



# Sibos webinar

*Co-presented by SWIFT &  
TowerGroup*

19 March 2010

# Today's agenda



- **Introduction**
  - Panos Tzivanidis, Head of Sibos and Events, SWIFT
- **Where we were: Summary of Sibos 2009 report**
  - Andy Schmidt, Senior Research Director – Global Payments, TowerGroup
  - Gareth Lodge, Senior Research Director – European Banking & Payments, TowerGroup
- **Where we are: Top 10 trends in financial services**
  - Jim Eckenrode, Banking Research Executive, TowerGroup
- **Where we're going: Overview of Sibos 2010's big themes**
  - Rosie Halfhead, Head of Stakeholder Relations, SWIFT
- **Sibos 2010: an update**
  - Panos Tzivanidis, Head of Sibos and Events, SWIFT
- **Q&A**

Sibos is coming to Amsterdam:  
25 to 29 October 2010



Sibos continues to deliver unique value



# 96% of Sibos 2009 participants recommend that you attend Sibos 2010



“Sibos is always worth attending.”

“It’s the best conference in the world. Unique.”




“It is THE event for our industry.”

“Still unique in its ability to attract a large senior audience.”

# Sibos 2009: Key Metrics

<b>Geographical Diversity</b>	<ul style="list-style-type: none"> <li>▪ 5,782 attendees</li> <li>▪ 45% EMEA, 42% Asia-Pacific, 13% the Americas</li> </ul>
<b>Attendee Profile</b>	<ul style="list-style-type: none"> <li>▪ 24% Directors, Vice Presidents, and Managing Directors; 29% were Vice Presidents or Account Managers; 15% were Department Heads</li> <li>▪ 173 journalists (117 from Asia)</li> </ul>
<b>Market Segments Represented</b>	<ul style="list-style-type: none"> <li>▪ 33% Payments, 21% Cash Management, 16% Securities, 16% (Trade Services, 5% Other</li> </ul>
<b>Sessions</b>	<ul style="list-style-type: none"> <li>▪ 155 speakers participating in over 100 sessions</li> <li>▪ Big Issues Debates</li> <li>▪ Industry-specific discussions covering Banking, Payments, Trade, Corporates, and Securities</li> <li>▪ Sessions on innovation and standards</li> </ul>
<b>Exhibitors</b>	<ul style="list-style-type: none"> <li>▪ 176 exhibiting firms</li> </ul>

Source: SWIFT, TowerGroup



Sibos has earned the status  
of ‘unmissable event’



*One week*



*One place*



*One Sibos*

“You learn more, meet more people and do more  
business in five days than many do in a year.”



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# The Five Major Themes at Sibos 2009

Theme	Critical Questions Addressed
<b>1. Innovation</b>	<ul style="list-style-type: none"> <li>▪ “There is now a trend towards greater innovation in financial products and instruments, but there is still lots of room for development.” – <i>Ping Lian, Bank of Communications</i></li> <li>▪ “For supply chain, innovation is going to be the key.” – <i>John Ahearn, Citi</i></li> <li>▪ “We have to work together on new efficient solutions, otherwise we will not be competitive. Pricing in transaction banking is not going up.” – <i>Werner Steinmuller, Deutsche Bank</i></li> </ul>
<b>2. Globalization</b>	<ul style="list-style-type: none"> <li>▪ “The crisis showed that none of us can 'de-couple' from the global economy. Prospects for Asia are good.” – <i>John Ahearn, Citi</i></li> <li>▪ “With their large balance sheets, Chinese banks pose a threat to us if they move out of their markets.” – <i>Andrew Long, HSBC</i></li> <li>▪ There is a lot that the West can learn from the East, and maybe it’s time that the western egos were put aside to allow us to learn some of the lessons from the East.” – <i>Leigh Daniel, Strate</i></li> <li>▪ “China will embrace financial innovation to drive consumer spending to the levels needed to maintain its recent period of outstanding economic growth.” – <i>Huiman Yi, ICBC</i></li> </ul>

Source: TowerGroup

# The Five Major Themes at Sibos 2009

Theme	Critical Questions Addressed
<b>3. Financial Services Responsibilities</b>	<ul style="list-style-type: none"> <li>▪ “We owe it to our customers to rebuild trust.” – <i>Kah Chye Tan, Standard Chartered</i></li> <li>▪ “Lack of transparency has been known as the cause of the current crisis.” – <i>Atsushi Saito, Tokyo Stock Exchange</i></li> </ul>
<b>4. Collaboration/ Coopetition</b>	<ul style="list-style-type: none"> <li>▪ “Competitors...sharing infrastructure for the sake of customers, this is the balance we have to think about.” – <i>Rodrigo Caramenz, HSBC Brazil</i></li> <li>▪ “What was said about co-operation between banks was the most important fact that I will bring home and think about. Fantastic!” – <i>Anna-Maria Dandenell Gibelio, HCDC-B Handelsbanken</i></li> </ul>
<b>5. The Future of Financial Services</b>	<ul style="list-style-type: none"> <li>▪ “Despite rebounding stock markets and unprecedented levels of government intervention, the world’s financial and economic infrastructures remain under a cloud of uncertainty.” – <i>Martin Wolf, Financial Times</i></li> <li>▪ “The real question for us is: can we get back to the profits of the past, or are we moving towards a new normal?” – <i>Shanker Ramamurthy, global managing partner, banking &amp; financial markets, IBM</i></li> </ul>

Source: TowerGroup

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# Top 10 of the Top 10 for 2010

## Business Drivers

1. Continued economic instability	2. Increased government and central bank influence	3. Evolving market structures and value chains	4. Heightened stakeholder dissatisfaction with business as usual	5. Dynamic innovation in fraud
6. Narrowing margins and regulatory limits on revenue	7. Accelerating improvements in technology scale and capability	8. Rebalancing of global economic power and influence	9. Lowered barriers to entry for new competitors	10. Inefficient technology and business processes

## Strategic Responses

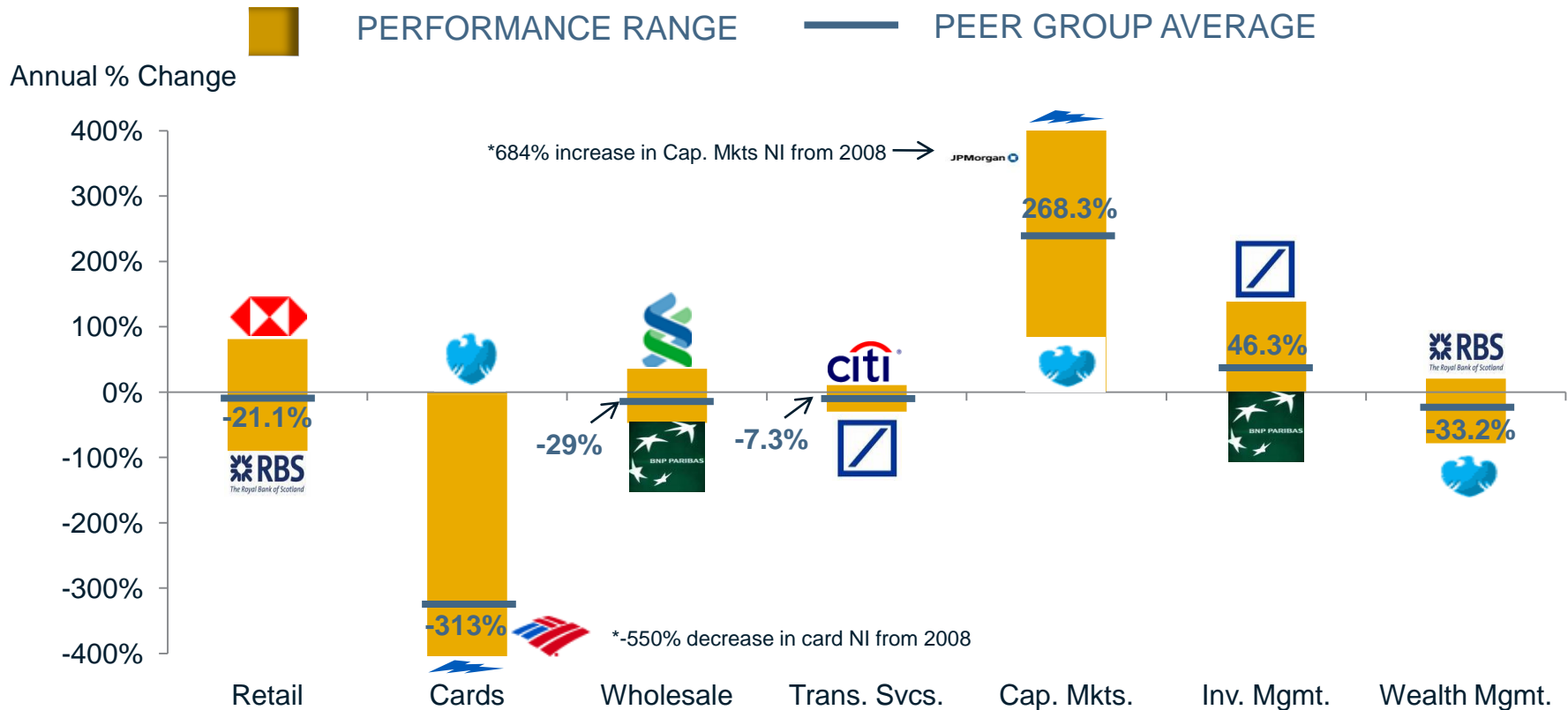
Manage risk for competitive advantage	Focus on prioritization of capital investments	Redefine the business model	Manage exploding volumes through data management strategies	Focus on client priorities and preferences
Align product to regulatory, market and technology pressures	Realign the business through acquisition or divestiture	Manage transformation of technology as a strategic differentiator	Expand business opportunities in new markets	Reevaluate channel capabilities to influence client choice

## Technology Initiatives

Governance, risk, and compliance architecture	Data management	Improved view of customer relationship and value	Process automation tools to improve operational excellence	Replace / upgrade legacy technologies
Channel enrichment and integration	Shifting technology to a variable cost model	Business intelligence	Focused experimentation with emerging technologies	Planning, bundling and pricing of the product/service spectrum

# 2009 was not really any better than 2008

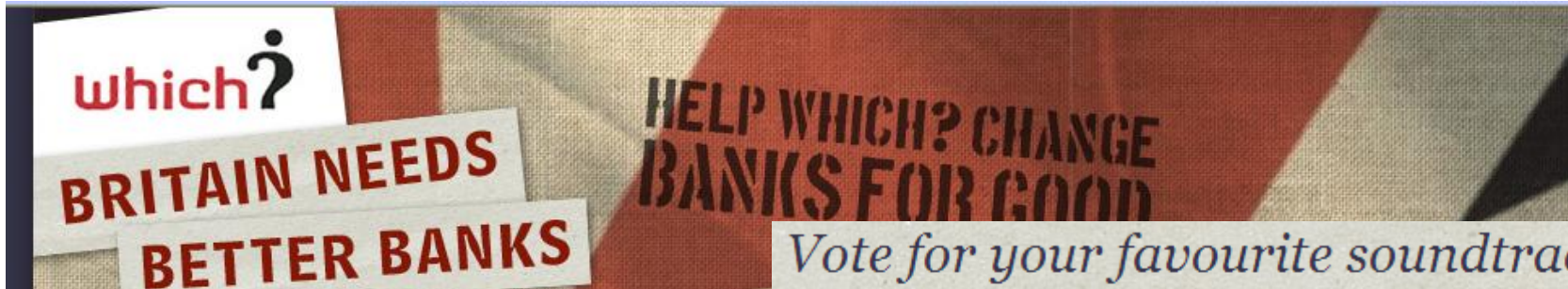
Line-of-Business Net Income Change by Selected Global Banks 2009 Vs. 2008



Source: Company Annual Reports, TowerGroup

Note: Peer group banks are Barclays, BBVA, BNP Paribas, Bank of America, Citigroup, HSBC, JPMorgan Chase, Royal Bank of Scotland, Standard Chartered, and Deutsche Bank.

# And. . . what are we supposed to do about this?



## *Enough is enough*

The banks have been getting away with it for too long - giving customers a bad deal, and making money from dodgy products.

Of course, in the last year it's all gone wrong. Over £120 billion of taxpayer money has gone into the banking system to keep it afloat. They messed up, and we had to bail them out, but not much has improved.

A general election is coming up early next year - now is the perfect time to make it clear that whoever wants to be elected must listen: get tough on the banks and change banking to help ordinary people.

We just want banks to give us a fair deal, and there's never been a better opportunity to do that.

## *Vote for your favourite soundtrack to the banking crisis*

I'M PAYING TAXES, WHAT AM I BUYING - FRED WESLEY AND THE J.B.'S

VOTE X

SMOOTH CRIMINAL - MICHAEL JACKSON

VOTE X

THAT DON'T IMPRESS ME MUCH - SHANIA TWAIN

VOTE X

I HATE YOU SO MUCH RIGHT NOW! - KELIS

VOTE X

GOLD DIGGER - KANYE WEST

VOTE X

TAKE THE MONEY AND RUN - STEVE MILLER BAND

VOTE X

SORRY SEEMS TO BE THE HARDEST WORD - ELTON JOHN

VOTE X

MONEY FOR NOTHING - DIRE STRAITS

VOTE X

THE WINNER TAKES IT ALL - ABBA

VOTE X

BIG SPENDER - SHIRLEY BASSEY

VOTE X

# The nine most terrifying words in the English language are: “I’m from the government and I’m here to help.”



“The role of the bank is not to speculate.”

*Nicolas Sarkozy, 27 Jan 2010*

“Where reckless behavior and a lack of responsibility led to crisis, we will not allow a return to banking as usual.”

*G-20 Statement, 24 Sept 2009*

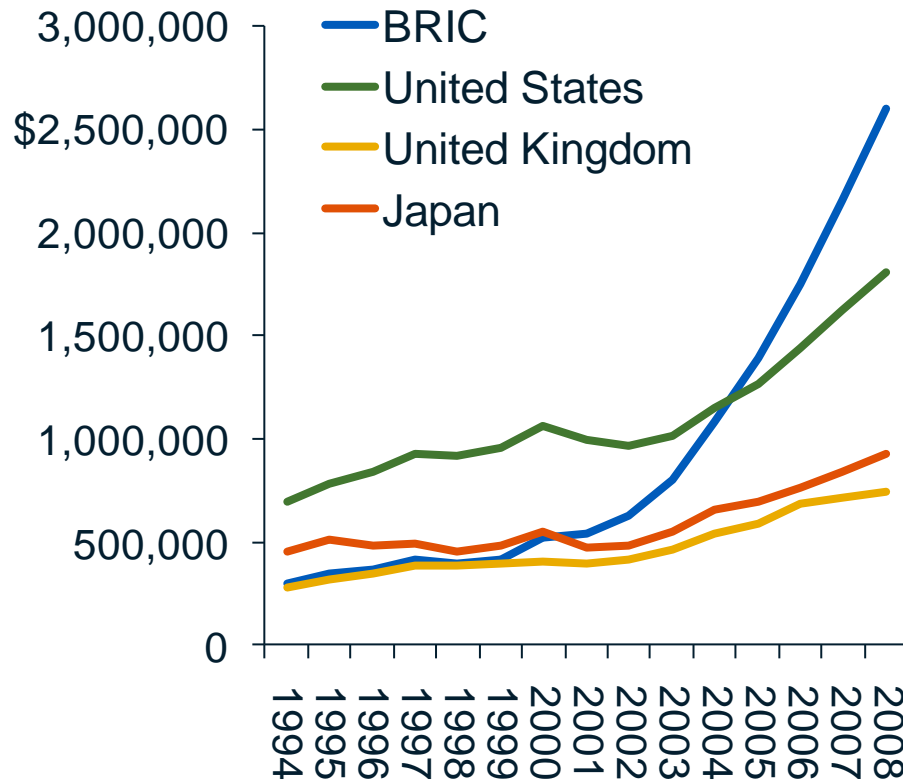
You have not come anywhere near close enough to responding with necessary vigor or structural changes to the crisis that we have had.”

*Paul Volcker, 14 December 2009*

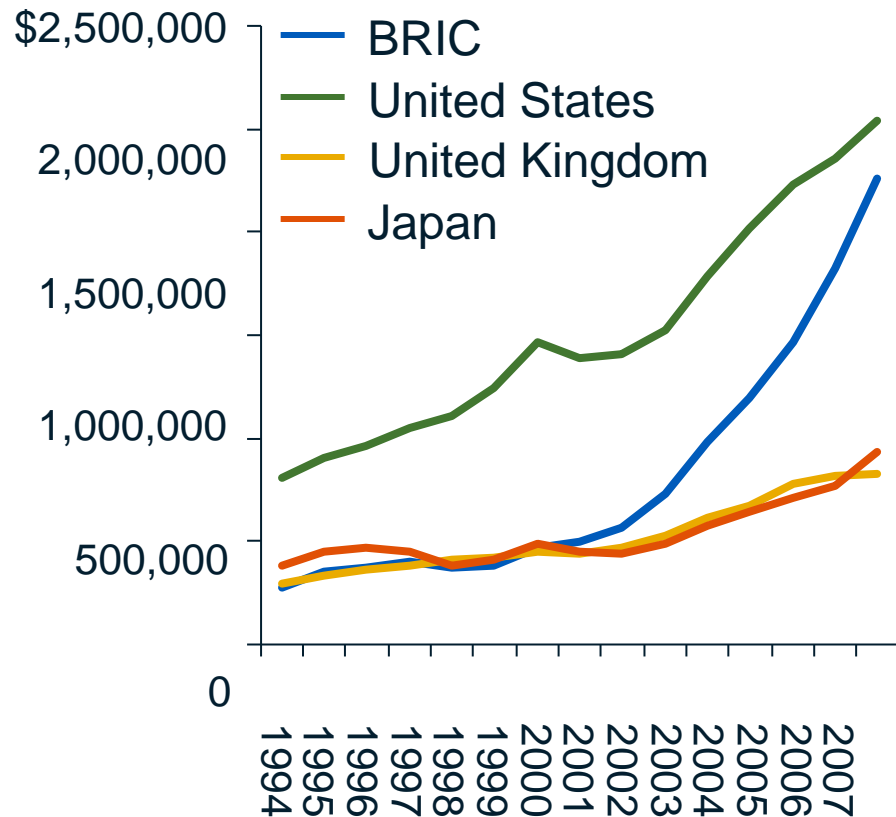


# Multipolarity arrives in global trade (1994–2007)

Export Volumes (USD in Millions)



Import Volumes (USD in Millions)




Source: World Trade Organization, TowerGroup analysis

# Leading banks have strategically combined their wholesale transaction services



## J.P. Morgan Treasury Services Unveils Global Expansion and Investment Plan

 print  e-mail

### More Than \$1 Billion Being Invested Globally

Vienna, 16 September 2008 - J.P. Morgan's Treasury Services business, a full-service provider of cash management, trade finance and treasury solutions, today unveiled plans to expand and enhance its global service capabilities. With an investment of more than \$1 billion, J.P. Morgan is enhancing its cash management and treasury liquidity capabilities, expanding its global footprint and reinvesting in its technology solutions. This investment will further make it easier for J.P. Morgan clients to move, concentrate, invest and manage their cash around the world.




**RBS** RBS.com | RBS Graduates  
The Royal Bank of Scotland

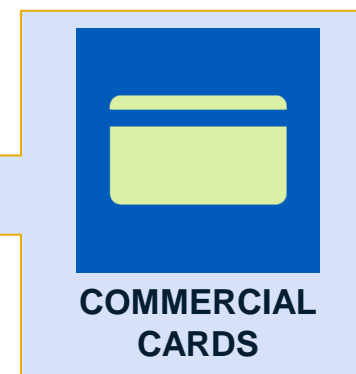
Home About us Programmes Roles Locations People Why join us Event

Key facts | Our business areas | Our culture and values | Diversity | Corporate Social Responsibility | Our

You are here: Home / About us / Our business areas / Global Transaction Services

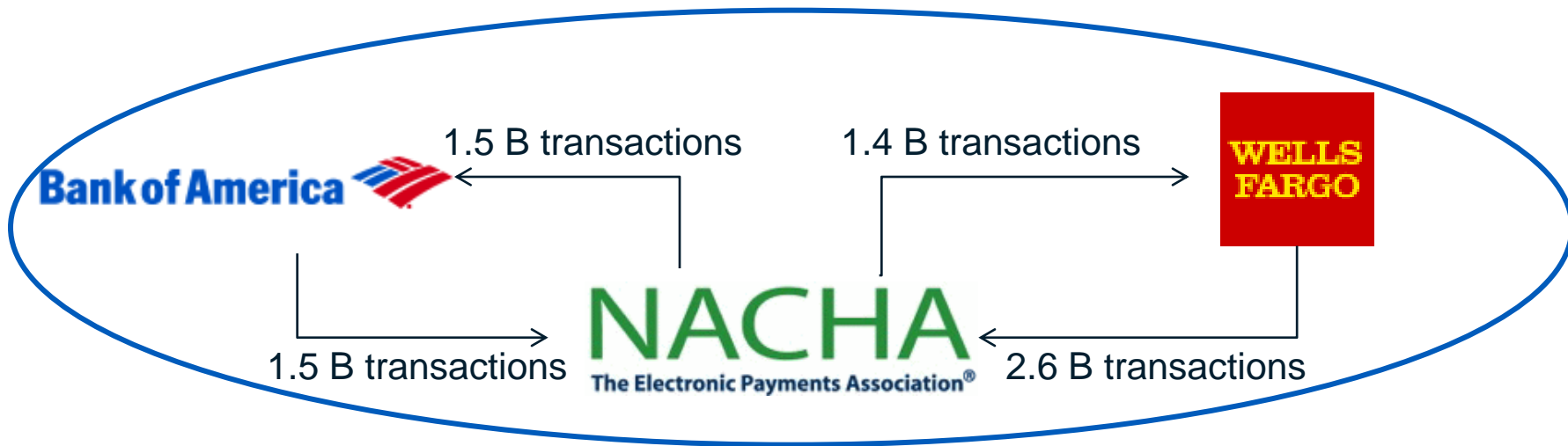
### Global Transaction Services

Global Transaction Services (GTS) is a new business within RBS's Global Markets division, and comprises cash and liquidity management, trade and supply chain, global merchant services and commercial cards services for our corporate, financial institutions and public sector clients. It's one of the world's top five payments businesses, specialising in providing the essential plumbing and wiring of the financial system.



# Shared infrastructure: collaboration and “coopetition”

## Collaboration



## Coopetition



# Revenue pressures will force technology modernization in transaction processing

## Payments

- Least-cost routing
- Multiple processing options
- Severely truncated processing windows
- Compressed margins

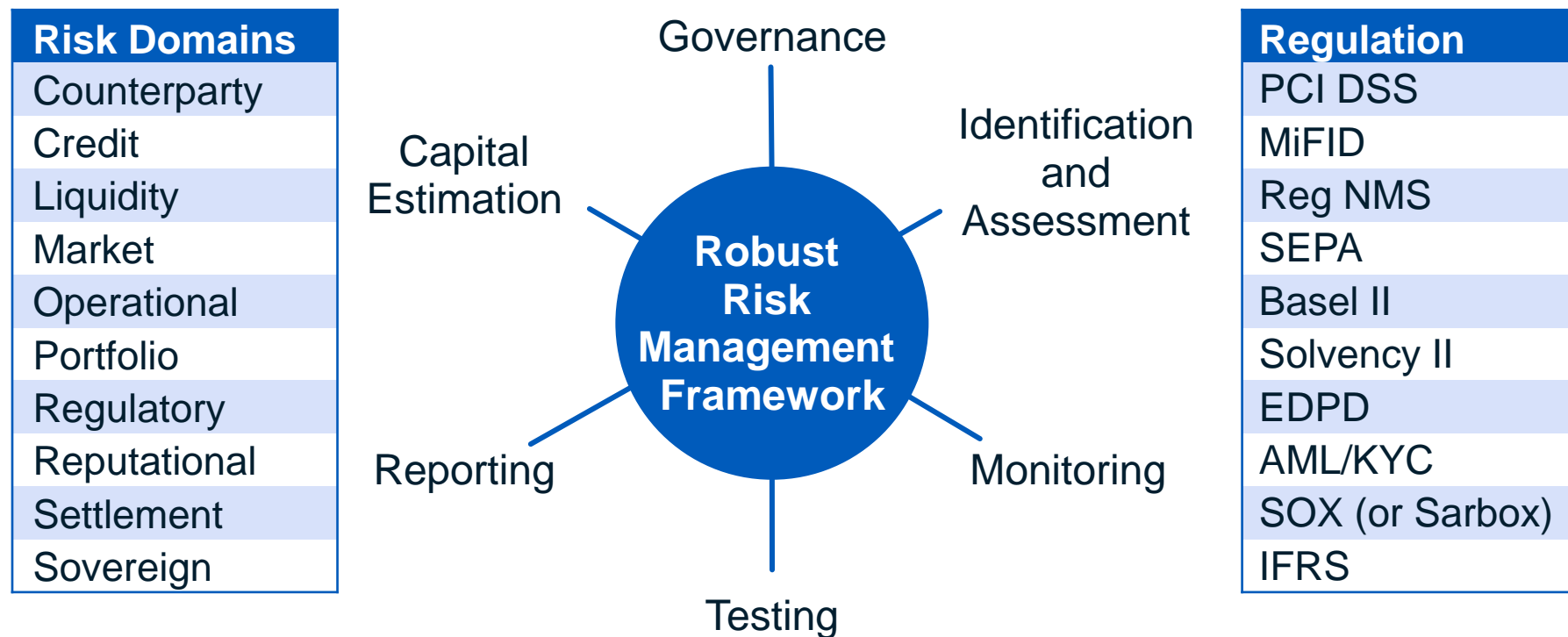
## Needed Investments

- SOA and improved cross-product orchestration
- Intelligent transaction analysis
- Standard interfaces to multiple systems
- Need to find value-add in transactions

## Trading

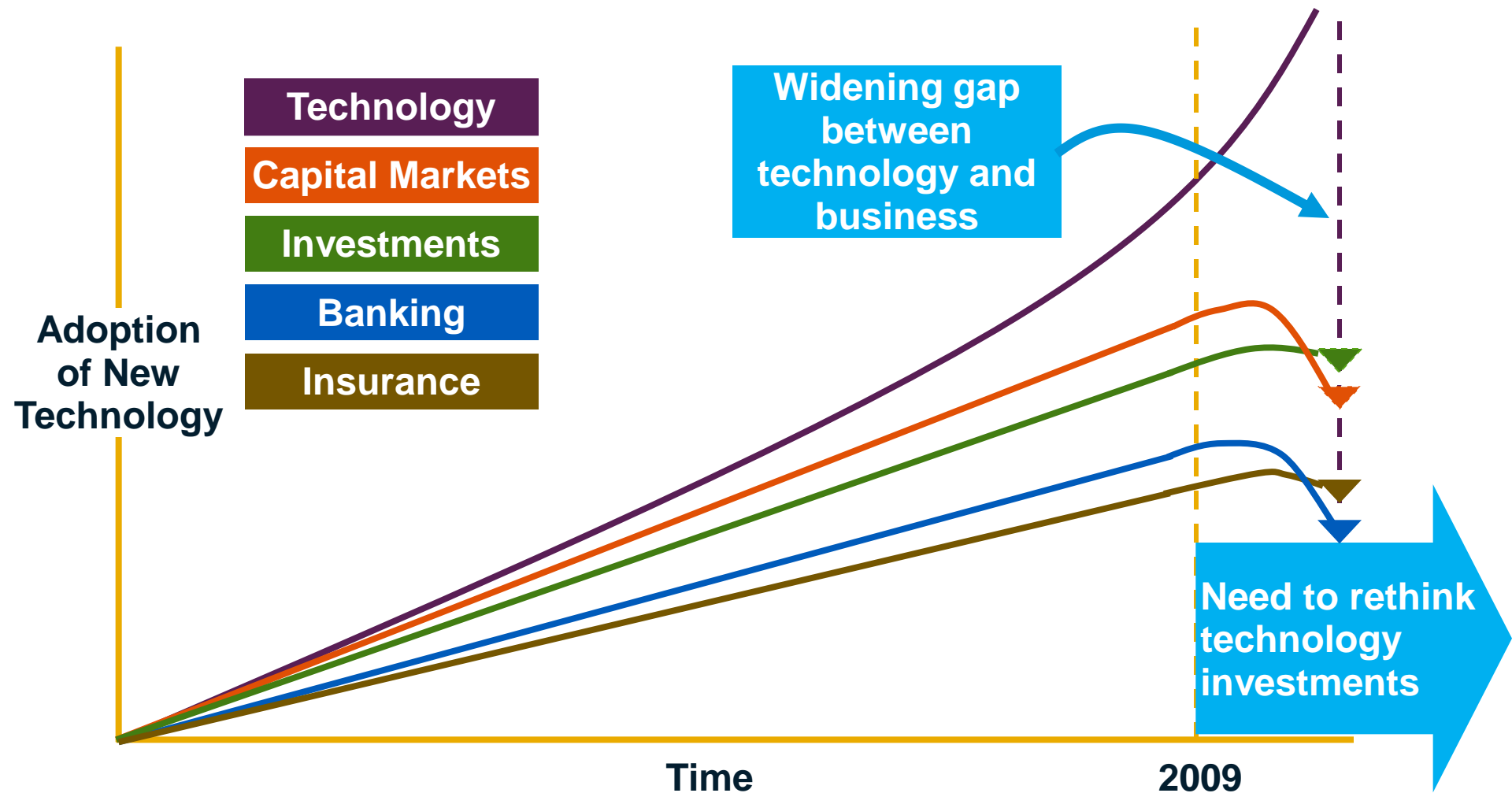
- Smart order routing
- Cross-asset trading platforms
- Minimal latency connectivity
- Lower fees for simple transactions

# Managing risk while balancing regulatory compliance results in growing complexity

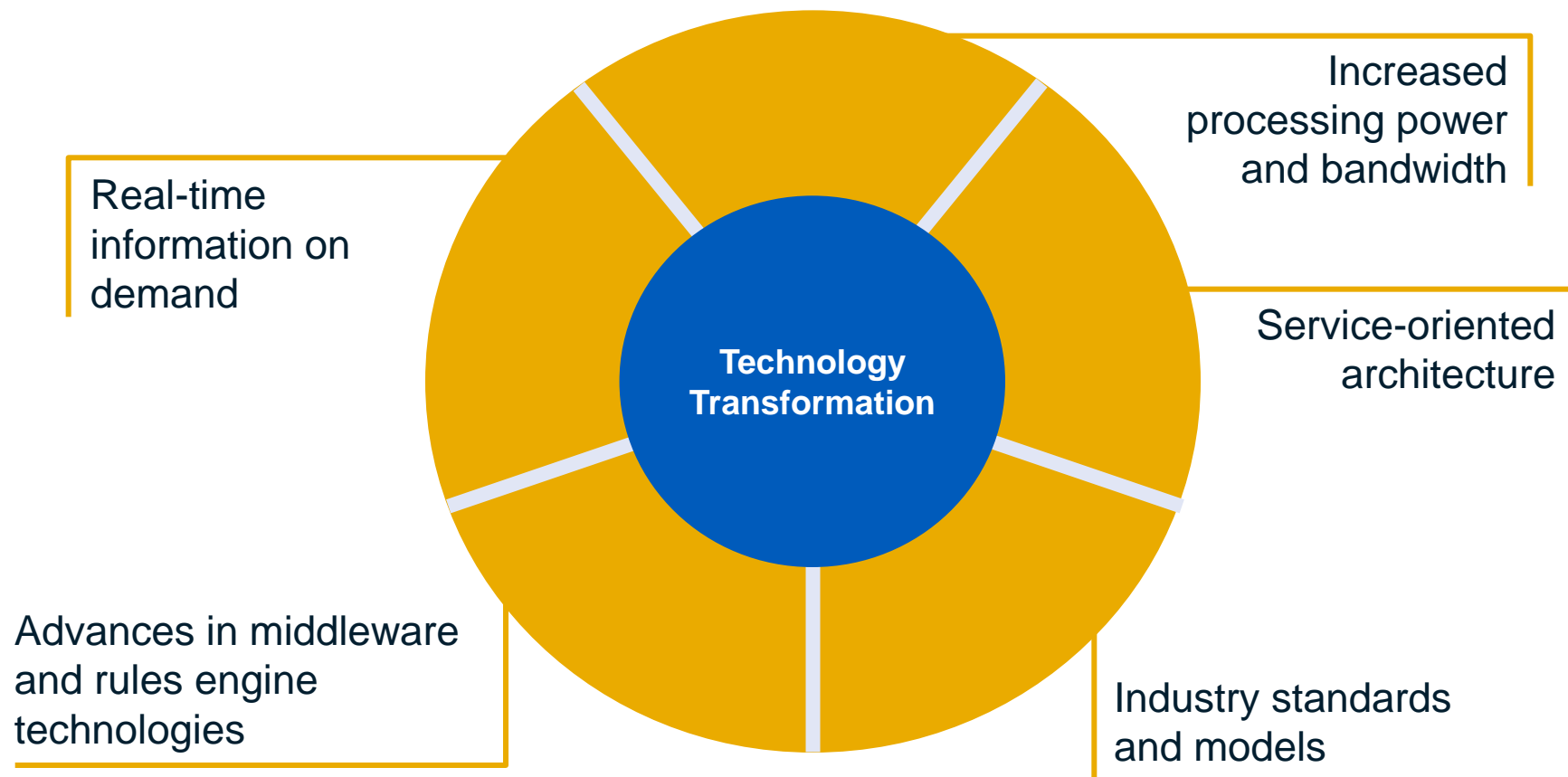


Source: TowerGroup, State Street Bank

# There's a risk of falling further behind without fundamentally reexamining the role of technology

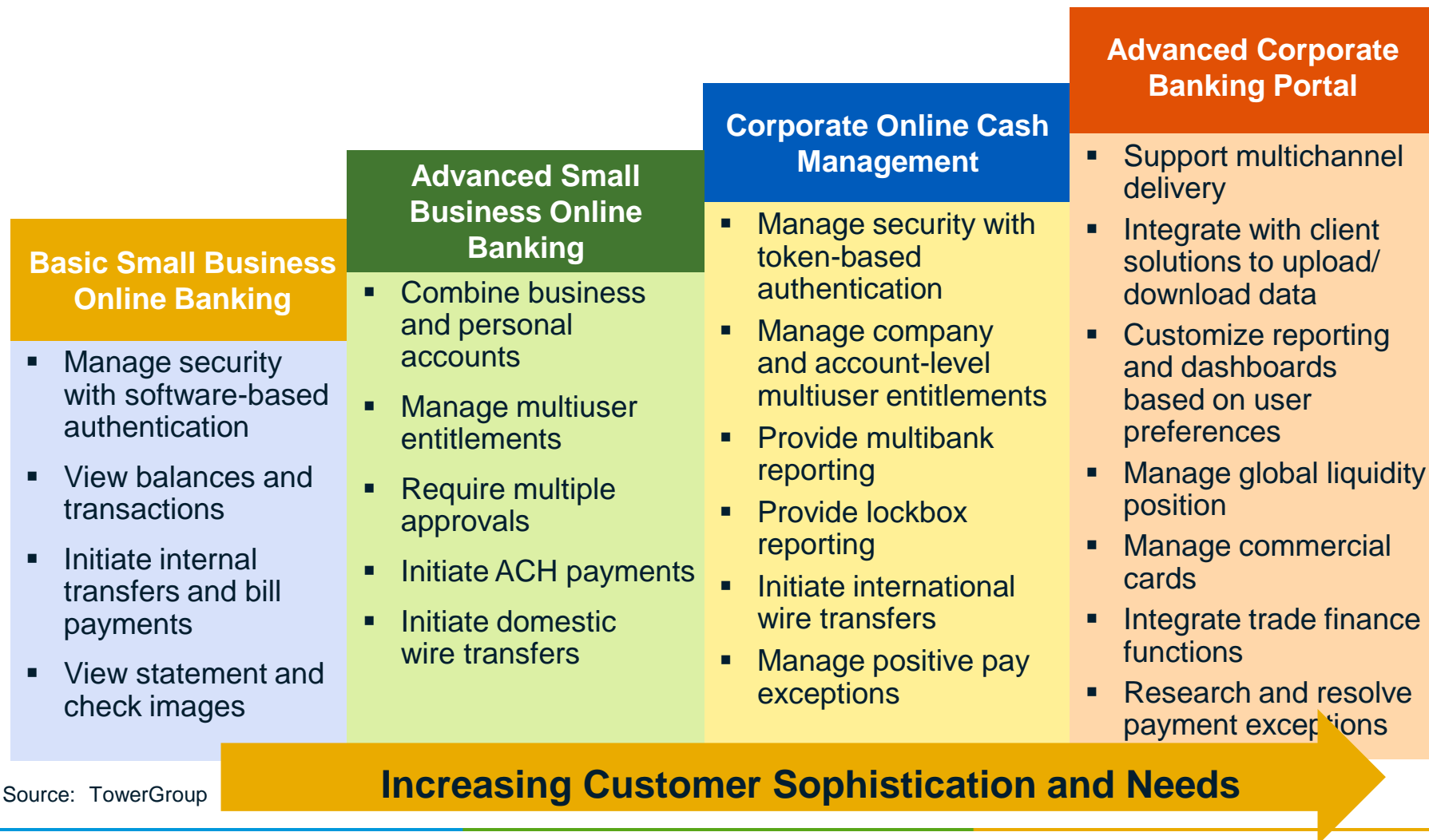


# The emergence of enabling technologies facilitates operational excellence



Source: TowerGroup

# Online cash management tools continue to adapt to client sophistication



Source: TowerGroup

# Risk will be a popular area for IT investment in 2010

## Where will CIOs spend their risk dollars?

### Data Management

- Accurate and timely data for securities valuation (derivatives, illiquid instruments)
- Upgrade data management infrastructure

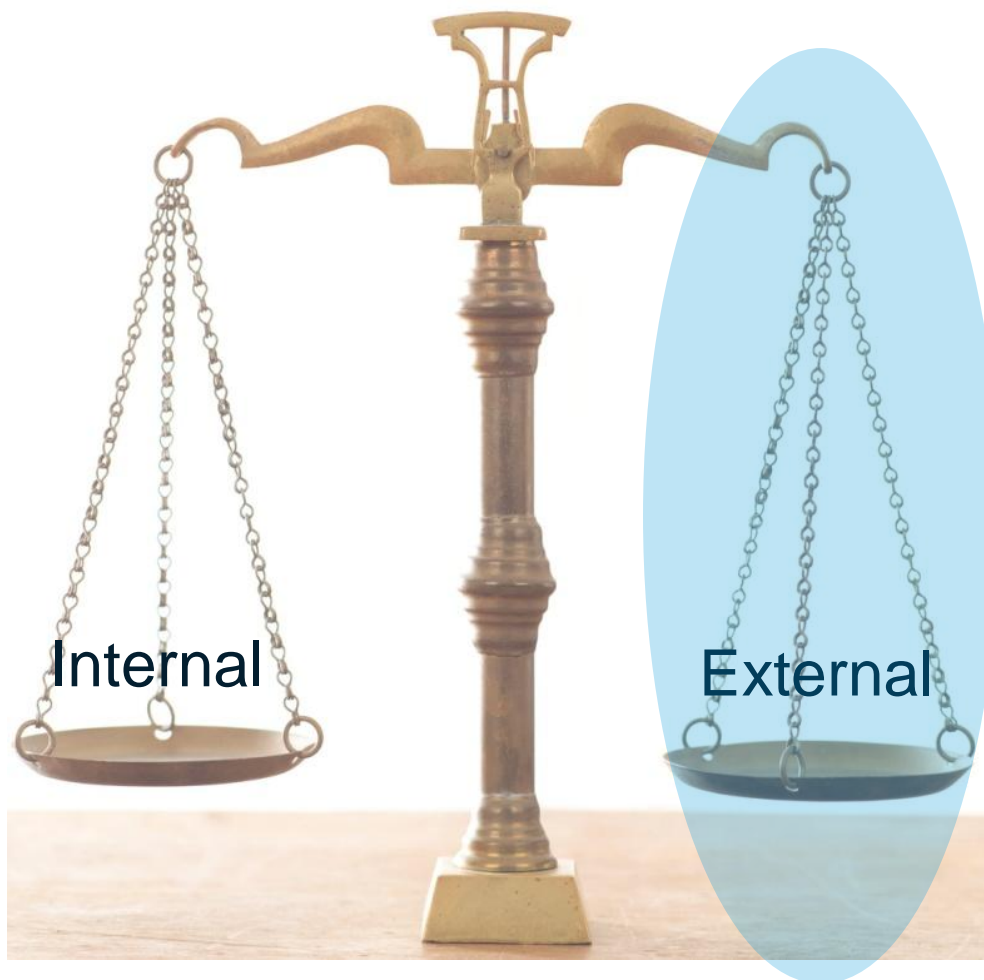
### Apps/Infrastructure

- New risk applications
- Data warehouse
- Improve risk models (greater robustness)
- Alternate approaches: scenario analysis, etc.
- Infrastructure for enterprise-wide risk management

### Organizational

- Hire risk personnel
- Raise profile of risk function: incentives, reporting structure
- Greater training and reporting

# Regulatory actions will drive a shift to hosted software



## Why?

- Variable cost model
- Technology advances
  - continuous enhancements
  - common user interface
  - flexible administration
  - security
  - privacy
  - business continuity

# Concluding thoughts

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- The combined pressures of regulatory aggressiveness, client disloyalty and continuous technology advancements will force hard decisions and new business models
- Mastery of data will emerge as a defining skill for differentiation
- Mastery of technology will allow winners to separate from the pack
- Mastery of the advisor-based client experience will represent the key factor influencing choice

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Building a stimulating, involving conference



# The big themes of Sibos 2010 are regulation, rebuilding trust, and recovery



- **Regulation**

- The industry’s collective response to regulation following the crisis
- The operational impact of financial reform
- Whether we should – and if so, how to - engage with regulators earlier

- **Rebuilding trust**

- The inevitable conflict between reducing risk and reducing costs
- Changing the measure of success beyond profits and share price
- Pragmatic CSR initiatives in the financial industry

- **Recovery**

- Can we “innovate our way out of this” using technology?
- The uncertainty that prevails in the marketplace: Where to compete? Where to collaborate?
- The “long now of finance”: How thinking changes with a 10,000 year timeframe

# Sibos is the world's premier financial services event for payments, trade, banking, and securities

- **Plenaries**

- Tackle the big issues
- One per day: When Sibos comes together as a whole

- **In conversation with**

- Intimate, one-on-one interviews with our industry's most senior leaders

- **Main conference sessions**

- Organised by streams (area of interest) so easy to navigate
- Variety of formats depending on topic

- **Interactive workshops**

- Drill down on specific business problems discussed during main conference sessions
- Aim: to conclude with new ideas and tangible follow-ups

- **SWIFT @Sibos**

- Updates from SWIFT
- From the strategic to the tactical

- **Brought to you by the community**

- Special interest
- Fringe sessions of interest to a niche



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A dynamic, business-focused exhibition



# Exhibition highlights



- 95% sold
- Over 168 exhibiting companies confirmed, including the biggest exhibitors:
  - BNP Paribas, Citi, Clearstream, Deutsche Bank, Euroclear, HSBC, IBM, J.P. Morgan, Microsoft, Misys, Oracle, Smartstream, SunGard, and UBS
- Open theatres
- Three Sibos lounges as main networking spaces

An aerial, high-angle photograph of a large, dense crowd of people gathered in a public square or plaza. The ground is paved with cobblestones, and the people are dressed in winter clothing, suggesting a cold climate. The crowd is diverse in age and appearance, and many individuals are engaged in small groups or conversations. The overall scene conveys a sense of a busy, social public space.

# A wealth of effective networking opportunities

# Networking highlights



- **Monday**
  - Welcome cocktail in the conference centre
  - Speakers' dinner (by invitation only)
- **Thursday**
  - Sibos closing event in the conference centre
- **Securities reception**
  - Time and place to be confirmed
- And many, many more events organised both by SWIFT and by the community. All will be promoted on our website.

# Preparations are well underway

## Highlights

*Delegate  
registration  
opened  
15 March  
2010*

*Pricing:  
EUR 2,800  
for week-  
long  
participant  
pass*

*95% of the  
exhibition  
space already  
sold  
(168  
companies)*

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# Q&A





Thank you for your time.  
Get the very latest  
information from  
[www.Sibos2010.com](http://www.Sibos2010.com)

