



SWIFT business forums 2008

Hong Kong report

June 2008

Hong Kong contacts

Neil Stevens
Head of North Asia, SWIFT
neil.stevens@swift.com

Debbie Lee
Regional Manager, Hong Kong and
Macau, SWIFT
debbie.lee@swift.com

Fast facts

Hong Kong

8-9 April

Delegates:

Day 1: 230

Day 2: 197

SWIFT partners:

- AT&T
- Automated Systems
- CityNetworks
- ERI
- INCENTAGE
- Power Payments Technologies
- SIDE International

Traffic:

- 622,781,628 messages (YTD 2008)
- Average daily traffic: 15,006,786
- 22.20% growth YTD

Live customers: 8,385

Market forces and regulatory dimensions driving harmonisation strengthening Hong Kong's international financial role

As Asia Pacific's economies and financial markets shift gravity from West to East, will the market diversity in the region constrain growth potential? Will Asia Pacific undergo harmonisation of market practices and consolidation of infrastructure on the scale seen in Europe and America? These questions were analysed and debated by twenty-six industry speakers at the SWIFT Business Forum on May 7 and 8 in Hong Kong which attracted some 330 delegates, more than double last year's number of delegates.

Addressing the forum theme of regional market harmonisation, speakers at the plenary session speakers noted that regulatory dimensions are adding to the momentum of market forces towards common standards and strengthened market links within Asia. These experts concurred that closer harmonisation in payments, clearing and settlement will support the volume of transactions needed to strengthen Hong Kong's competitive position as an international financial hub.

Advanced harmonisation provides unique opportunity for Hong Kong

Esmond Lee, Executive Director, Financial Infrastructure, Hong Kong Monetary Authority commented on the status of harmonisation. "Multicurrency settlement of payments in Asian time will enable new financial products and services, attract regional investors and attract the increasing number of mainland Chinese players."

Philippe Dirckx, General Manager and Regional Head from Euroclear Bank Hong Kong Branch drew on his observations of European markets. "Through efficient management of larger transactions volumes, harmonisation and consolidation can reduce costs, operations and risks in cross-border transactions

Linda McLaughlin-Moore, Managing Director, Regional Product & Delivery Head, JPMorgan, captured the spirit of the Business Forum by focusing on the importance of collaboration. "The faster we can collaborate – engaging both regulators and customers – and complete transactions, the faster we in Hong Kong can take advantage of Asia's historic market opportunities."





Esmond Lee, Executive Director, Financial Infrastructure, Hong Kong Monetary Authority addressing the Forum

David Gilmour, Global Product Head, Securities Services Operations, Standard Chartered Bank, highlighted the importance of the global regulatory environment on continued market harmonisation. "Economic growth and funds sector expansion reinforced by reforms are driving positive changes in the investment landscape and its supporting infrastructure."

Hong Kong prospects positive

During the closing plenary discussion, in response to a question raised by Ian Johnston of SWIFT, the panelists were unanimously positive in their assessment of Hong Kong's prospects in the face of the recent financial instability in world markets. Among the factors cited were continued economic growth in the region, along with a parallel expansion in intra-regional trade and continued diversification of investment options such as REITs, CDs, hedge funds and unit trusts.

Another query by Ian Johnston about how to keep ahead of the curve on newly introduced assets generated lively discussion. "Governance is important, as cooperating with regulators ensures that investors are educated about the new offering," according to David Gilmour. Philippe Dirckx echoes regulatory concerns adding that "straight-through processing is critical – therefore the back office will need to be updated." Dean Chisolm, Director, INVESCO Asia adds; "There is a need to set up an industrial process to handle sensible volumes"

A request for a customer wish list from SWIFT elicited a variety of replies. Dean Chisolm called for SWIFT to be "more agile and supportive to the needs of the community." David Gilmour of Standard Chartered went further. "SWIFT should implement a more open-ended architecture and the flexibility to support new products and enable smaller players to enter the market." Linda McLaughlin-Moore from JPMorgan called for bolstered services across the board mentioning some of the new SWIFT solutions. "Alliance Lite for the entry level, SWIFTNet Exceptions & Investigations, enhanced remittance services, SWIFTNet Trade Services Utility, and an e-invoicing message capability for easier payments all can enable new markets as well as attract corporates."

Enabling success now and tomorrow

A highlight of the second day plenary was the presentation "The Brave New World of XML for Standards" by Theodore Rothschild, Executive Director, Global Market Infrastructures, from JPMorgan. "Global harmonisation and requirements for stronger market infrastructure and regulatory requirements are driving global standards towards ISO 20022 XML to cover for inadequacies in ISO15022, such as funds automation, Exceptions & Investigations and to some extent Trade Service Utility."

The SWIFT Business Forum included four streams, payments, securities, business and technology, where SWIFT clients, including corporates, provided insights on SWIFT solution benefits to their overall operations.



At the Executive Plenary, Esmond Lee of Hong Kong Monetary Authority shared his viewpoint on "Growth and competitiveness of the financial sector in Asia Pacific"



The Solutions Zone



Panelists (from left to right): Ian Johnston (SWIFT), David Gilmour (Standard Chartered Bank), Philippe Direckx (Euroclear), Esmond Lee (Hong Kong Monetary Authority), Dean Chishom (INVESCO Asia), and Linda McLaughlin-Moore (JPMorgan)

Developments in the global payments, cash management and supply chain financing were covered in the payments stream. Highlights included opportunities in supply chain financing, responding to corporate needs and efficiency in payments clearing and settlement.

“Corporate, financial institutional and market harmonisation enables integration of logistics and financial services functions, providing banks with a new competitive weapon – financial supply chain management,” said Tom Ng, Executive Vice President, Commercial Banking, Hang Seng Bank.

Jamieson Bryan, Managing Director, Treasury Services Executive at JP Morgan Chase enthused about the prospects for an exceptions and investigations implementation. “Our SWIFTNet Exceptions and Investigations solution will initially address four types of inquiry that drive 76 percent of interbank investigations and will increase our fully automated enquiries from five percent to 60 percent. Greater profitability through faster revenue ramp-up, and improved operating controls and efficiencies also reduces business risk and revenue runoff.”

From the corporate perspective, Wolfgang Rathheiser, Corporate Treasurer-Asia Pacific/Middle East for Johnson Controls commented, “What corporate treasurers are looking for are automated, efficient bank-independent solutions which securely simplify auditing and provide full control over access rights management to ease compliance.”

The securities stream encompassed trends in the securities and wealth management industry with focal points of the discussion featuring standards adoption across Asia Pacific and funds distribution with a view to improve capabilities.

Philippe Bonval, Head of TA Implementation Asia Pacific/Europe, IFS at HSBC commented about the benefits of ISO 20022, “We hope to streamline our transfer agency service through ISO 20022 via fully automated processes and work flow engines to grow our funds management business.”

The SWIFT community also enthusiastically welcomed briefings on SWIFT solutions such as SWIFTNet Exceptions & Investigations, Relationship Management Application – SWIFTNet Phase 2, as well as enhancements to SWIFTNet Trade Services Utility.



CitiNetworks and forum participants discussing the SWIFT offerings at the Solutions Zone

Asia forum 2008 Kong



Theodore Rothschild, Executive Director, Global Market Infrastructures, JPMorgan New York talked about "The brave new world of XML for Standards"

Upcoming SWIFT business forums in the region

- Tokyo – 3-4 July 2008
- Seoul – 16-17 July 2008
- Mumbai – 18-19 November 2008

More information at www.swift.com/conferences

SWIFT links

- [SWIFT Solutions](#)
- [SWIFT Partners](#)
- [Sibos 2008](#)

Produced by Upstream Asia under SWIFT's editorial management

Copyright © S.W.I.F.T. SCRL ("SWIFT") 2008 All rights reserved. Reproduction is however authorised with acknowledgement of the source, reference and date of publication, and all notices set out here. This publication is supplied for information purposes only, and shall not be binding nor shall it be construed as constituting any obligation, representation or warranty on the part of SWIFT. SWIFT, S.W.I.F.T., the SWIFT logo, Sibos, SWIFTNet, SWIFTAlliance, SWIFTStandards, SWIFTReady and Accord are trademarks of S.W.I.F.T. SCRL. Other SWIFT-derived product and service names, such as but not limited to SWIFTSolutions and SWIFTSupport, are tradenames of S.W.I.F.T. SCRL. SWIFT is the trading name of S.W.I.F.T. SCRL.