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SUMMARY REPORT

6TH ANNUAL FT-TCS BANCS FINANCIAL LEADERS DINNER FORUM

Cloud computing: the next big frontier in the fintech revolution

28 September 2016

Hotel President Wilson, Geneva

An event from FINANCIAL TIMES **LIVE**

SUMMARY REPORT

By Michael Imeson

Nearly 200 senior executives from banks and other organisations operating in the payments and securities sectors attended the 6th annual Financial Leaders Dinner Forum organised by the Financial Times and TCS Financial Solutions in Geneva during Sibos week. The theme was cloud computing – why banks and other financial market participants have been relatively slow to adopt it despite it being available on a tried-and-tested commercial basis for some years, but why adoption is now taking off.

Chairman of the forum was Ade McCormack, a futurist, digital strategist, author and former FT columnist. “As digital moves centre stage, business and technology leaders need to spend less of their limited cognitive capacity on IT operations, and more on creating differentiated services that command a healthy margin,” he said.

“The cloud is an obvious solution to this. Yet cloud uptake in the financial services market has been relatively slow. This evening we will explore the relationship between the cloud and finance, along with how we might accelerate its uptake, whilst mitigating the risks.”

N Ganapathy Subramaniam, EVP Tata Consultancy Services, and Head, TCS Financial Solutions, welcomed guests. “We’re going to have a fantastic discussion on fintech and some of the technologies that are truly creating an intuitive experience for users.”

Value in the cloud – present and future financial technology

The first course of dinner was then served, after which the keynote presentation was given by Marcus Treacher, Global Head of Strategic Accounts at Ripple, the blockchain-based international payments provider. He is also an Independent Director at CHAPS Co, the UK’s real-time gross settlement system. Mr Treacher said that while the cloud was not as widely used as might be expected in banking, it is well-established in some areas, such as in the international payments messaging network run by SWIFT, which is “arguably the largest cloud fintech network in the world”.

“SWIFT’s network functions in the private cloud, and bankers trust that cloud to move the equivalent of a third of the world’s GDP every day,” said Mr Treacher, who before taking on his current roles was a Global Board Member of SWIFT and the Global Head of Payments Innovation at HSBC.

New ideas in banking used to take a long time to bring to market, partly because of technological limitations. “Today, fintech developers can use cloud to bring an idea from concept, to production, to market really quickly and cost effectively,” he said. “Cloud is therefore very important to the fintech world because as well as creating a central repository for processing it helps innovators create ideas more quickly and bring them to market in a much greater volume than used to be the case.

“One of the ironies of cloud is that although bankers use SWIFT and are comfortable outsourcing work to a cloud provider, actually when it comes to their own processing they are very cautious about using cloud. Today, about 38% of tier 2 banks’ software processing is on cloud. When you get to the tier 1 banks that drops to a much smaller number.

“The vast majority of payments processing , the real mission-critical stuff, is held within the bank. So even though tier 1 and 2 banks are putting work onto the cloud, it tends to be limited to non-critical administrative functions. That’s one of the reasons why the fintech world is able to move more quickly than banks on innovation. The banking world is not as quick because it is holding back its technology within its premises and it is not allowing it to flourish in a cloud environment. But actually cloud is probably a much more secure medium for the banking world, even for critical processes, than holding information on site.”

Cloud computing: the next big frontier in the fintech revolution

Dinner was served, after which the panel discussion commenced, moderated by Ade McCormack. The central question was: Is cloud computing the next big thing in the fintech revolution. The panellists all agreed that it was.

Sopnendu Mohanty, Chief Fintech Officer, Monetary Authority of Singapore (MAS), explained how his department has brought nine banks together to create a taskforce to look at developing cloud computing. He further went on to state that MAS does not restrict financial institutions from adopting cloud services. Financial institutions and cloud service providers in the past might not have been entirely clear about MAS's position on this matter, and this has led to a more cautious approach when exploring and investing in cloud technology.

He then said that MAS has taken active steps to provide clarity. MAS considers cloud services as a form of outsourcing, and updated the Outsourcing Guidelines in July to provide guidance on managing cloud services and to clearly indicate that MAS is amenable to financial institutions using cloud services to fulfil their business and operational needs.

Saket Sharma, CIO Treasury Services Technology, Treasury Services, BNY Mellon, talked about his bank's experience. "When you look at digitisation and digital enterprises, cloud is the basic foundation," he said. "We started several years back creating a private cloud infrastructure and we have been very successful with it. As the technology matures we are exploring the possibility of public cloud. As we move from the private to the public cloud, a hybrid cloud strategy makes more logical sense for BNY Mellon."

N Ganapathy Subramaniam, EVP, Tata Consultancy Services, spoke about the importance of getting the service level agreement (SLA) right between the outsourced cloud provider and the bank. "There has to be a careful balancing act between the infrastructure provided, the system software and the payment terms," he said.

Ruth Wandhofer, Global Head of Regulatory and Market Strategy, Treasury & Trade Solutions, at Citi, and Chair of the Payment Security Support Group in the European Payments Council, said: "For Citi the private cloud is very important. We have been working for many years with the cloud after a decision was made across the organisation to leverage its economies of scale.

"The security aspects are very important. For us, cloud is an essential part of how we run our business, and I would echo what some of the others have said about the benefits of hybrid and public cloud – we will look at those options in the future, but not every regulator or client is ready for them."

AGENDA

18:00 Registration and cocktail reception

19:00 Opening remarks

Ade McCormack, Futurist, Digital Strategist, Author; former Columnist, *Financial Times*

19:05 Welcome by Tata Consultancy Services

19:10 Appetizer served

19:30 Keynote address: Value in the cloud – present and future financial technology

Marcus Treacher, Global Head of Strategic Accounts, *Ripple*; former Global Head of Payments Innovation, *HSBC*; former Global Board Member, *SWIFT*

20:00 Dinner served

20:40 Panel discussion: Cloud computing – the next big frontier in the fintech revolution

Banks, broker-dealers and other financial market players have been slow to put their IT on the internet, whether on a private cloud, public cloud or a hybrid of the two. However, the situation is gradually changing. More firms are now embracing the cloud, driven by several factors: competition from aggressive new entrants to the financial marketplace, a realisation that cloud is a safe and cost-effective way to go, customer demand and compelling propositions from cloud service providers. Cloud computing is the next big thing in the fintech revolution – or is it?

- A Cloud Security Alliance survey in 2015 showed that cloud adoption by banks is still low, with only 32% of those surveyed even having a cloud strategy at all, although another 61% claimed to be developing one. Why has adoption been so slow?
- Cloud protagonists say the benefits of moving IT from in-house to an outsourced public cloud provider include more efficiency, lower cost, better customer service and greater security – is that really true, or just a sophisticated marketing pitch?
- Cloud sceptics say the disadvantages of public cloud are loss of direct control, lower security and greater regulatory scrutiny – how justified are these concerns?
- Best practices in public cloud computing in banking and capital markets: how do you develop and implement a successful cloud strategy in an effective and timely fashion?

Sopnendu Mohanty, Chief Fintech Officer, *Monetary Authority of Singapore*

Saket Sharma, CIO Treasury Services Technology, Treasury Services, *BNY Mellon*

N Ganapathy Subramaniam, Executive Vice President, *Tata Consultancy Services*

Ruth Wandhöfer, Global Head of Regulatory and Market Strategy, Treasury & Trade

Solutions, *Citi*; and Chair, Payment Security Support Group, *European Payments Council*

MODERATOR

Ade McCormack, Futurist, Digital Strategist, Author; former Columnist, *Financial Times*

21:30 Closing remarks

21:40 Event ends

BIOGRAPHIES

CHAIRMAN AND MODERATOR

Ade McCormack

Futurist, Digital Strategist, Author

former Columnist, *Financial Times*



Ade McCormack is a futurist, digital strategist and author focused on helping both enterprises and individuals thrive in the digital age. He works with business and information leaders primarily in service-oriented organisations and has worked in almost 30 countries with the world largest brands. He is a former technologist and Financial Times opinion columnist, who has lectured at MIT Sloan School of Management on digital leadership. He continues to write for CIO magazine and is a judge on the CIO 100. He has written a number of books, including “*Beyond Nine to Five – Your career guide for the digital age*”.

KEYNOTE

Marcus Treacher

Global Head of Strategic Accounts, *Ripple*

former Global Head of Payments Innovation, *HSBC*

former Global Board Member, *SWIFT*



Marcus Treacher is Global Head of Strategic Accounts at Ripple. He has over 30 years of experience in transaction banking and payment technology, including 12 years in global leadership roles at HSBC. He served as a member of the Global Board of SWIFT from 2010 to 2016. Prior to joining Ripple in April 2016, he was HSBC's Global Head of Payments Innovation, applying emerging fintech to solve customer challenges in digital payments, trade and supply chain. Earlier in his career, he served as HSBC's Global Head of eCommerce for Transaction Banking, leading the establishment of new internet, mobile, and SWIFT services for corporate clients worldwide. Prior to HSBC, he held leadership positions at Citigroup and Accenture. Mr Treacher also works with industry communities, organisations and governments to help shape new payment practices. He chaired SWIFT's global advisory body for corporates from 2010 to 2016, and most recently launched an innovation centre in collaboration with the Monetary Authority of Singapore.

BIOGRAPHIES

PANELLISTS

Sopnendu Mohanty

Chief Fintech Officer

Monetary Authority of Singapore



Sopnendu Mohanty is the Chief Financial Technology (Fintech) Officer of the Monetary Authority of Singapore (MAS). He is responsible for creating development strategies and regulatory policies around technology innovation to better manage risks, enhance efficiency and strengthen competitiveness in the financial sector. Prior to joining the MAS, Mr Mohanty was Global Head of the Consumer Lab Network and Programs at Citibank, which included driving innovation programs and managing innovation labs across multiple geographies globally. Mr Mohanty has spent 20 years in the APAC region and held various roles in technology, finance, productivity, and business development. During his tenure as Citibank's APAC regional head of branch operations, he also headed up the Consumer Innovation Lab in Singapore. Mr Mohanty also spent a significant time in Japan, where he was Citibank's Retail Business Development head and also did leadership stints in various functions within operations and technology. Globally, he played a significant subject matter expert role in driving Citibank's global smart banking program, to transform the bank's physical network into a digital-first, smart and innovative, client-centric customer engagement centre. Mr Mohanty has co-authored various patented works in the area of retail distribution within the financial sector.

Saket Sharma

CIO Treasury Services Technology, Treasury Services

BNY Mellon



Saket Sharma is the Chief Information Officer (CIO) of Treasury Services Technology at BNY Mellon, where he is responsible for developing and executing strategy and implementation of all products and services offered by the Treasury Services division – payments, supply chain, electronic banking and trade. He works closely with the Treasury Services business, product, sales and operations partners to come up with innovative ideas using the latest technologies to drive operational excellence and provide state-of-the-art solutions to generate revenue and reduce expenses. As a member of the company's Client Technology Solution Executive Committee, Mr Sharma is involved in BNY Mellon's cloud strategy to help the company reduce risk and improve profitability and performance. He believes the logical approach for a global systemically important financial institution (G-SIFI) like BNY Mellon is to adopt hybrid cloud as a middle ground to balance the real and perceived cost-savings and risk considerations between having all computational services on premises and offloading storage and computational time to the cloud. Mr Sharma leads BNY Mellon's exploration of blockchain across the company's businesses and is helping shape the direction of distributed ledger technology. Mr Sharma joined BNY Mellon in 2006 and has served in a variety of roles. He participated with ISDA and other industry organisations to establish standards for FPML. His work was instrumental in leading BNY Mellon to become one of the first entities to accept FPML messages for STP in the industry. He has a Master of Science degree in Information Technology and Management from Boston University, a Bachelor's degree in Computer Science and Engineering from India and a Certificate in Disruptive Strategies with Clay Christensen from Harvard Business School.

BIOGRAPHIES

PANELLISTS

N Ganapathy Subramaniam

Executive Vice President

Tata Consultancy Services



N. Ganapathy Subramaniam is the Executive Vice President of Tata Consultancy Services Limited and Head of TCS Financial Solutions (TCS FS), a strategic business unit of Tata Consultancy Services Limited. He has been part of the Indian IT Industry for the past 30 years, delivering solutions to customers across the Global Banking and Financial Services sector. He is responsible for non-linear growth strategies and Products/Platform businesses of TCS globally. As a President of TCS Financial Solutions, he is responsible for the Financial Products within Capital Markets, Banking and Insurance and sees enormous potential in maximising efficiencies and minimising risks for the industry at large. Previously, as the Global Head of Banking Industry Practice for TCS, he created opportunities, knowledge/asset creation, consulting, 3rd party alliances and overall management of product initiatives. With in-depth knowledge on IT trends and systems policies of leading corporations, he has been part of many mission critical projects for the financial services industry.

Ruth Wandhöfer

Global Head of Regulatory and Market Strategy,

Treasury & Trade Solutions, *Clti*

Chair, Payment Security Support Group, *European Payments Council*



Ruth Wandhöfer is a regulatory expert in banking and one of the foremost authorities on transaction banking regulation. Her key responsibilities include driving regulatory and industry dialogue and developing product and market strategy in line with the evolving regulatory and innovation landscape. She chairs a number of influential industry bodies such as the Global Public Policy and

Regulatory Affairs Committee of BAFT (Bankers Association for Finance and Trade) and the BAFT Innovation Regulatory Working Group, the European Banking Federation Payments Regulatory Expert Group, and the European Payments Council (EPC) Payment Security Group. She is also a board member of the EPC and the Euro Banking Association, a member of the European Commission's Payment Systems Market Expert Group (PSMEG), a member of BAFT's Global Innovation Council, a member of the European Biometrics Council and a member of the UK Payment Systems Regulator's Payments Strategy Forum. In her spare time she mentors FinTech start-ups in London and the US, while pursuing a PhD on blockchain and payments at CASS Business School. Ms Wandhöfer was named as one of 2010's "Rising Stars" by Financial News; named in Management Today's 2011 "35 Women under 35" list of women to watch and named as one of the "100 Most Influential People in Finance 2012" by Treasury Risk Magazine. In 2015 she was the recipient of the "Women in Banking and Finance Award for Achievement". She speaks five languages (EN, DE, F, ES, IT) and has completed studies in various countries, including an MA in Financial Economics (UK), an MA in International Politics (FR) and an LLM in International Economic Law (UK). She has published two books: EU Payments Integration – the tale of SEPA, PSD and other Milestones along the Road (2010) and Transaction Banking and the Impact of Regulatory Change: Basel III and other challenges for the global economy (2014), both Palgrave MacMillan. She occasionally lectures at Queen Mary London School of Law.

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