

Lessons from Sibos 2017: Growth is Back on the Agenda



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With another jam-packed Sibos week now over in Toronto, the authors reflect on the themes and developments that emerged. Following a year characterised by compliance and regulatory concerns in 2016, this year's event saw growth and optimism restored to the agenda.

Once again, Sibos has come and gone in a flash. And as we train our sights on the year ahead, now is a chance to reflect on this

year's event in Toronto and examine the trends and themes that emerged. The key message? After years of preoccupation with regulation and compliance, the industry is once again gearing up for growth. A number of new services will soon hit the market, while bank-fintech – and wider industry – collaboration is the hot topic when it comes to meeting the most challenging client needs.

Certainly, there was a difference in tone at this year's event. Last year, there was a sense of responsibility and caution



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on banks' part, with regulatory concerns such as AML and KYC requirements featuring heavily. This year, attendees were noticeably less preoccupied with these topics. Instead, the mood was more positive and forward-looking, with the clear message from banks that it was time to get back to business and start focusing once again on growth.

New products and services in the pipeline

How are banks looking to do this? One way is by developing new products and services. One development that is achieving particularly strong traction is SWIFT's global payments innovation (gpi), a technology that dramatically improves the customer experience in cross-border payments by increasing the speed, transparency and end-to-end tracking of payments. As a pilot bank on this collaborative project, UniCredit has been live with SWIFT gpi since February, and has already reached the milestone of 100,000 payments processed via SWIFT gpi since then. Its use among other banks has grown rapidly, becoming the new standard for cross-border payments, as more than 120 leading transaction banks – accounting for over 75% of all SWIFT payments – are now signed up to the service. In September this year, SWIFT gpi surpassed two million payments made.

More importantly, it's ensuring satisfaction for our clients, who enjoy the tracking capability and transparency of payments, as well as their speed. A payment between London and Singapore, for example, takes just one minute. And better still, it is the banks that bear the responsibility for implementing SWIFT gpi. Corporates can use it straight away – although small adjustments may be required in some cases to realise the full benefits.



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Bringing blockchain to Europe's SMEs

Another development that featured prominently this year was we.trade, previously known as Digital Trade Chain. Developed by UniCredit along with seven other banks, we.trade is a digital platform that uses distributed ledger technology and smart contracts to improve access to trade finance for small and medium-sized enterprises (SMEs) in Europe by protecting, managing and tracking transactions between trading companies.

As we heard at Sibos, we.trade connects all parties involved in a trade and registers the full, end-to-end trading process via an intuitive end-user interface for



participating companies. It is also fully automated and available 24/7, vastly accelerates the order-to-settlement process, and enables end-to-end transparency of transactions – giving companies more confidence when onboarding new trading partners, and fostering trade throughout the continent.

Importantly, a roadmap for full deployment of the platform was laid out at Sibos. A joint venture company will be established to manage and distribute the platform, with the first test release scheduled to go live in February 2018, followed by full deployment in the second quarter of the year. UniCredit will be going live with a pilot in Italy and Germany, and we're confident we trade will be a leading example of a technologically and commercially viable blockchain solution for customers in this industry – showing tangible progress since the proofs of concept we saw at last year's Sibos.

PSD2, instant payments and industry collaboration bring further client benefits

Not only did we see progress on new products and services at Sibos, we also had updates on how existing services were being improved. The introduction of the SEPA Instant Credit Transfer scheme (SCT Inst), for instance, will bring instant payments to Europe when it goes live in November. UniCredit is at the forefront of SCT Inst, and we are currently bringing our clients in Italy and Germany on board with a go-live scheduled for the day SCT Inst launches – again, the only bank to be live in both countries.

Of course, regulation has not gone away. Yet rather than focusing on how these might be restrictive or introduce costs, much talk centred on the opportunities to capitalise on the effects of incoming regulation to improve services, with some specifically designed to foster innovation and facilitate transformation. Take PSD2, for example, which is set to change business models for the better by heralding the arrival of 'Open Banking' – where Open APIs are used to enable third-party developers to build applications and services around financial institutions and banks. This is set to dramatically improve the level of service and range of products clients can expect from their banks and technology partners.

And on the topic of technology partners, we saw at Sibos that with more and more fintech solutions being brought to the table, there was further confirmation that bank-fintech collaboration is emerging as the optimal model to ensure client challenges are met in full. With the wider industry picture currently somewhat fragmented, achieving insight into what clients really want and need is increasingly valuable. UniCredit therefore continues to monitor the fintech landscape to develop joint solutions that address our clients' most pressing problems.

Now that Sibos 2017 is over – and ended on a decidedly positive note – we look ahead with optimism to the coming year. Banks are gunning for growth once again and bringing a spate of innovations to the market. This time next year, in Sydney, we may just be saying that clients have never have had it so good. ■



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