The panel, moderated by R. Vivekanand, Head of TCS Financial Solutions and Global Head of Quartz, featured:

- Adrian C. Bürgi, Managing Partner, Lloyd’s & Partners AG
- Lucas Landolt, Director Operations, Lloyd’s & Partners AG
- Shiv Kumar Bhasin, Chief Technology and Operations Officer, National Stock Exchange of India

Discussion topics included cryptocurrencies, crypto trading, the role of traditional banks in decentralized finance, asset-backed coins and stable coins, tokenization, regulatory initiatives, and specific initiatives in India, Switzerland, Australia, and elsewhere around the world. The panelists also explored the specific uses of Quartz for banks and investment firms.

Investors in most countries are, in general, showing interest in holding crypto assets as part of their portfolio. These assets provide many benefits including portfolio diversification, lower transaction costs, flexibility, and better accessibility 24x7. Crypto assets will therefore become one more asset class along with traditional asset classes such as equities and debt instruments.

Tokenization of assets will require multiple aspects coming together: operations expertise, legal support, regulatory approval – and a robust IT platform to manage the entire life cycle of tokenized assets.

It is possible and necessary to bring together traditional/legacy and new age technologies. New technologies cannot thrive on islands. Quartz solutions are built on the principle of Coexistence, Integration and Interoperability.
Lucas Landolt, Director Operations, Lloyd’s & Partners AG

At the end of the day, the community decides which systems will prevail. At the moment, there are so many concepts, ideas and offers on the market. Technology is secondary. Primarily, it is about a larger group of people joining together to form a community and formulating needs together, which can then be satisfied with a solution.

We live in a world where all cash flows for the legal purchase of goods and services are monitored with AML. Traditionally, banks have always been responsible for the transport and safekeeping of assets in the system. Whether gold, paper money or virtual currencies, what’s the difference?

Asset-backed coins and stable coins will prevail in the future.

We believe that technology will make compliance easier in the future.

We see public as well as private organizations leveraging fintech, including blockchain, for their needs.

Blockchain is already being explored extensively in India by multiple organizations. We are seeing huge interest from customers across various business domains.

Digital currency – a “Central Bank Digital Rupee,” or CBDR – is being explored by policymakers in India, given the focus towards moving towards a digital economy, and the value that digital currency can offer in terms of enabling instantaneous settlements, reduced handling of paper and coins, and increased transparency. Many banks already offer crypto transactions for their customers via third-party providers. However, in order to enable full conversion and to be able to use the virtual assets as collateral for loans, etc., banks must have their Virtual Assets Service Provider (VASP) service approved by their local regulator. They must therefore demonstrate that they comply with all the rules of local banking legislation and have the appropriate facilities, regulations and instructions, people with the appropriate know-how and, above all, adequate risk management.

The future for digital assets will be black and white – legal for banks, and illegal for unregulated providers.
In the very near future, you will not need a bank, as we define it today from the customer’s perspective. No need for a building and a counter – it’s all in your pocket. But all jurisdictions, to maintain a well-functioning financial industry and to protect the public, do regulate and supervise activities relevant in this field. Only regulated and supervised entities are allowed to offer and provide such activities, and such entities are called banks. You may, in the future, not need much of what defines banks from a client perspective today, but it is a robust estimation that regulators will keep regulating banking activities and allow only “banks” to provide them.

The technology can handle unlimited numbers of cryptocurrencies. In theory, there could be one cryptocurrency per human being, per corporation, even per asset. There is an unlimited number of cryptocurrencies possible, each having a very specific and unique function or value, and these may live next to each other without competing and displacing each other. TCS already has IT systems to consolidate all these different cryptocurrencies and functions into one client user interface.

Banking IT systems are not designed to handle crypto or integrate blockchain solutions. Quartz is.

TCS is establishing Crypto- and Blockchain-ready IT systems in Swiss banks, and FINMA is currently approving such systems and processes, thus confirming compliance. This is a significant competitive advantage, differentiating TCS from all the other suppliers of IT solutions by proving that their solutions can function within a regulated environment.

Regulation has only three main tasks: to secure well-functioning financial markets, to protect the public, and to prevent money laundering and financing of terrorism. FINMA adopted what they refer to as a “technologically neutral” approach, clearly stating that it was not interested in the technologies used, as long as the bank could credibly demonstrate how it will comply.