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**Shanghai contacts**

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**Fast facts**

**Date**

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**Delegates**

283

**Speakers**

20

**SWIFT Partners**

- Automated
- CityNetworks
- Longtop Group
- NCS
- Orange
- SmartStream
- SunGuard
- Unisiti
- YSSTECH

**Building a better financial infrastructure in Asia**

Robust, stable financial systems and markets are keys to sustained economic development in Asia, whether we are in periods of crisis, recovery or growth. In 2010, Asia appears to be in recovery mode, perhaps leading the rest of the world out of crisis, but the Asian financial industry cannot be complacent. Financial institutions here are busy strengthening their offerings for local and international markets while refocusing on core products and regional advantages to obtain greater market share.

For China, as its export-driven economy has grown, its financial infrastructure needs have also grown, particularly with regard to the development and integration of its stock exchanges, the clearinghouses that are being established, the internationalisation of the Renminbi and the need to extend credit to Chinese consumers who are now funding consumption from their savings. In Shanghai in particular, certain steps must be taken if Shanghai is to realise its potential as an international financial centre.

More than 280 delegates from the SWIFT community in Shanghai came together at the SWIFT Shanghai Business Forum where we shared best practices and agreed how we can collaborate in the non-competitive space to meet these needs of the Chinese financial sector and the corporates and consumers it serves. With special focuses on the securities markets and infrastructures as well as standards and technology, our guest speakers shared the latest developments and market insights and led interesting discussions around supporting Shanghai as a leading financial centre.

We are confident that this SWIFT Business Forum has encouraged and advanced critical dialogue and common action. In July, we will host another Business Forum at Beijing and we look forward to seeing you again at that time.



**Eric Chua**

Head of Shanghai





Eric Chua, Head of Shanghai, SWIFT

### Opening Plenary

**Eric Chua**, Head of Shanghai, SWIFT

Strongly supported by the national government and continuously pushed by the regional economy development, Shanghai aims to be a new international financial centre. For this reason, said Mr. Chua, much of the day's discussion would be around how to further improve the financial infrastructure and strengthen the connectivity between Shanghai and the overseas financial industry.

He then explained that financial institutions increasingly are using SWIFT to handle the transactions that result as Shanghai increases its financial activity. "In 2009, the volume of SWIFT securities message sent from China has grown by 58%. By 2020, we hope to see Shanghai as an international financial centre that brings us all more and more opportunities and potential."

Mr. Chua gave his gratitude to the speakers and participants for attending this Business Forum and thanked the nine business partners who exhibited and sponsored the event.

### SWIFT welcome

**Ian Johnston**, Chief Executive, Asia Pacific, SWIFT

Mr. Johnston set the scene by highlighting the challenges and opportunities the financial services industry in China faces today. First, in the area of regulation and risk, Mr. Johnston emphasised the importance of continual dialogue and consultations between the regulators and the Industry. "Recent outcomes from the G20 showed that there's no consensus right now, but our Asian industry needs to speak with one voice to explain that regulation dictated by the West, which has a different situation from ours, is not always appropriate."

Second, Mr. Johnston noted that cost reduction remains high on the agenda for both financial institutions and for their customers, as does increasing demand for better liquidity management. Automation and standardisation of systems and processes provide this savings, he said, as well as allowing institutions to focus on investing in areas where they can offer differentiating value-added services.



Ian Johnston, Chief Executive, Asia Pacific, SWIFT



Jeffery Du, Manager, Securities Markets, China, SWIFT



Mr. Johnston then took a look at the shifting of dynamics from the West to the East. “Even before the crisis we were talking about a shift in power, and today we think that has become reality.” He pointed to the increase in intra-Asian business and trade which has helped drive Asia’s recovery, to the impact that internationalization of the RMB would have on the region’s global role and to the development of new financial centres such as Shanghai as drivers for further enhancing this shift in the balance of power.

“We will not solve these challenges in today’s meeting, but I hope we can progress debate and understanding such that you can grasp the opportunities by working more closely and effectively with SWIFT,” he concluded.

### Shanghai – the path to becoming an international financial centre

**Edmond Ng**, Head, Global Custody, HSBC China

**Ning Wright**, Partner in Charge, Risk & Compliance / Performance & Technology, KPMG China

**Li Jun**, Head of Account reconciliation, Operation Service Unit, Bank of China and Representative of National Member Group of SWIFT China

By most measures, Shanghai has been recognised as the national financial centre for mainland China, but its ambitions do not stop there. Supported by the dynamic national economy and favourable government policies, Shanghai intends to build a highly-internationalised financial market by 2020.

Mr. Edmond Ng from HSBC Securities Service and Ms. Wright Ning from KPMG shared their experiences in London and other international financial centres and explained the global development trends and key industry issues that must be taken into account during the process of building an international financial centre.

Mr. Ng explained the migration from ISO15022 to ISO20022 for message standards and described the T2S (TARGET2-Securities) project initiated by the EU central bank as well as the issue of unification for OECD taxation. He said: “The markets structures are being consolidated in the US and EU, while it is much more fragmented in Asia. Now, we are waiting for leadership from Asia.”

From a view point of consulting firms, Ms. Wright shared her opinions on the relationship between compliance and efficiency, the challenges we met in IT risk management and



Edmond Ng, Head, Global Custody, HSBC China



Ning Wright, Partner in Charge, Risk & Compliance/Performance & Technology, KPMG China



There were nine business partners who exhibited and sponsored the event





▲ Li Jun, Head of Account Reconciliation, Operation Service Unit, Bank of China and Chairman's Representative of National Member Group of SWIFT China

service outsourcing. "Technical standardisation is been addressed more and more," she commented.

As the chairperson's delegate of the SWIFT China National Member Group, Ms. Li Jun of Bank of China explained the background and development of the RMB cross-border trade settlement. She also explained that the National Member Group is not only a place to discuss SWIFT governance by shareholders but also a discussion platform for all users to exchange ideas about their areas of interests. "SWIFT will become one of the important channels to facilitate the international settlement of RMB," commented Ms. Li.



▲ Dr. Bai Shuo, Chief Technology Officer, Shanghai Stock Exchange

### Technology and standards for China financial markets

**Wang Xiaoqing**, Director, Technical & Engineering Management Division, Technology Department, PBOC

**Dr. Bai Shuo**, Chief Technology Officer, Shanghai Stock Exchange

During the global financial crisis, technology and standards were recognised as critical competitive advantages, as stakeholders like regulators and clients pushed financial institutions to provide more transparency, security and stability. The global nature of

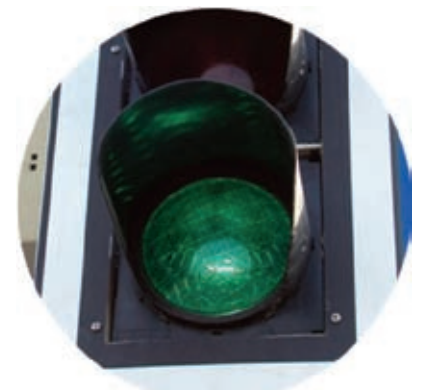
financial markets are also pushing boundaries as financial institutions compete to provide more services while at the same time lowering costs and reducing risk.

From the central bank's perspective, Mr. Wang of the PBOC updated the status of standards adoption in China financial industry. PBOC will promote the use of ISO20022 financial standard in China, and the first step is to adopt ISO20022 in CNAPS II, the most important payment market infrastructure in China: "PBOC is working with SWIFT to adopt ISO20022 for CNAPS II project. In future, all the new systems of PBOC will use ISO20022 standard where appropriate." Mr. Wang then called on the SWIFT community in China to pay more attention to understanding ISO20022 and to use it when there is an opportunity.

Dr. Bai Shuo, Shanghai Stock Exchange also addressed the importance of standardisation in the Chinese market. He reviewed the development history of standardisation in the Shanghai Stock Exchange, analysed the industry challenges and explained the Stock Exchange's working plan in this area. One important milestone that Dr. Bai mentioned was the opening of a technical laboratory by the Shanghai Stock Exchange. This experimental laboratory not only provides the testing environment for messaging,



▲ Wang Xiaoqing, Director, Technical & Engineering Management Division, Technology Department, PBOC



trade, clearing and settlement, but also gives a marketing platform for the latest industry activities.

### **New horizons of Chinese Yuan in cross-border clearing and settlement**

**Yang Min**, Senior Manager, International Banking Dept., Bank of Communications

**Yang Jiewen**, Senior Strategic Planner, Product and Business Development Div., Economics and Strategy, Bank of China (Hong Kong)

With China's rapidly expanding economy and its significance in global trade, there is much speculation that RMB will attain an international status more reflective of China's economic weight in the world. The newly-initiated pilot programme allowing for international settlement of RMB-denominated trade transactions is an important step towards free conversion of the Chinese currency.

As one of the pilot banks for RMB cross-border trade settlement business, Mr. Yang Min, Bank of Communications gave a detailed presentation on the evolvement and status of the business in his institution. He also shared their experience and strategies for further business expansion, such as to increase the market awareness of

RMB cross-border trade business and the continuous evolution of new services and products.

Mr. Yang Jiewen, Bank of China (Hong Kong), gave the audience an update of the business of cross border trade settlement in RMB, from the angle of the sole RMB clearing bank in Hong Kong. Mr. Yang Jiewen presented a broader picture about the landscape of RMB internationalisation, and highlighted the needs for comprehensive financial services covering cash to financing. He also projected a roadmap for the Chinese currency to become a reserve currency in the future.

### **Customer experience sharing and case studies**

**Wang Shoujiang**, Deputy General Manager, Settlement and Cash Management Department, ICBC

**Stevenson Chan**, Managing Director, Head of Business operations, BOCI Hong Kong

**Joe Zhou**, Director, Ysstech

In this session, three SWIFT customers and partners were invited to share their experiences working with SWIFT.



▲ Yang Min, Senior Manager, International Banking Dept., Bank of Communications



▲ Yang Jiewen, Senior Strategic Planner, Product and Business Development Div., Economics and Strategy, Bank of China (Hong Kong)



▲ Wang Shoujiang, Deputy General Manager, Settlement and Cash Management Department, ICBC



▲ More than 280 delegates from the SWIFT community in Shanghai came together at the SWIFT Shanghai Business Forum





▲ Stevenson Chan, Managing Director, Head of Business operations, BOCI HK

Mr. Wang Shoujiang of ICBC talked about ICBC's corporate cash management services. According to him, ICBC's strategy is to serve customers at every corner in the world they go. "Collaboration among banks is the key to realising our objectives," he said, "because no single bank in the world can meet all the customer needs on its own. SWIFT is not only the channel to communicate with correspondent banks but also a preferred single channel to connect corporate, providing lower cost for secure financial messaging and time to value."



▲ Joe Zhou, Director, Ysstech

Mr. Stevenson Chan of BOCI Hong Kong explained how his institution uses SWIFT services in messages, bonds and cross-border trades to help their growing business. He explained the whole process of SWIFT messages in back office operations, such as how SWIFT messages been used in securities clearing and settlement to enhance straight through processing rate and improve efficiency.



▲ Forrest Lin, Project Manager, Sales Services, Asia Pacific, SWIFT

Mr. Joe Zou from SWIFT-registered vendor Ysstech continued the discussion by contributing a technical angle on the latest product development. He explained clearly the new module they have designed for Chinese fund managers, which is aimed at helping customers' seamless integration with the SWIFT interface.

## Technology evolution: Interfaces, integration and consulting services

**Forrest Lin**, Project Manager, Sales Services, Asia Pacific, SWIFT

What are the advanced technologies behind infrastructure that supports efficient, secure and cost-effective financial transactions? What should the customers expect from SWIFT in the near future? How do new products and services fit into financial institutions business demand?

In this session, Mr Forrest Lin of SWIFT talked about how SWIFT's interface, integration and consulting services and products help financial institutions address the challenges of cost reduction, risk control and improving efficiency and reach. In next few months, SWIFT will host a series of interface user group meetings in different cities in China to explore these topics in more details.

## New Development and solutions for payment market infrastructures

**Stanley Chan**, Head of Financial Infrastructural Development, Hong Kong Monetary Authority



▲ Mabel Lu, Relationship Manager, China, SWIFT



SWIFT is one of the world's biggest providers of messaging for Real-Time Gross Settlement (RTGS) systems. SWIFT is also well-integrated in the domestic clearing market, from cross-border payments and workers' remittances to interoperability between Exchange Houses and robust high value payments clearing infrastructures.

Mr. Stanley Chan of HKMA explained how Hong Kong has built connectivities with the mainland payment system, overseas financial infrastructures and global financial institutions. One of the concrete examples he shared was how SWIFTNet facilitates the messaging for local and as well overseas banks in the RTGS in Hong Kong. All these have favoured a safe and efficient payments and securities clearing and settlement platform, using SWIFT, to support the stability and prosperity of Hong Kong.

### Banking – cash, trade, worker remittances

**Zhu Yan**, Deputy General Manager, Corporate Banking (Trade Service), Bank of China Shanghai

**Tracy Ge**, Director, Bank Services Group, Global Transaction Services, Citi

**Jun Jiang**, Business Manager, FX Clearing Division, ICBC

Mr. Zhu Yan of Bank of China discussed BOC's Trade Services Utility (TSU) services development. He briefly introduced TSU functionalities and shared BOC's experience on developing corporate services based on TSU. He described TSU as a "highway for information communication which provides banks with multiple possibilities for new services development." Mr. Zhu shared the first successful case using Business Process Optimisation (BPO) and his insights towards TSU-related services. He believed that TSU BPO functionality will bring better STP and customer services in the field of domestic letter of credit services. At the same time, Mr. Zhu pointed out that improvement on BPO industry rules and practices, and especially the endorsement on this service by ICC, was critical for further development of the service.

Ms. Ge of Citi delivered a speech on the benefits that SWIFT's Exceptions and Investigations (E&I) solution can bring to audiences by introducing the values of the solution and sharing Citi's experiences and strategy on E&I services. Ms. Ge explained Citi's integration and go live plan of SWIFT E&I solution within 2010 and expressed Citi's determination to improving automation, efficiency, and the most important, customer services, by integrating SWIFT E&I solution into Citi's E&I platform.



Stanley Chan, Head of Financial Infrastructural Development, Hong Kong Monetary Authority



Zhu Yan, Deputy General Manager, Corporate Banking (Trade Service), Bank of China Shanghai



Tracy Ge, Director, Bank Services Group, Global Transaction Services, Citi



Jun Jiang, Business Manager, FX Clearing Division, ICBC





▲ Jasmine Wu, Relationship Manager, China, SWIFT

Ms. Jiang of ICBC presented the great success of ICBC as the first bank to adopt SWIFT’s workers remittance solution in China and to complete workers remittance live certification in 2009. She valued SWIFT workers remittances as the new industry standards and best practices which can help banks to win more business in the remittances market. Ms. Jiang then talked about ICBC’s achievements on clearing platform and services development and expressed ICBC’s eagerness to improve cooperation and expand business through the SWIFT workers remittances solution.



▲ Sophia Chung, Head of Business Support, HSBC Securities Services China

### Securities – funds, QDII, QFII

**Sophia Chung**, Head of Business Support, HSBC Securities Services China

**Vivian Fan**, Deputy Head, Operational Center, Custody Service Department, ICBC

**Yang Wen**, Vice President and Head of Intermediary Services for Securities and Fund Services, Citi China

Group (SMPG), Ms. Sophia Chung reported on the progress of that group as well as on the custody service of HSBC. She commented that the China SMPG has developed into a well-functioned and effective platform, where “important securities participants have been working together to address the industry requirements for higher STP benefits and to align the best practices in the Chinese market.”

Ms. Vivian Fan of ICBC, discussed how ICBC uses SWIFT for custody services and the strong support of custody service to QDII, QFII business. She also explained the benefits of SWIFT to investors: “QDII fund managers aim to achieve one standard and one platform to invest globally. Both the global custodians and sub-custodians also strongly support this standardisation for their clients.”



▲ Vivian Fan, Deputy Head, Operational Center, Custody Service Department, ICBC

The current financial crisis has focused many financial institutions on the critical processes that securities trading, clearing and settlement organisations perform. As the co-chairperson of the China Securities Market Practice

Mr. Yang Wen of Citi analysed the development history and latest trends of QFII and QDII and shared his observations about the challenges that QFII and QDII have been facing. He also discussed shifts in the monitoring focus of the regulators and changes of application requirements for QFII business.



▲ Yang Wen, Vice President and Head of Intermediary Services for Securities and Fund Services, Citi China





## **Giving back to the community**

SWIFT is proud to support The Spring Bud Project. Launched in 1989 by the China Children and Teenagers' Fund (CCTF), The Spring Bud Project aims to assist girls in poverty stricken regions without access to education, and to help them get back to school.

According to an independent agency survey, during the past 18 years the Spring Bud Program has successfully helped sponsor the education and practical skills training of more than 1.7 million girls in China.

More information at the Events page on [www.swift.com](http://www.swift.com)

To join the community debate, please visit [www.swiftcommunity.net](http://www.swiftcommunity.net)

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