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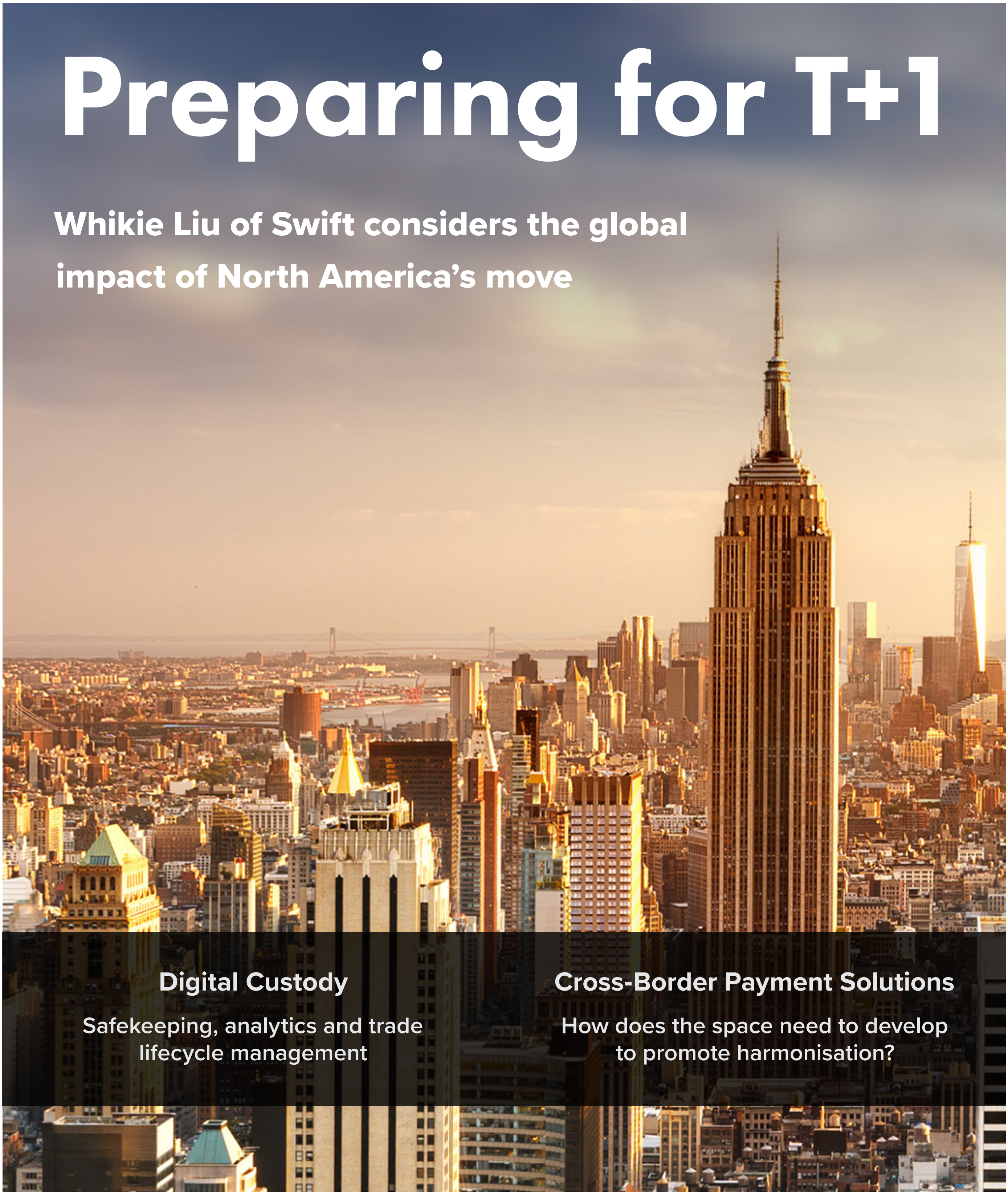
Preparing for T+1

Whikie Liu of Swift considers the global impact of North America's move



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SS&C opens new office in Abu Dhabi

SS&C has expanded its fund administration business in the UAE by opening its new office in Abu Dhabi. The office will be led by Katarzyna Lupa-Nowicka, head of private markets operations for the Middle East, and David Forrester, head of hedge operations for the Middle East.

The Financial Services Regulatory Authority has granted SS&C full approval to deliver fund administration services within the Abu Dhabi Global Market (ADGM).

The newly established office in the Al Maqam Tower enables SS&C to offer end-to-end hands-on fund administration services to clients.

Bill Stone, chairman and CEO of SS&C, comments: "With more than US$2 trillion in assets under administration, SS&C GlobeOp is the leading alternatives fund administrator in the world. We uphold world-class standards in our technology and service offerings, paired with knowledge of local markets and regulations."

Arvind Ramamurthy, chief of market development at ADGM, says: "SS&C's establishment underscores the burgeoning prospects for financial entities, fund managers and alternative investment firms in the region, affirming Abu Dhabi's appeal as the preferred hub for such companies.

"With ADGM's regulatory framework and opportunities within its international financial centre, Abu Dhabi stands resolute as the destination for distinguished companies seeking growth." ■

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Marsh launches new facility

Marsh has launched a new insurance facility to provide cover for digital asset custodians. The insurance broker says that the facility provides up to US$825 million in insurance capacity and will support organisations with digital assets held offline.

Marsh also claims that it will cover certain elements of risks for assets secured by multi-party computation (MPC) or other custody solutions that do not operate entirely offline.

Jacqueline Quintal, global digital asset leader at Marsh Specialty, says: "Marsh's facility provides custodians with protection for the key operational risks they face in the management of digital assets; we look forward to supporting clients globally in aligning their risk financing and evolving commercial strategies, as they focus on building their operational resilience and market presence in this fast-growing sector."

The facility will protect against risks related to physical natural perils, third-party physical theft and internal collusion by employees responsible for secure storage.

The facility is backed by Lloyd's syndicates and London-based international insurers and was developed by Marsh Specialty's digital asset team. ■

Delta Data acquires Phoenix Systems

Following their purchase in August 2023 of the National Quality Review, Delta Data has acquired Phoenix Systems in an effort to deliver industry-leading, mission-critical solutions to the pooled fund industry.

The acquisition aims to integrate Phoenix's expertise into Delta Data and fosters valuable synergies, significantly expanding the breadth of solutions available to Phoenix and Delta Data clients alike.

Cameron Routh, CEO of Delta Data, says: "Bringing these companies together allows us to enhance our service to legacy Phoenix and existing Delta Data clients, demonstrating our dedication to client value, while offering an unparalleled solution to future clients."

Alex Monica, CEO of Phoenix Systems, comments: "At Phoenix, our mission has always been to streamline the workflow around mutual fund transaction processing and the account record keeping associated with it. Like Delta Data, our focus is increasing efficiency for our clients, helping them run their businesses smarter and faster." ■

Meritsoft launches TTEM solution

Meritsoft has launched its Trade Tracking and Exception Manager (TTEM) solution that aims to offer financial institutions deep insights into their settlement operations and enabling them to improve settlement efficiency rates. The TTEM solution is designed to provide market participants with greater operational resilience and efficiency, reduce settlement failure rates and enhance client servicing and reporting.

The solution enables near real-time trade matching and settlement status updates, allowing operations teams to quickly identify trades that look set to fail and intervene to ensure they match prior to market deadlines, says Meritsoft, a Cognizant company.

TTEM utilises the technological infrastructure of Meritsoft's recently launched next-generation technology platform.

Built with a cloud-ready, Application Programming Interface-first design, the new platform provides adaptability and interoperability of workflows, with the capacity to support high transactional volume in real-time.

Daniel Carpenter, CEO of Meritsoft, says: "Market participants across the globe face a growing list of challenges when it comes to their trade settlement operations, from shorter settlement cycles to heightened operational costs and resource limitations.

"Faced with CSDR penalties, T+1 settlement timeframes and rising levels of interest claims, it is imperative that companies move quickly to streamline their settlement operations and trade failure resolution processes to minimise costs.

"Those that fail to do so will struggle to remain competitive in an increasingly complex and fast-changing trading environment." ■

TRAction and oneZero expand partnership

TRAction and oneZero have enhanced their existing integration to streamline reporting processes and reduce operational burden.

TRAction, a provider of trade reporting service, uses oneZero's trade and quote data series to aid with reducing manual processing involved in reporting.

Quinn Perrott, co-CEO of TRAction, comments: "By leveraging the power of oneZero's technology we continue to provide our clients with a solution that streamlines their reporting processes and addresses the evolving complexities of trade reporting in today's landscape."

Andrew Ralich, CEO and co-founder of oneZero, adds: "This enhanced integration with TRAction demonstrates how our accessible data framework provides the flexibility for our clients and partners to seamlessly access the trade data needed to drive value not only at the point of transaction, but in post trade as well."

TRAction claims that the partnership will allow for a greater response to new regulatory requirements such as the EMIR Refit and upcoming regulatory rewrites by the Australian Securities and Investment Commission (ASIC) and the Monetary Authority of Singapore (MAS). ■

Proxymity Vote Connect introduced in Australia

Proxymity has collaborated with HSBC to introduce its Proxymity Vote Connect Total product in Australia. HSBC Australia's clients will experience near real-time ballots, improved market deadlines and instant delivery of votes in relation to shareholder meetings.

Dean Little, co-founder and CEO at Proxymity, explains: "With more shareholders gaining access to Proxymity's proven technologies in Australia, we continue to pave the way for truly digital, real-time communication throughout the entire ecosystem."

Investors will experience increased efficiency as well as immediate and verifiable proof that their votes have been cast at the meeting, Proxymity says.

Fiona Horsewill, global head of securities services at HSBC, says: "HSBC is committed to improving standards of efficiency and integrity in investor communications. We are pleased to deploy Proxymity's product to enhance the overall investor experience for our clients."

Australia becomes the first market in which HSBC has deployed the proxy voting solution.

The bank is expected to deploy the solution in future markets in Asia-Pacific and Europe in the future.

HSBC Ventures, the bank's emerging technology investment arm, is a strategic investor in Proxymity. ■

Baader Bank selects Broadridge for regulatory trade and transaction reporting

Baader Bank has chosen Broadridge Financial Solutions for its regulatory trade and transaction reporting.

Broadridge's platform will support the bank to meet the evolving requirements across multiple regulations, including MiFID, FinfraG, EMIR Refit and the Securities Financing Transactions Regulation (SFTR).

The agreement extends Broadridge's relationship with the bank, which uses Broadridge's front and middle-office suite of solutions for order management, trading and market connectivity.

Baader Bank offers its clients access to a full spectrum of asset classes including equities, bonds, derivatives and exchange-traded funds (ETFs), as well as primary market transactions.

Ben Cooling, general manager of Regulatory Transaction Reporting Solutions at Broadridge, says: "We are thrilled to support Baader Bank by providing them access to our platform and expertise to transform its risk and compliance capabilities.

"As banks continue to grapple with the challenges of meeting complex regulatory demands, Broadridge continues to be the technology partner for global financial institutions looking to simplify, transform and innovate across the trade lifecycle." ■

SIX acquires FactEntry

SIX has acquired a majority stake in global data provider, FactEntry.

The acquisition was completed on 27 March 2024 and will enable the company to provide a comprehensive and unified data offering to its customers, says the firm.

FactEntry's fixed income data sets, including reference data and corporate actions, will work together with SIX's existing cross-asset data capabilities to expand the company's reach across the financial industry.

Marion Leslie, head of financial information and member of SIX's executive board, says: "This acquisition represents a significant milestone in our plans to broaden the breadth and depth of our cross-asset content.

"By combining FactEntry's expertise with our own, we are creating a truly compelling global cross-asset data provider for the front, middle and back office." ■

FundGuard closes US$100m Series C funding round

FundGuard has closed its Series C funding round that generated US$100m. The New York-based multi-asset class investment accounting and fundtech specialist saw investment from existing investors including Blumberg Capital and Team8.

Lior Yogev, CEO and co-founder of FundGuard, is excited by the investment. She says: "This latest significant investment round reflects the ongoing support of the industry, the confidence our investors have in the value our products bring to the market, and their trust in our leadership and strategic roadmap."

This latest round of investment was led by Key1 Capital and new investors including Euclidean Capital and funds managed by Hamilton Lane.

Amit Pilowsky, co-founder and managing partner at Key1 Capital, adds: "It is rare to witness a company at this stage receiving significant attention from the largest and most sophisticated clients in an industry dominated by incumbents. This serves as a testament to just how valuable and unique FundGuard's solution is."

FundGuard is a cloud-native, AI-powered, SaaS platform for investment management and administration. The service manages mutual funds, ETFs, hedge funds, insurance products and pension funds and supports digital transformation. ■

Misyon Bank partners with Taurus

Misyon Bank has partnered with Taurus to establish digital asset custody and tokenisation services.

Pending regulatory authorisations, Misyon will use Taurus-PROTECT for the secure storage custody of digital assets such as cryptocurrencies, tokenised assets and digital currencies.

The bank will also employ Taurus-CAPITAL for issuing and servicing tokenised assets and Taurus-EXPLORER blockchain nodes and indexing infrastructure for connectivity to both public and permissioned blockchains.

Dr. Önder Halisdemir, CEO of Misyon Bank, comments: "With this collaboration, Turkish assets will be made accessible to investors worldwide through tokenisation. Domestic and regional assets will be safeguarded within Turkish boundaries, establishing Turkey as a regional investment hub." ■

AZ Quest picks State Street

State Street Corporation has been selected to provide fund accounting, fund administration and investor servicing for AZ Quest, an asset manager based in Brazil.

The firm will provide this range of services to the AZ Quest Fund SPC and its segregated portfolios.

Marcia Rothschild, State Street's head of Latin America, says: "We are pleased to announce this relationship with AZ Quest, as we continue to expand our capabilities across the region, furthering our goal of supporting leading institutional clients throughout Latin America."

The collaboration follows the opening of the company's Colombian office in 2023. ■

MUFG Investor Services US launch professional services group

MUFG Investor Services US has launched a professional services group to provide insights and technical expertise to private-market managers.

The group will be led by Ana Saer who has over two decades of experience in the industry. Saer most recently served as senior director for business transformation at Allvue Systems.

The group will work with the wider MUFG Investor Services US team to help clients redesign internal processes, implement new technology and streamline workflows. ■

Citco launch 'AI plus Human' platform

Citco has launched an 'AI plus Human' platform to offer fund managers and allocators a fully-managed document management service.

Citco Document Intelligence (CDI) combines AI and fund reporting experts to interpret, organise and transform documents into discoverable information for fund managers, fund types and asset owners.

Nick Eisenlau, head of institutional services at Citco Fund Services USA, explains: "Document management remains a painful process with no full-service solutions across the document universe.

"Citco is launching a combination of AI techniques combined with subject-matter experts to process the thousands of documents our clients receive annually."

CDI offers automated document capture, information extraction, straight-through processing and multiple delivery methods in API and client-facing UI. ■

Preparing for T+1:
the global impact of North America's move

Whikie Liu, strategy director for capital markets at Swift, considers the impact that North America moving to T+1 will have on markets across the globe and whether the world is ready for the shift

In today's world, speed is of the essence. From same-day deliveries to fast food, instant messaging and instant payments – speed and efficiency is expected.

It comes as little surprise that many securities markets around the world are on the cusp of an automation-focused transition to shorter securities settlement cycles.

The typical trade settlement period is set to drop from two days from the date of execution (T+2), to just a single day (T+1). And implementation dates for the reduction are coming up quickly in many countries.

But how prepared are market participants for this change? What will the shift mean for the industry? And what can data from the Swift network tell us about the potential impacts of the change?

Understanding the landscape

Historically, a reduction in the settlement cycle in one market has triggered other markets to follow. Within a period of five years, the majority of the world moved from a T+3 to a T+2 settlement period.

Today, China is operating a T+0 system, with Singapore, Japan and Australia actively exploring real-time settlement. India moved to T+1 in early 2023. And the US, Canada and Mexico have announced dates to shorten their market cycles to T+1 in May 2024, with discussion ongoing in Europe about a potential move.

In 2023, only around 10 per cent of the total Swift securities settlement messages were sent for the purpose of T+1 settlement in equity markets. When the North American markets move in 2024, this figure is estimated to jump to 30 per cent.

In other words, change is happening quickly, making preparation critical.

Potential pitfalls

A recent report by the Swift Institute, Industry Preparedness for Accelerated Settlement, takes a closer look at the opportunities and challenges involved. It outlines the potential benefits of a T+1 settlement cycle, including better mitigation of counterparty risk due to a reduction in processing times, which therefore exposes market participants to risk for a shorter duration.

However, while counterparty settlement risk may be reduced, the report also highlights the significant operational challenges. This is particularly heightened in instances of cross-border settlement, as a result of both time zone and FX challenges, with banks and brokers facing roughly 80 per cent less time to manage the settlement process.

For firms lacking the necessary resources to process settlements in shortened timeframes, or for those that rely on manual processes, the move to T+1 could lead to an increase in the late settlement rate. According to data from the Swift network, within the current T+2 framework, five out of every 100 securities transactions sent for settlement already fail to complete on their expected date. This is costing the industry billions.

And for firms that fail to prepare for the transition to T+1, the situation could get worse.

What does this mean for North America's transition to T+1?

It is no wonder that there is widespread investor and industry interest in the implementation date of a shortened settlement cycle in North America. Across the continent, market structure has an immense impact on markets, investors and firms around the world. In fact, 23 per cent of all cross-border equity transactions on the Swift network are sent for settlement in North America.

For market participants in Asia-Pacific (APAC), a change to T+1 in North America will be particularly challenging. To date on the Swift network, approximately 50 per cent of equity instructions sent by APAC customers are to settle equity listed in North America. A change to T+1 in the North American region will be particularly challenging to these Asian market participants as they will face considerable time zone pressures.

Preparing for T+1: the global impact of North America's move

According to data on the Swift network in 2023, approximately 90 per cent of Swift messages sent by APAC customers to settle equity listed in North America are initiated after trade date. Given this, how will APAC financial institutions manage the shorter T+1 process when sending cross-border instructions to North America?

"For firms lacking the necessary resources to process settlements in shortened timeframes, or for those that rely on manual processes, the move to T+1 could lead to an increase in the late settlement rate"

This will be a critical question in what comes next for global securities markets.

Particularly considering that, based on current settlement data, the late settlement rate by APAC customers is expected to increase after the transition.

This rate could potentially be three times higher at T+1 than it is at T+2 if the industry fails to act.

For financial institutions in Europe, the time zone differences between Europe and North America are less challenging.

However, according to data from the Swift network, approximately one-third of Swift messages sent by European customers in relation to settlement of North American equity are initiated after trade date.

Europe's complexity of multiple currencies, depositories, jurisdictions, as well as the financial penalties in place under the Central Securities Depositories Regulation (CSDR) regime, mean the risk of settlement failure and associated costs to firms is high.

The path to transparency

Improved automation across the securities industry will be vital in a future with shortened settlement cycles. Without it, manual processing and human error will hinder efficiency and continue to result in late or failed settlement.

Another essential element of successful transitions to T+1 and beyond is the introduction of better end-to-end transaction transparency.

Currently, while trade settlement is in-progress, firms can struggle to access real-time information about its status and other counterparties' progress.

This makes proactively managing risk and resolving issues difficult.

The Swift community is collaborating on the adoption of a shared unique transaction identifier reference among settlement parties and providing access to automated tracking for all participants on either side of a transaction.

This will drive consensus to resolve discrepancies faster, reduce operational complexity and mitigate settlement risk.

Cohesive, collaborative action is key. The transition to shortened settlement cycles is not without challenges. But as an industry, we must continue to work together to increase efficiency, transparency and automation to make the transition successful. ■

Whikie Liu
Strategy director for capital markets
Swift

Custody in a digital world

Demand for reliable data to support a front-to-back digital operating model are being superimposed onto longstanding requirements for efficient safekeeping, analytics and trade lifecycle management

Fiona Nicholson reports

Effective custody arrangements, which can adapt quickly to changing circumstances and client needs, are key to the smooth running of institutional investors' business. There has been no shortage of change for institutional investors and their custodians over the last few years — all against a backdrop of geopolitical uncertainty, a global pandemic and a volatile macroeconomic environment.

As US Bank noted recently: "The pace of change impacting the custody industry is unprecedented, and improvements that used to take months or years can now be accomplished in days or weeks."

Client expectations of their custodian partners are transitioning too. The rapid advance of technology is one of the main contributing factors, with investors wishing to take advantage of its transformational qualities, including greater speed and efficiency, as well as enhanced data generation abilities.

The extensive changes experienced by custodians and their clients are reflected in Deloitte's 2023 Asset Servicers Survey. This reports that 74 per cent of respondents identify a client requirement for more detailed analytics and data among their top-three priorities. Deloitte points out that this shows a considerable shift in approach from 2021, when only 40 per cent of asset servicers prioritised the delivery of a seamless customised experience and access to real-time portfolio data.

The report also revealed that 80 per cent of respondents are investing in building integrated technology platforms to maximise cloud capabilities and provide data insights for their clients. In addition, regulation remains high on the agenda: 60 per cent of contributors said that adaptation to regulatory requirements is one of their main priorities.

Reflecting on how institutional investors' custody needs have been changing, Amit Agarwal, head of custody, securities services at Citi, comments: "Reliable data is a key enabler of a front-to-back digital operating model and we are seeing requirements for real-time data grow, along with increased data-centric regulatory requirements."

He adds: "Leveraging cloud capabilities and modern data infrastructure is essential to deliver a modern scalable platform for growth."

Adam Watson, global head of commercial product for custody at BNY Mellon, also points to investors' increased need for data.

images by siarhei/stock.adobe.com

"Investors need their custodians to prepare and be ready for providing safekeeping and asset servicing solutions for these assets"

John Kirkpatrick, Broadridge

He explains: "We sit on a wealth of data. Our clients most want collaboration and partnership to contextualise, analyse and ultimately deliver actionable data insights to help them deliver on their strategic outcomes. The biggest demand is for richer and more meaningful data."

AI, digitisation and regulation

As in other business sectors, artificial intelligence (AI) is becoming integral to custodian operations. Agarwal says: "The potential of AI to change the way that market participants and investors operate and interact is accelerating. Usage is increasing, with examples of early use cases including document processing and support for client onboarding, deal management and regulatory change. These also include automated query responses, smarter, automated reconciliation processes, predictive analytics and steps to reduce risk and improve efficiency."

Other innovation is also playing a key part in meeting the changing custody needs of institutional investors. As Agarwal explains: "Digital assets and tokenisation are becoming increasingly prominent for institutional investors, whether that is new types of assets on blockchains or the implementation of distributed ledger technology (DLT) by regulated financial-market infrastructures, to enable the issuance, trading and custody of digital securities.

"Custodians are building solutions to integrate with these networks and providing access alongside more traditional market infrastructure, with associated technological and operating model changes.

"Potential benefits include greater transparency, smart-contract process-driven automation, and potential for settlement compression extending to instant and atomic settlement. These also include steps to reduce risk and the ability to explore novel use cases.

"Custody can also be an enabler for tokenisation of existing assets, immobilising traditional securities and creating digital representations of these on blockchains. This has the potential to be a significant catalyst for the adoption and scaling of digitisation of capital markets."

Chris Rowland, executive vice president and head of custody, cash and depositary bank services at State Street, takes a similar view about the influence of new technology: "There continues to be a focus on front-to-back operating models, digitisation and efficiency from the institutional-investor community. This has been driven by a rapidly evolving technology landscape that is pushing the need for data insights to the fore.

"As a custodian, we are part of this journey, as we digitise processes from account opening to settlement in the market.

"Against this backdrop, the need for real-time processing is continually increasing, as markets shorten settlement cycles and interest in tokenised assets grows."

John Kirkpatrick, vice president of securities services at Broadridge, also highlights the changes introduced by digital assets: "Investors are looking to leverage the growing opportunity to invest in digital assets. Investors need their custodians to prepare and be ready for providing safekeeping and asset-servicing solutions for these assets.

"As the digital-assets markets continue to grow, the need for custodians to provide secure safekeeping for institutional clients becomes increasingly important. The challenges to this are maintaining the benefits derived from holding assets digitally, without compromise to regulatory risk and pristine controls."

While technology may be taking centre stage, the impact of ongoing regulatory and other challenges must be taken into account to meet investors' changing custody needs. Stéphanie Gaudoux, head of coverage, continental Europe at Société Générale Securities Services, observes: "The trickiest issue right now for institutional investors is to navigate their way through both regulatory and interest-rate pressure at a fast pace, while mitigating the risk on their investment.

"Market uncertainties like geopolitical tensions and economic fluctuations make generating return an even harder task. Regulatory requirements such as MIFID II, PRIIPs, AIFMD, GDPR and CSDR, as well as T+1 remain a burden, in addition to truly embracing digital transformation and now also complying with the Digital Operational Resilience Act (DORA)."

While T+1 starts to shorten settlement cycles in North America's securities market from T+2 — on 27 May in Canada and Mexico and 28 May in the US — DORA is also drawing nearer. Its rules for the management of cyber risks take effect from January 2025, aiming to further strengthen IT security at investment companies and other financial businesses. The goal is to make sure that the sector, in Europe, could effectively cope with incidents that might cause severe disruption: "When we talk about cyber risks, the mindset has moved from whether it will happen one day to when will it happen," says Gaudoux. "Institutional investors are expecting their custody-service providers to be ready to cope with this possibility."

"The shift to T+1 settlement will reverberate across various financial products, affecting equities, ETFs, prime brokerage and more"

John Oleon, Clear Street

The biggest change of 2024

J.P. Morgan's recent custody industry and regulatory developments report says: "The move to T+1 settlement has been, and will remain, a key focus as it is fast becoming an important global trend."

Considering what is likely to be the biggest change to institutional investors' custody needs this year, Rowland also highlights T+1: "In 2024, the biggest changes impacting all institutional investors that have a bearing on custody services will be the shortening of settlement cycles and the support models required globally to support this."

He adds that this will have considerable impact on investors' custody needs: "The challenges created by T+1 in the US market range from changing operating models to dislocation of operating models, including the potential need to have cash available to support settlement on T+1."

Stephane Ritz, partner at Capco, comments: "With the adoption of T+1, institutional investors are facing the need for accelerated services and an increase of straight-through processing (STP) footprint to streamline key functional areas, such as transaction processing, cash and currency processing, reporting, record keeping, position and liquidity management and asset servicing."

Agarwal adds: "Removing one day from the settlement cycle creates timing challenges for allocations, affirmations and securities lending due to the reduced number of hours for cut-offs. Clients need to understand their current technology capabilities and how they will need to change their processes to accommodate the earlier cut-off times."

John Oleon, managing director of clearing and settlement operations at Clear Street, also reflects on the breadth of its impact: "The shift to T+1 settlement will reverberate across various financial products, affecting equities, ETFs, prime brokerage and more.

"The primary financial burden resulting from the transition is expected to fall on broker-dealers, clearing firms and prime brokers. However, industry research shows that many buy-side firms are unaware of the breadth of internal implications of T+1 on their businesses, let alone the impact on their clients. If they are not already doing so, institutional investors should work closely with their buy-side counterparties to ensure that they are making the necessary preparations for T+1."

Despite the scale of the changes, it is crucial that investors will be able to trust that custody operations will continue to flow smoothly. "Custodians will need to provide stability through this period," concludes Rowland. ■

Learning to sing in harmony

A year on from moving to the ISO 20022 standard for all cross-border payments, how does the space need to develop to promote harmonisation?

Jack McRae and Lucy Carter report

"I think we can say we've now got the chassis and we've got the wheels." Roland Brandli, strategic product manager at SmartStream Technologies, draws out an imaginary vehicle with his arms. "It's not a comfortable car yet, and really it has to be completed in order to bring a lot in the benefits — but it takes time."

The transition to ISO 20022 standardisation for all cross-border payments began in March 2023 and has transformed the ways in which banks communicate payments between each other. The standardisation vehicle has transported payments into the future.

Sarah-Jayne Van Greune, chief operating officer at Payen, credits the role of ISO 20022 in the payments space. She says: "The historical inefficiency of cross-border payments has been a frustrating maze of incompatible formats and missing information.

"ISO 20022 isn't just an upgrade, it's the future of the payments industry. By streamlining communication and data exchange, it paves the way for a future of faster, cheaper and more transparent cross-border payments."

But, how can the car be made more comfortable?

The new gold

For SmartStream Technologies' Brandli, achieving harmonisation is reliant on the access and availability of rich data. However, in an ever-competitive industry, this has not been possible.

He explains that the challenge lies in the fact that, "everybody always looks for a competitive edge. They want to say our data is different, our way of doing things is different and so there are all these different payment rails populating the data slightly differently.

"But, the banks are interested in the data. Data is the new gold."

Payen's Van Greune echoes Brandli's calls for greater access to data in the industry and points to transparency as key. She says: "Unclear fees and a lack of tracking leaves users and businesses frustrated and unsure when their payments will arrive. To transform this experience, financial institutions need a two-pronged approach that prioritises transparency."

In her 'two-pronged approach', Van Greune stresses the necessity of further standardisation and upfront information. She says that the former will allow "senders and receivers to know exactly where their money is and when it will arrive".

She develops her point by stating: "Upfront information is crucial. Service providers must disclose all costs associated with a transaction, including exchange rates, intermediary fees and the final amount received. This empowers users to make informed decisions and avoid hidden charges."

However, major industry goals and policies do not always reach their full potential.

The G20 established their cross-border payment enhancement goals in October 2020 and wished for more efficient, cheaper, transparent and inclusive payment methods.

While reaching some of these goals represents a major achievement, the industry still has further to travel, says Anish Kapoor, CEO of AccessPay.

"The communication of the changes being made to meet the G20 goals for ordinary businesses and people is not happening at the pace and clarity it needs to. The changes planned cannot be made without taking the initiators of payments on the journey with us."

Kapoor continues: "I think the industry will mostly achieve the cross-border payment enhancement goals set by the G20 in October 2020, although the addition of remittance data to payments is unlikely to be achieved by the timeframes outlined. I do think the spirit of the agreement will be largely met, which is still a major achievement."

Yet, the nature of the cross-border payments space brings geopolitical complexities that makes finding that harmonious, comfortable car all the more tricky.

Global insecurities

When Russia launched its invasion of Ukraine in 2022, The Society for Worldwide Interbank Financial Telecommunication, or better known as Swift, released a statement.

It read: "Diplomatic decisions taken by the European Union, in consultation with the United Kingdom, Canada and the United States, bring Swift into efforts to end this crisis by requiring us to disconnect selected banks from our financial messaging services."

Swift disconnected seven designated Russian, and a further three Belarusian, entities and their respective subsidiaries, in accordance with the legal instructions in EU Council Regulation (EU) 2022/345 and 2022/398, respectively.

The impact of Russia's invasion has 'changed the mindset globally', according to SmartStream Technologies' Brandli.

"Since [the disconnection of Russian and Belarusian entities from Swift], you have seen the advent of a lot of alternative payment channels and regional payment routes," Brandli explains. "In the Middle East there is BUNA, in Asia-Pacific there is MEPS and then you've got MasterCard and VISA getting involved in cross border payments."

Brandli argues that this creation of alternative payment channels has developed out of unease towards the Western world. He states: "This is all driven by the fact that, especially outside of the Western world, a lot of insecurity has arisen that, if people are not favourable to the Western governments, they worry that they might also be dropped by Swift."

A message in a bottle

Not only does geopolitical competition affect the cross-border payment space, but the race to be the fastest impinges on harmonisation.

"The customer doesn't care how the issue is solved, just solve it." Brandli laughs with an underlying hint of frustration. "I think that's really important in a digital age. There are so many smooth ways of opening up a bank account. You can sort it in half a day and it's up and working.

"But what banks tend to forget is, if something does go wrong with my payment, I can also do that just as quickly with another bank afterwards."

He also argues that the issue with cross-border payments is not in the "97 per cent of payments that go through successfully, but the 3 per cent that fall into exceptions where it goes wrong."

Brandli highlights 'free format' messages, written manually, as the underlying issue when it 'goes wrong'.

"When it comes to that 3 per cent of exemptions, that is still millions of transactions. Swift says in the Middle East that of the exceptions that arise, 53 per cent are done with 'free format' messages. In Europe, it's 64 per cent. In Asia-Pacific, it's around 80 per cent. In South America, it's 88 per cent. And, you wouldn't believe it, but in North America it is 92 per cent.

"That is a lot of manual work to be done. Even if it is just typing or reading, with this volume it is expensive and unnecessarily time consuming."

Brandli takes me on a journey as he describes the speed at which two payments he made at the same time went through. He explains how two equal payments from a bank in the UAE were received by two banks in different countries at the same time. One payment landed in one country's account hours later, the other after five days.

The story takes a similar theme to Payen's Van Greune's assessment of the future of cross-border payments. She says: "We live in a world connected by instant messaging and same-day deliveries, yet sending money internationally can feel like sending a message in a bottle and hoping it washes ashore weeks later. With opaque fees and confusing hidden fees remaining a challenge, how we do cross-border payments needs to change."

So how can the industry achieve this?

"Financial institutions must embrace technology, such as automation, if they are to streamline paperwork and make real-time tracking the norm, not a novelty," Van Greune emphasises. "This, combined with the harmonisation of regulations across borders, could eliminate unnecessary delays that currently leave businesses in the dark."

A way out the dark

For all three members of the industry, there is a way out of the darkness but it will require a concerted effort from all facets of the industry to work together on finding harmonisation.

Payen's Van Greune stresses the importance of collaboration: "By working together — governments, financial institutions and businesses — we can embrace a new era where sending money abroad is as effortless as sending an email. This isn't just about convenience; it's about fostering a more inclusive and interconnected global economy."

AccessPay's Kapoor also explains how each part of the industry has to play its part. He believes that "improving cross-border payments falls on the banks and schemes to work with the regulators to make it easier for the instructed payments".

He continues to explain that "it is important for fintech providers to work with organisations and their banks, leveraging technology to support and automate this, making the whole process more efficient".

As we draw to the end of our discussion, SmartStream Technologies' Brandli finds humour in banks' constant need to prove themselves as the best, a competitive spirit that is not necessarily conducive to improving business. He explains that, given the ease the digital age brings, customers can just as easily switch away from a bank as they can join.

"A lot of people think it's a benefit to do everything slightly differently, but ultimately, in this digital world that's just rubbish. That's an old way of looking at it," Brandli urges. "It may feel that [a customer is dependent on one bank's services] but if people can just circumvent that, you might as well just get it right and start working together." ■


Anton and Thrasher feature in senior management changes at CIBC Mellon

CIBC Mellon has appointed Catherine Thrasher as chief operations officer and Richard Anton as chief client officer.

Thrasher will replace Richard Anton as chief operations officer and will have responsibility for CIBC Mellon's operations, including custody services, investor recordkeeping, fund administration, pension benefit services, institutional and pension accounting and project management.

She has served with BNY Mellon Global Risk Solutions and its predecessor companies since 1998 and has more than 25 years of industry experience. Prior to her appointment as chief operations officer, Thrasher served at CIBC Mellon as chief client solutions officer.

Anton moves to chief client officer after almost 10 years as chief operations officer at the Toronto-based bank. He has more than 30 years of industry experience, having previously served as senior vice president for State Street's Cayman and Alternative Investments group for 17 years.

In his new role, Anton will oversee CIBC Mellon's relationship management, strategic client solutions, product development, corporate communications and marketing areas. ■

Ocorian makes Hattann appointment

Ocorian has welcomed Frank Hattann as chief commercial officer following its ongoing expansion in a growing market and seeks to unlock new value for its clients. Based in Dublin, Hattann will lead the business development and marketing teams at Ocorian as the group continues to invest in strengthening its senior leadership and market strategy.

He brings 20 years of commercial leadership and management experience to the role. Hattann will report directly to Ocorian CEO, Chantal Free.

Hattann joins the firm from his previous role as CEO of independent consultancy firm Alpha BGS Commercial.

Prior to this, Hattann was global head of sales at Intertrust, where he managed the sales operations team.

Adapa Advisory recruits Delman

Adapa Advisory has appointed Margaret Delman as associate partner to reinforce its advisory services for pension fund trustees and executives.

This service area supports pension fund trustees and senior personnel by providing independent and periodic reviews of the pension fund's operating model, either on an end-to-end basis or with a focus on specific modules.

This process is designed to ensure that the services employed by the pension fund remain aligned with its key objectives from a risk management, efficiency and cost perspective.

"The demands on pension fund trustees and executives are subject to constant

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Northern Trust appoints Paulin to head international enterprise client solutions

Northern Trust has appointed Gary Paulin to the newly created role of head of international enterprise client solutions.

Paulin will focus on strengthening relationships with Northern Trust clients across Europe, Middle East, Africa and Asia Pacific, facilitating access to the bank's asset servicing and asset management solutions.

Paulin, who served most recently as head of global strategic solutions for asset servicing, will continue to be based in London and report to both Pete Cherecwich and Daniel Gamba.

He holds a 25-year background in senior-level investment research, business creation, asset management, capital markets and asset servicing roles.

Paulin will continue to write The Weekender, which offers a weekly perspective on global market developments and their potential broader implications. ■

change and this is only set to accelerate," says the company.

"The complex landscape of ESG, combined with the ongoing need to focus on governance, operating model reviews and service provider monitoring, provide challenges in an ever more complex environment."

Adapa indicates that Delman brings an extensive knowledge of pension fund investment and operational governance to the role, complemented by a wide executive level banking background.

JPMorgan Chase appoints Park

JPMorgan Chase has appointed Taehee Park as head of securities services, Korea.

He joins the firm from Standard Chartered Bank, where he headed the bank's securities services team for almost four years.

Prior to his new role, Park was positioned at Citi for 16 years, where he was most recently director and head of sales, treasury and trade solutions at Citibank Korea.

Park was formerly employed at KorAM Bank before it was acquired by Citigroup in 2004.

Biran joins DTCC as CCO

DTCC has appointed Sharon Biran as managing director and chief client officer

In this role, she will oversee DTCC's client management and engagement strategy, including sales, relationship management, marketing and communications.

She will also lead the DTCC Consulting Services business.

She will replace Timothy Keady, who is due to leave the New York-based market infrastructure company at the end of March.

Biran joins DTCC from Accenture, where she has worked since 2017 as managing director and global account leader.

She brings more than 25 years of industry experience to the position, including oversight of strategic client relationships, managing global transformation programmes and leading change initiatives targeting operational resilience and organisational efficiency.

Kessler joins SDX executive team

SIX Digital Exchange (SDX) has appointed Marco Kessler as business head digital securities to the executive team.

SDX describe Kessler's work in building the platform as 'invaluable' and say he is an 'integral' part of their team.

Kessler joined SDX in 2018 and has 14 years of experience in capital markets and digital transformation. Previously, Kessler spent over a decade at Accenture as a management and technology consultant.

The appointment is subject to FINMA approval. ■

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