

Gaining momentum

Boston is the crucible of the American Revolution, where the famous tea party took place and demands for 'no taxation without representation' first surfaced, eventually leading to the battle of Bunker Hill and the start of the war of independence from Britain. The city's occupants will be agitated by financial matters once again on 1-5 October as it plays host to one of the largest events on the calendar for the world's financial services community. Sibos 2007 is the 29th annual gathering of the industry's leading institutions and vendors, and there's plenty for the expected 6,000 attendees to discuss.

"One hot topic that I think we'll see jumping out this year – given the timing and its imminent start – is the Single Euro Payments Area (SEPA)," says Patrik Neutjens, SWIFT's director of Sibos and corporate events. "Corporate to bank connectivity and efficiency is also set to be a major talking point. We have a survey function on the 'My Sibos' website for registered delegates and this consistently appears in the top three topics of interest.

"Given that we are in Boston, a financial hub itself that also happens to be relatively close to Wall Street, I also expect to see the fund and investment management industry well represented and to hear a lot of discussion about how

Some of the world's senior financial professionals will be gathering at the Sibos 2007 show in Boston, USA, on 1-5 October to discuss the pressing issues facing the industry, including the Single Euro Payments Areas (SEPA), how to serve corporates better and how to enhance standards-based interoperability and efficiency. **Neil Ainger** previews the event

this segment can encourage more automation and efficiency."

This year's conference at the Boston Convention and Exhibition Centre has a line-up of more than 130 speakers, including Ken Lewis, the chairman and CEO of Bank of America, and Michael Cohrs, head of global banking at Deutsche Bank, who will respectively be giving the opening and closing keynote speeches, looking at the need for innovation and strategic thinking.

An open theatre area in the exhibition hall is one of the new features for Sibos 2007. Open to anyone who has

'a relevant topic for the Sibos audience' the 30 minute presentation slots have been going fast, with talks on the future of hedge funds, remittances, and reports into the payments and e-commerce space, all being planned. There will be at least 230 companies packed into the exhibition hall, showcasing some of the latest technologies and business strategies for the financial services market, a significantly higher number than attended Sibos 2006 in Sydney, Australia. Consequently, the space devoted to the exhibition hall has grown by 20 per cent this year.

The theme for this year's Sibos is 'gaining momentum' which is supposed to represent the industry's gathering collective response to the challenges and opportunities facing it – everything from the rise of emerging markets, such as China and India; of alternative securities investments; consolidation; compliance; the need to enhance corporate service; and to increase global co-operation over issues such as standardisation and data privacy. "The slogan has continuity with last year's 'raising ambitions' motto and is intended to show that if we rally our community together in an appropriate way we can do a lot, even quicker than people imagine, to respond to the challenges we face," says Neutjens.

The industry certainly faces a number of long-term customer service and infrastructural issues, and its attempt to respond to some of them can be seen in SWIFT's new Score service, which



gives corporates full access to its SWIFTNet messaging system at last enabling companies such as Microsoft and GE to communicate with their banking partners. The recent EU/US framework agreement and adoption of the safe harbour arrangement covering data privacy concerns, also illustrates how the industry is trying to respond to its challenges. There is no better place to discuss these issues, and to launch a revolution in the way the financial services market is organised, than in Boston at Sibos 2007, where the world's leading financial players gather.

- For more information on the show please visit <http://www.swift.com>

Exhibitions overview



The Boston Convention and Exhibition Centre where Sibos 2007 will be held

ABN Amro

Stand E28

ABN Amro, currently the subject of two rival acquisition bids from Barclays and an RBS-led consortium which may or may not come to fruition around the time of Sibos 2007, will be seeking to concentrate on its strategic sourcing capabilities for financial institution clients at the show in Boston. The third party services and partnership approaches available from ABN Amro can help smaller players with revenue growth, controlling rising operating costs, realising global reach and optimising capital investment. All of the above are of increasing importance with the impending SEPA programme in Europe. Attendees will also be able to view a number of SEPA solutions and outsourcing options and can participate in a daily 'Heineken hour' on the stand on Monday and Tuesday (1-2 October) at 5pm and again on Thursday 4 October at 4pm. ABN Amro's Transaction Banking speakers

at this year's show include CEO Ann Cairns, speaking about changes in the global payments industry and pragmatic visions for the future; CIO Edward Glassman, talking about US payments systems and how to achieve integration; and Joao Consiglio, Head of Transaction Banking in Latin America, speaking about how the region can integrate the advantages of globalisation.

BankServ

Stand B56

A user perspective will be available on BankServ's stand. During the second day of Sibos 2007 on Tuesday 2 October their client, the Royal Bank of Canada (RBC) will deliver a presentation at 4.15pm highlighting their work with the company, with particular regard to the integration of BankServ's SWIFT Service Bureau, TurboSWIFT and MessagePro solutions into the bank's operations. There will also be a chance to win a jazz musical instrument thanks to an on-stand prize draw on Thursday 4 October. Various other Jazz-related gifts will be on offer throughout the show for those willing to listen to a product briefing.

CB.Net

Stand A39

The 'gaining momentum' slogan for this year's Sibos show in Boston seems to have found favour with CB.Net's head of client services, Andrew Foulds who believes it is particularly relevant for the impending SEPA project, which promises to revolutionise the industry. "As we draw ever closer to the first SEPA deadline of 1 January 2008, the industry is increasingly recognising the importance and reach of the Directive," he says. "Financial institutions and suppliers will have to work closely together to bring the project to life." To that end, CB.Net will be demonstrating The S€PA Directory, which has been launched in partnership with LogicaCMG. This information resource has a public access area providing general information about SEPA and a subscription area that the company claims will enable financial institutions to access critical payments data, such as national codes, IBAN to BIC linking

tools and validation data, ensuring complete compliance.

EMC

Stand F39

EMC will be demonstrating its full portfolio of financial services information infrastructure solutions to attendees at Sibos 2007. Among other products on display in Boston will be EMC's new operational efficiency solutions; information security software including internal and external fraud detection and prevention options; financial core system transformation solutions; and archiving tools for managing financial records. Additionally, EMC will be trying to stress the importance of business continuity to financial institutions, and highlighting its offerings in this area.

Eiger Systems

Stand D16

Eiger Systems, an Experian company, provides strategic payment solutions to meet the needs of financial institutions. Focusing on data validation and payment processing, the company claims its solutions can help organisations to lower costs, reduce risks, minimise fraud and improve customer service. Its customer base includes more than 20 per cent of the Fortune Global 100. The company will be showcasing its Bank Wizard product at the Boston Convention and Exhibition Centre (BCEC) on 1-5 October, which can validate Bank Identifier Codes (BICs) and International Bank Account Numbers (IBANs) in order to meet SEPA initiatives, as well as facilitating domestic account validation for Straight Through Processing (STP). The vendor will also be previewing its EigerPay Gateway, a global payments platform for multiple channels with corporate access and Account Clearing House (ACH) compatibility.

Financial Objects

Stand G17

A prize draw is available to enter at Financial Objects stand with attendees given the opportunity to win a bespoke painting by contemporary British artist Fiona Viney. Alongside the art will be the graft with the company highlighting its ibis s2 core banking solution



for wholesale, retail and commercial banking, which supports treasury, capital markets, corporate lending, account management and risk functionality. The activebank treasury management application for primary and secondary trading will also be displayed, alongside the activebank Wealth Manager spin-off for portfolio management and the radar framework for end-to-end risk management procedures.

Financial Tradeware

Stand B11

Speed and agility in business are Financial Tradeware's themes at Sibos 2007, where the latest trading solutions and SWIFT connectivity options will be on show. The world's major financial centres will also be brought vividly to life thanks to some prints available from renowned photographer Tom Groenfeldt, whose work will be raffled off on the stand daily at 4pm on Monday 1 until Wednesday 3 October. There is also the chance to win a signed and frame original photo on Thursday 4 October at 11am for anyone who attends the Financial Tradeware presentation entitled 'Empowering the hedge fund and investment management community – Generating alpha and connecting to global counterparties'.

Microsoft

Stand B47

Microsoft will attempt to demonstrate how it is helping its leading solutions partners and financial industry customers more effectively and efficiently develop and deploy secure, reliable and comprehensive solutions, leveraging Microsoft products and technologies such as BizTalk Accelerator for SWIFT. The company will be showcasing a full range of its offerings, including corporate-to-bank payments processing, corporate and wholesale

payments, treasury and cash management, risk management and compliance, anti-money laundering, mobile payments, fraud prevention and its support of SWIFT messaging protocols and standards. Key Microsoft executives and business units will also be on the stand to demonstrate SWIFT connectivity options and answer any questions.

OpenLink

Stand C08

At the Boston Convention and Exhibition Centre, OpenLink will be displaying its Findur system which provides a front-to-back office securities trading system that can cover all asset classes and has integrated risk management capabilities. By providing for the entire trading process, OpenLink claims its Findur system can solve almost all of the challenges faced by players within the industry – from OTC derivatives confirmations to trading across the complete spectrum of products.

SAP & Accenture

Stand B15

In September 2003, SAP and Accenture entered into an alliance for the financial services industry, offering banks and insurers a way to potentially transform their businesses via a dedicated joint development team, including technologists and consultants, who can advise about the latest integrated solutions and services, innovative delivery systems, and efficient implementation strategies. During 1-5 October at Sibos 2007, SAP and Accenture will seek to demonstrate how their end-to-end payment solutions for retail and corporate customers can help improve banks' efficiencies and differentiate their business. Corporate-to-bank connectivity options, cash management and high volume payments processing hubs will all be available to view, alongside senior executives who should be able to answer any questions.

SmartStream

Stand C17

In Boston, SmartStream Technologies will be attempting to demonstrate how its solutions can tackle the barriers

to STP and create more efficient, customer focused, compliant operations for financial institutions and corporates. The company's enterprise-wide, real-time Transaction Lifecycle Management (TLM) solutions will be a particular focus, with the claimed enhanced visibility and operational control benefits set to be highlighted. TLM solutions are available for the following functions: cash management; compliance; corporate actions; exception management; reconciliations; trade finance; and trade process management.

VocaLink

Stand B28

VocaLink is presenting services on 1-5 October that can potentially enrich retail banking functions and engage corporate customers. The company wants to encourage banks to look beyond the SEPA deadline to highly differentiated payments propositions that balance cost savings and revenue generation. As an experienced payments processor, VocaLink believes it can offer the reliability and high volume efficiency savings that banks need in a partner. Innovative products on display at the stand will include new ways to offer banking and mobile top-ups via text messages, electronic bill presentation and services that automate direct debit mandate management, enabling real-time payments.

Wall Street Systems

Stand FY06

Wall Street will exhibit its BackOffice solution, a cross-asset system designed to increase STP, alongside its e-Operations offering, a web-based tool for boosting post-trade efficiency. For high volume currency processing the company's FX solution will be on offer and the Wall Street Suite will be on display for investment and debt management professionals. A number of operational white papers will also be available on the stand, including the latest in a series highlighting the need for banks to adopt a centralised approach to clearing and settlement operations.

• To see more of our Sibos preview, exhibitors section, please go to www.fstech.co.uk

SWIFT action



Lázaro Campos

In April earlier this year, Lázaro Campos became the new Chief Executive Officer (CEO) of SWIFT. Ahead of the Sibos 2007 show in Boston, USA, **Neil Ainger** talks to him about his reorganisation plans, ideas for the future and the challenges facing the financial services sector

The Society for Worldwide Interbank Financial Telecommunication (SWIFT) is an industry-owned co-operative that provides secure, standardised financial messaging services and interface software to over 8,100 financial institutions and corporations, including banks, investment managers and infrastructure providers in payments, treasury and securities, in 208 countries. It is one of the most international organisations in the world and has senior board members representing major financial institutions from across the globe, creating a real melting pot of different cultures and ideas at its HQ just outside Brussels, Belgium. As such, it is the perfect home for Lázaro Campos, the new Spanish CEO of SWIFT. With over 20 years of international banking and telecommunications experience to his credit Campos' appointment as CEO was a logical choice. For SWIFT, it was recognition for a man whose personal drive and enthusiasm for new experiences led him to rise through the ranks working in the Products, Education, Standards and Marketing divisions at the organisation. His most recent position was as head of SWIFT's Banking Industry Division.

Campos started his working life automating book-keeping processes at a Toyota car dealership in Spain. After being exposed to some of the early Straight Through Processing automation technologies and, in a limited way, the financial world, he headed to the international division of Banc Agricol, again seeking contact with the wider world and its different cultures. "My ability to speak English soon led to me being handed a file by the head of the bank and asked to please find out what the bank needed to do to become connected to SWIFT – in fact, as I recall, I'm not so sure my boss actually said 'please' but that's how I first came to be involved with SWIFT," explains Campos.

Frequent visits to Belgium lead to a fascination with SWIFT's mission to connect the financial world and in 1987 he joined the organisation. "Twenty years later, a wife and three kids later, I'm still here in Brussels and still learning."

Campos has big plans for SWIFT. "The first thing I'm going to do is to undertake a segmentation exercise, as part of a wider reorganisation plan, looking at how our customers needs have evolved, where they're based and how they organise themselves. We need to become more customer-centric so you'll see us talking about regional banks, fund managers

and global banking teams in the future – rather than the supply chain or payments – as these are category definitions that people can actually relate to."

The reorganisation plan is due to be announced in late August, with a 'value proposition' for each new customer segmentation team due to follow shortly afterwards. The new structures and teams will all be up and running in time for the SWIFT-organised Sibos 2007 show, on 1-5 October in Boston, USA. More power will be pushed out to the regions as well – namely, Asia-Pacific, the Americas and EMEA – with all SWIFT sales and relationship managers, market resources and pre- and post-sales support migrating to the regions. More local offices will also be opened, joining those already launched in Mumbai, Shanghai and Brazil. As Campos says: "I want to push decision-making power outwards; nobody should have to wait for a decision from our HQ in Brussels."

Challenges

There are a number of challenges facing SWIFT that demand attention. Foremost among them is the urgent desire for enhanced service from corporate customers, prevalent since the Sibos 2005 show in Copenhagen, Denmark, when Leo Apotheker from SAP called for the corporate banking industry to "transform itself" before non-traditional players, such as PayPal, began to steal customers. SWIFT launched its new Standardised Corporate Environment (SCORE) service in January earlier this year to try to fill this perceived service gap, which finally gives corporations full access to the SWIFTNet system, allowing them to easily exchange messages and files with all their banks. In addition, the organisation is working with SAP, and targeting other vendors such as Oracle, to integrate its interface into software suppliers Enterprise Resource Planning (ERP) systems, enabling easier corporate access. Ongoing standardisation work will also continue to make connecting to SWIFT and using its services easier, says Campos.

"The older bank-run Member Administered Closed User Groups (MA-CUGs), which allow SWIFT financial institutions to offer their corporate clients specific services, and the Treasury Counterparties (TRCO) system, which allow bank-sponsored corporates to exchange confirmations for foreign exchange,

money market and derivative trades, are also still running and providing a valuable service," points out Campos.

Perhaps the biggest challenge facing SWIFT in recent times though has been concerns about data privacy, raised by the EU and other countries in the wake of press revelations that customer details from SWIFT were being passed to the US Treasury, under compulsory subpoenas, in order to track and inhibit terrorist funds. At the time this story broke last year, SWIFT stressed that it only released specific details for targeted, ongoing terrorism investigations and that it was caught in a political situation concerning the primacy of security and data protection, which needed to be resolved between governments themselves. Happily, this now appears to be the case with the US/EU recently agreeing a framework agreement about how information concerning suspect monies can be shared without breaching the EU's data protection laws. In addition, SWIFT is joining the Safe Harbour Agreement whereby any EU data will remain 'ring fenced' and separate from other databases, and the collective is also working with its banking members and partners to try to ensure complete transparency and clear procedures. "This issue is not only a problem for SWIFT," comments Campos, "the world is a different place now [since 9/11] and anyone who is involved in the transfer of funds or data internationally naturally comes under the scrutiny of law enforcement efforts. The responses outlined above however, show that we take the issue seriously and are addressing it."

Re-architecture plan

A major technology re-architecture plan for SWIFT's global messaging platform, which is intended to create a more distributed data processing and storage model, will also help to establish clear data demarcation lines in the organisation's database in the future, says Campos. "The board agreed the idea in June and will finalise the funding and exact details for the three or four year project in September," he explains. At present, SWIFT has operating centres in Europe and the US. Messages are processed simultaneously at both locations to prevent data loss. The re-architecture plan will allow for intra-European data to be stored only in Europe. Other benefits of the project include increased capacity, enhanced system resilience and business continuity capabilities, reduced unit costs and hopefully lower prices for users, plus 100 per cent compliance with all relevant data privacy laws and other 'know your customer' regulations.

"This is open heart surgery on our systems – we need to change the software and create a new operating capability and a new centre to handle it. The project could take three to four years depending upon if we find a facility we can just lease or buy, or whether we have to build a new operating centre from scratch. It's an exciting project though and we are highly likely to do the internal software development ourselves, taking advantage of the tremendous skills we have in our IT department." The re-architecture plan is also likely to use some web services and perhaps adopt a Service Orientated Architecture (SOA) approach but, before the board meets, it is too early to confirm this. As Campos says: "We're only at the beginning of this process."



Industry trends

It shouldn't be a surprise that SWIFT is under regulatory scrutiny with the EU and other national governments concerning its security and data privacy procedures because senators, MPs and quasi-governmental bodies, such as the SEC in America or the FSA in the UK, have increasingly been taking a more active hand in the financial services sector, introducing rules such as Sarbanes-Oxley and the Markets in Financial Instruments Directive (MiFID), to try and shape and control the market. "I won't bore you by listing all the regulations we face, such as the Giovannini principles, SEPA, MiFID and so on, but suffice to say increasing regulation is clearly going to be a significant cost to the industry in the years head," says Campos.

"We are also seeing tremendous growth in trade volumes [due to market changes such as the increasing use of algorithmic trading] and this is really hitting the back office. I expect many customers to call on SWIFT in the future to help provide a solution for their growth needs." The extra capacity that should come on stream as a result of the re-architecture plan will also help in this regard.

Consolidation is obviously another major industry trend at the moment and will significantly affect the number of core bank members SWIFT can rely on as partners in the future. "Open a newspaper and everyday there seems to be a story about someone buying up a competitor," confirms Campos. Balancing the needs of smaller players and serving their needs, while still satisfying the massive multinationals, will be something SWIFT increasingly has to pay attention to.

"Our customer base is more diverse than ever and an expanded product portfolio and geographical reach requires simplicity and a one-stop shop service approach. Security and resilience will still remain paramount though even as we strive to become more customer-centric."

All of these industry trends will, of course, be discussed at the Sibos 2007 conference and exhibition in Boston, USA, on 1-5 October, an event that Campos is very much looking forward to. "I've been to 19 of them in the past," he says "but this is my first Sibos as CEO so I'm sure it will be very different. I'm not sleeping very much at the moment, during this organisational phase, but I'm looking forward to the experience and to strengthening the sense of collaboration and community within our industry."