

## A New Era For Transaction Banking

**At Sibos in Sydney, all the latest and greatest technologies were on display, and attendees delved into the topics that are shaping our financial futures.**

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Who—or what—was on display at Sibos? New consortia, new regional and global pilot projects, innovative products and solutions regionally and globally, open-banking applications presented and offered to clients in different ways, and more artificial-intelligence applications that financial institutions apply internally and/or offer clients.

Sibos 2018 was all that and more for 8,000 attendees at Sydney's International Convention Centre overlooking Darling Harbor. The official theme of the hundreds of roundtables and presentations this year was "enabling the digital economy," but there was more to the conference than that.

The era of confrontation between banks and fintechs is over. Fintechs are seen "as a partner and not a threat," Emma Loftus, head of global payments, foreign exchange and channels, treasury services at JPMorgan, tells us.

Judging by the hundreds of announcements made during the four days of Sibos 2018, banks, fintech companies and tech providers are heading toward a common future of shared ecosystems. No transaction solution can be implemented by just one side; therefore it is preferable to march together.

Bank executives like Benoit Desserre, head of global transaction banking at Societe Generale, stresses that "the focus has to be more and more on what clients really want and need," rather than "searching without keeping the end user in mind," in an age of seemingly endless possibilities.

Diane Reyes, global head of liquidity and cash management for HSBC, echoed this sentiment, saying, "Clients want to know if we as a bank are ready for innovation, and what would be the impact," she says. "We innovate to eliminate pain points for them."

Digitization is the key to common standards and network-building. An example is the recent expansion of we.trade, an IBM blockchain-based platform for global trading, designed with an eye to the needs of small and medium corporates, with 13 European banking partners. In the last few weeks, the original founders Deutsche Bank, HSBC, KBC, Natixis, Nordea, Rabobank, Santander, Societe Generale and UniCredit were joined by CaixaBank, Eurobank, Erste and UBS. Now we.trade is growing geographically and has recently announced a collaboration with eTradeConnect in Asia.

"Fintech and banks have to live together for the good of customers and [work to] make each other happier," says Desserre. "Fintechs bring ideas, and they are a perfect match for the banks. We have the clients and their trust, which has to be carefully maintained and nurtured." Gianfranco Bisagni, co-head of corporate and investment banking at UniCredit also reminds us that "fintechs are complementary to banks; they generate ideas, but they don't have the clients and capital base that banks have."

Gone are the prophetic visions of banking built only on blockchain, or on any single solution. Enno-Burghard Weitzel, head of product management trade services for Commerzbank, predicts that in five

years the percentage of transactions run on blockchain will be probably be between 10% and 20%, "but for now, the problem is interoperability between the different blockchains. There are a thousand innovations, but no common standards." He adds, "I expect a long period of parallel initiatives before we get those [common standards]."

Sibos is to some extent the Olympic Games of transaction banking—a big stimulating gathering with dozens of competitors vying for advantage and forming new teams. It is easier to find a payments or trade-finance expert at Sibos than anywhere else in the world, because so many of the best players from different sectors are there to show their skills. And many go home having won new insight, or even some new partners.

A handwritten signature in black ink that reads "Andrea Fiano". The signature is stylized with a long, sweeping underline that extends to the right.

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