index funds and ETFs increased by 2 percent between Q4 2014 and Q4 2015, while actively managed funds and ETFs dipped by 1 percent. According to Broadridge, this trend is set to continue as use of ETFs and index funds increase for core allocations.

In contrast, although the total of long-term mutual fund assets exceeded ETFs at $7.29 trillion, this is $161 billion less than the total at the end of 2014, marking a dip of 2.2 percent.

The only channels that saw an increase in long-term mutual fund assets were the bank and discount channels, which registered increases of $52 billion and $29 billion, respectively. These are also the two channels with the highest usage of passively managed products.

A larger increase in the use of passive products was seen in retail distribution channels, which registered a 2.6 percent increase, compared to a 1.6 percent increase in institutional channels.

Registered investment advisors (RIAs) saw the strongest growth in ETF distribution, increasing from $413 billion in Q4 2014 to $500 billion in Q4 2015. This is also an increase over Q3 2015, in which RIAs saw $465 billion in ETF distribution.

RIAs now make up 30 percent of all usage of passive products, although online retail shareholders still make up the majority, with 58 percent of all usage.

Independent broker dealers are the highest users of active funds, with more than 80 percent in active investments.

Passively managed products now make up 31 percent of usage across all channels, compared to 29 percent the end of 2014. Broadridge attributes this to an increase in use of both index funds and ETFs by advisors, and also in model portfolios.

Broadridge’s Fund Distribution Intelligence analyses sales and asset data across more than $9 trillion in long-term mutual fund and ETF assets, spanning more than 900 distributors.

Artificial intelligence employed for data extraction

RAVN Systems has released a new product using artificial intelligence to extract data from International Swaps and Derivatives Association (ISDA) master agreements and credit support annexes (CSAs).

The RAVN Applied Cognitive Engine (ACE) is directed at banks and other market participants in the over-the-counter derivatives markets that are striving to better manage counterparty exposures and corresponding collateral obligations, in the face of increasing regulatory requirements.

Certain ISDA contracts are being renegotiated in order to remove excessive levels of risk, causing documentation management issues for derivatives users, and stretching operations departments.

The new RAVN technology combines elements of artificial intelligence and information processing to create a platform that can read, interpret, extract and summarise information within legal documents such as ISDA CSAs.

It then converts this unstructured data in to structured output, working more quickly and accurately than a human could.

Extracted information can include the structure of the agreement, and clauses and sub-clauses, which can be helpful for renegotiation of contracts. RAVN ACE can also extract key definitions, including collateral data.

That data can then be made available for input in to contracts, collateral management systems and margining systems, or provided in Excel or XML format for analysis.

In addition, the technology can provide an in-context review and preview of the extracted information, making it easier for firms to further validate the data in the context of the original agreement.

Once data is extracted and audited, RAVN ACE can analyse the content, identifying high credit risk relationships and scoping the size of the contract rewriting required.

The system intends to help institutions cope with the challenges of renegotiating multiple contracts, helping them to reduce risks and remain compliant.

European Commission responds to ESMA passporting advice

The European Commission has responded to the European Securities and Markets Authority (ESMA) advice on the application of the Alternative Investment Fund Managers Directive (AIFMD) passport to non-EU alternative investment funds and their managers.

In the letter, the commission asked ESMA to provide a more detailed assessment of the capacity of supervisory authorities in third countries, and of their track records in ensuring effective enforcement.

It suggested that ESMA provide a preliminary assessment of the expected inflow of funds in to the EU from relevant third countries, by size and type, in order to assess any potential market disruption and competition effects of granting the passport.

The commission also asked ESMA to complete its assessment of whether to extend the European passport to the US, Hong Kong, Singapore, Japan, Canada, the Isle of Man, the Cayman Islands, Bermuda and Australia by the end of June 2016.

This work has been put on hold due to a delay in transposing the directive in some EU member states, making it difficult to asses how the directive was working in July 2015, the time of the initial assessment deadline.

The commission agreed with ESMA’s advice that assessment of third countries should be done country-by-country, as outcomes will differ depending on regulatory and supervisory networks.

Also, restraint of resources means ESMA has had to deliver its advice to different countries in waves. The European Commission suggested that it will make a decision on the passporting regime once more countries have been assessed.

Finally, the letter addressed ESMA’s opinion on the national private placement regimes (NPPRs) used in some non-EU countries.

It agreed with ESMA’s suggestion that the authority should produce another opinion on the functioning of the EU passport and NPPRs once AIFMD has been fully implemented in the EU, and the industry has more experience in the functioning of the framework.

The commission suggested that an updated opinion on this from ESMA would be helpful for the planned review of the directive, which is scheduled for 2017.

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Virtuous reality

The back office is a robot's world, according to Senthil Radhakrishnan of Virtusa. And artificial intelligence could mean even more opportunity

How is Virtusa using robotics for lifecycle management?

We focus primarily on client onboarding, know-your-client (KYC) regulation and customer relationship management. In retail banking, a lot of that is already automated, but for institutional onboarding, especially considering the amount of new regulations coming in to effect, there is some special attention required.

Previously, regulators have been quite relaxed with this kind of thing, but in the last few years they have started to pay much closer attention and there have been a few very large fines issued. At the same time, however, banks are realising that there will be a business advantage to improving these processes.

Virtusa used to help banks come up with onboarding workflow solutions and introduce automation to those systems. Many of our clients had huge operations teams, and staff members would have to physically phone their clients to collect the data and then populate the systems. We introduced data vendors, so banks could pre-populate their data systems, only contacting their clients to collect differential information. That way, they gained good, clean data, and removed the risk of operators making mistakes.

Now our clients have matured. They have KYC policies in place, they have working systems and they are meeting regulatory demands. Now, what we can help them with is reducing their costs.

The thing about any client onboarding is that it's not just a one-time thing. Regulations require banks to keep revisiting and verifying client information—every three years for low-risk clients and every year for high-risk clients. That involves a lot of work and, at the moment, a lot of money. But with robotics and specialist software, banks can potentially reduce the cost of processes and the headcount of their operations teams.

Another pain point that we hear from clients is that it is difficult to get a unified view of the clients coming on board. There are many different systems, and different onboarding dealers, or a particular team that will manage all new institutional clients. They're the only ones who have a view of that client and that client's data, and although they might update spreadsheets and liaise with that client, the front office won't have that information, and so they might be trying to source information that is already available. We are trying to introduce ways that anyone authorised can access that information instantaneously.

To what extent will robots replace manual processing?

When there is a process, such as KYC verification that has to be repeated every year, or every three years, that is multi-step and repeated multiple times. Staff members will run web searches and look through regulatory websites and data vendor sites to see if a client's status has changed—those processes could be completely automated. A robot could be trained to do the whole thing.

Robotics can solve a lot of problems. Today, skilled people are doing tasks they shouldn't be, and a lot of their processes can be broken down in to smaller processes and given to a robot, leaving the team free to complete the niche, analysis-oriented tasks. Banks can still reduce headcount, but they will also utilise their people better, as qualified people won't be doing mundane tasks.

It's important to point out that we're not trying to say robotics will fix inefficient processes. Giving the same process, as it is, to a robot will still make it faster, and still makes sense.

In fact, in a lot of cases, fixing a process itself means huge investment, which means banks will hesitate. They know that if they spend the money they will be able to improve the process, but they don't want to spend, so instead they continue working with it the way it is and end up with a huge operations workforce doing things in an inefficient way. Robots can be trained in a couple of weeks, so the banks start to see results quickly. The cost is an annual licence, so there is no big capital expenditure and no uncertainty about when, or if, they will see a return.

Where does artificial intelligence come in to it?

The majority of banks are still exploring in this area—they have heard about artificial intelligence and they want to know what they can do with it. It is a buzzword, but it hasn't got much further than that yet.

There are still some questions about how quickly and efficiently a robot can be trained, and whether it could just observe a human at work and train itself. If it is given data in a format that is not very defined, could it still glean information from it? These are elements of machine learning that could be used to make data processing much more efficient.

What is interesting is that artificial intelligence is non-deterministic. Robotics is deterministic, so you can give a robot a task and it will do it. That is a no-brainer. But with artificial intelligence, you have to think quite carefully about where you want to use it, and how. You can't let it work independently—it will have to come back to a human for review, but it could make that person much more efficient. That is what we are focusing on.

If we take KYC compliance as an example, the regulatory mandate is that if a news article comes up that mentions a particular client, a bank has to act on it, or at least be aware of it. There can be a lot of data coming in from different sources, and that can be too much for a human to deal with. Artificial intelligence can be used to gather that data and make some sense of it. The machine can flag anything unusual, where a human might have missed it, and the human can act on it.

Will data collected by machines be more accurate?

Bad client data is a major issue that banks are facing today. A bank might have a large corporate client that has one account in the corporate bank, one in the investment bank, and another account for a branch of the same client in a different country. All of those accounts might be completely separate, with no single view of that client available, even though it's one corporate organisation.

Banks are starting to sort out their client data to de-duplicate. So far, their approach to this has been to search for particular terms for a client and to combine any documents that contain those terms.

With machine learning, they can point the software towards the data to look for similar clients and data sources, and it will start throwing out results. A human could look at those results and pick out what is relevant, and after a while the machine will stop including certain things it finds—the machine will start to learn what is correct and what is not. The more sophisticated software will also identify similar terms or misspellings, and the technology is only getting smarter.

Big banks are looking in to this themselves. Whereas they would usually wait for an established company to bring out an offering and then look in to it, they're starting to work with start-up technology companies, integrating the technology in to their systems directly.

Is artificial intelligence likley to change the face of financial services?

There are computers out there that can play chess, predicting moves on the board. Some firms are looking in to this in terms of wealth management—they're looking at portfolio data and investment opportunities, exploring the idea that software could predict trends, tell managers when they should rearrange their portfolios, and how to get higher returns.

It could also potentially identify impending risks to portfolios because of various environmental factors. These predictions are getting more and more accurate, and again, the machine would only get smarter as it goes along.

With technologies such as blockchain becoming more important as well, cost structures are going to change and whole entities—whole companies—may no longer be required.

Banks are investing a lot in technological research at the moment, and artificial intelligence has not fully matured yet, but banks may be about to find themselves in a purely supervisory position, with very little role to play in their own back offices. **AST**

Software could predict trends, tell managers when they should rearrange their products, and how to get higher returns ... These predictions are only getting more accurate, and the machine will only get smarter as it goes along

Senthil Radhakrishnan, Vice president and head of the capital market solutions group, Virtusa

Industry **Events**

16th Annual Holistic Approaches to Collateral Management in the New Regulatory Environment

Date: 08-09 February 2016

Location: London

This Marcus Evans conference has been created exclusively to tackle the issues in collateral management especially in the new regulatory environment.

Middle East Securities Forum 2016

Date: 15-16 March 2016

Location: Hilton Doha

This is the definitive Middle Eastern event for the capital markets with an unrivalled programme featuring leading regulators, custodians, asset managers, influential investment consultants and a superb line-up of industry experts.

For more events visit assetservicingtimes.com/events/events.php

New faces at Volante, BNY Mellon and more

Volante Technologies has hired **Rick Salk** as global head of sales as part of a wider expansion of the team.

Salk joins from Misys Banking Systems in the US, where he has worked for 20 years, most recently holding the position of director of sales for North America.

Rick Salk joins Volante's Jersey City headquarters to oversee the expansion of global sales operations

In his new role he will be based in Volante's Jersey City headquarters, and will be responsible for overseeing further development and expansion of the firm's global sales operations. He will report to CEO Vijay Oddiraju.

Nihit Ahuja, **Ali Mentesh** and **Vidya Subramaniam** will join the London office as sales directors.

Ahuja joins from Fundtech, where he was senior sales manager for the UK, Ireland, the Middle East and Africa, while Mentesh previously worked at FIS, responsible for bringing payments solutions and propositions to the market.

Subramaniam brings more than 15 years of experience in account development in investment banking, and has previously held senior roles at Syntel and Polaris.

Peter Martin also joins Volante as a sales director, based in Dubai. He joins from Misys in the Middle East, where he was responsible for account management and development of new business. In his new role, Martin will focus on developing new business in the Middle East.

Peter Martin, new sales director for Volante, will focus on developing new business in the Middle East

Oddiraju said: "We are experiencing a clear and growing appetite for our VolPay suite of payment integration and processing products which is reflected in the need to expand our sales team."

"The fact that executives of the calibre of Rick Salk, Nihit Ahuja, Ali Mentesh, Vidya Subramaniam and Peter Martin are attracted to Volante I see as testament to the progress we continue to make in the payments space."

BNY Mellon has appointed **Jacqueline Joyston-Bechal** to lead its advisory compliance team for investment services in Europe, the Middle East and Africa (EMEA).

Joyston-Bechal joins from the Bank of England where she was head of legal for the markets, banking and notes directorates.

In her new position, she will advise and support the senior management teams in both the EMEA and global risk and compliance, and will work closely with regulators throughout EMEA.Based in London, she will report to Alain Lesjongard, head of international compliance at BNY Mellon.

Lesjongard said: "Jacqueline Joyston-Bechal has a thorough understanding of regulatory and public policy issues, including prudential risk and reputational risk management."

He added: "We are expanding our compliance team and continue to deepen our expertise in areas such as prudential matters, conduct risk and financial crime to meet the evolving regulatory landscape across the EMEA."

First Names Group has made two senior appointments to its Isle of Man office.

Gary Hepburn has moved on from his position as managing director for the Isle of Man to take on a newly created role of COO for the group's private client service line.

The managing director position has been taken over by **Craig Brown**, previously client services director.

Gary Hepburn has been with the First Names Group for 12 years, and managing director since 2013

In his new position, Hepburn is responsible for overseeing First Names Group's private client business, keeping it in line with the group's long-term strategic goals.

Hepburn has more than 30 years of experience in the financial services industry, and has worked in the UK, Bermuda and the Cayman Islands.

He joined First Names Group in 2004 as a senior manager, and was made managing director in 2013.

Brown will now be responsible for First Names Group's Isle of Man office and its multiple client service teams. He has previously held senior roles at other Isle of Man corporate service providers, including as a director and managing director, before joining First Names Group in 2013.

Mark Pesco, managing director for private clients at First Names Group, said: "In order to deliver on our long-term strategic objectives we needed someone who truly knows the business inside and out overseeing our private client operations across the whole service line. The resulting new role of COO for private clients is a fantastic opportunity for Gary Hepburn, and one that is richly deserved."

"Similarly, I am confident Craig Brown will excel in taking over the role of managing director for the Isle of Man, given his technical expertise and the time, care and attention he dedicates to his clients and our people."

"As an organisation we pride ourselves in attracting and retaining top talent, and believe that promoting from within our own ranks whenever possible is the right thing for our business."

Confluence has hired **Gary Casagrande** to the newly created role of global head of investor communications and expense solutions.
Casagrande joins from Brown Brothers Harriman (BBH), where he was head of financial reporting and expense administration. Here, he

was responsible for overall delivery in these areas, and also worked on strategic product development.

In his new role, Casagrande is charged with overseeing the defining and implementation of a go-to-market strategy for Confluence's suite of investor communications and expense management solutions.

Todd Moyer, executive vice president for global business development at Confluence, said: "The asset management industry is undergoing a dramatic shift, and businesses are much more reliant on stronger data management capabilities than ever before."

Commcise, a solutions provider for investment managers, is expanding its business with two new senior hires.

Paul Charie joins the London team as global head of sales.

He joins Commcise from Fidessa, where he was responsible for promoting buy-side solutions.

Charie said: "I have repeatedly seen the requirement for cost-effective, highly-functional and flexible systems that integrate with existing operational infrastructure."

Paul Charie has 25 years of industry experience and joins Commcise's London headquarters

"I am looking forward to working with the Commcise team to deliver our commission management products, deployed as cloud-based services, which tick all these boxes and address a key area of the latest regulatory concern".

Kyle Rogge will be the new director of US sales, based in the newly opened New York office. Previously, he has held positions at Marcus & Millichap and Alliance Bernstein.

Rogge said: "Being part of Commcise's growth is an exciting opportunity to provide solutions tailored specifically to the investment management community."

Amrish Ganatra, co-founder and managing director of Commcise, said: "Establishing a physical presence in the US is an important part of our strategic plans for 2016. We are also delighted to be adding to our team globally with such talented professionals to support our growing client base." **AST**

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