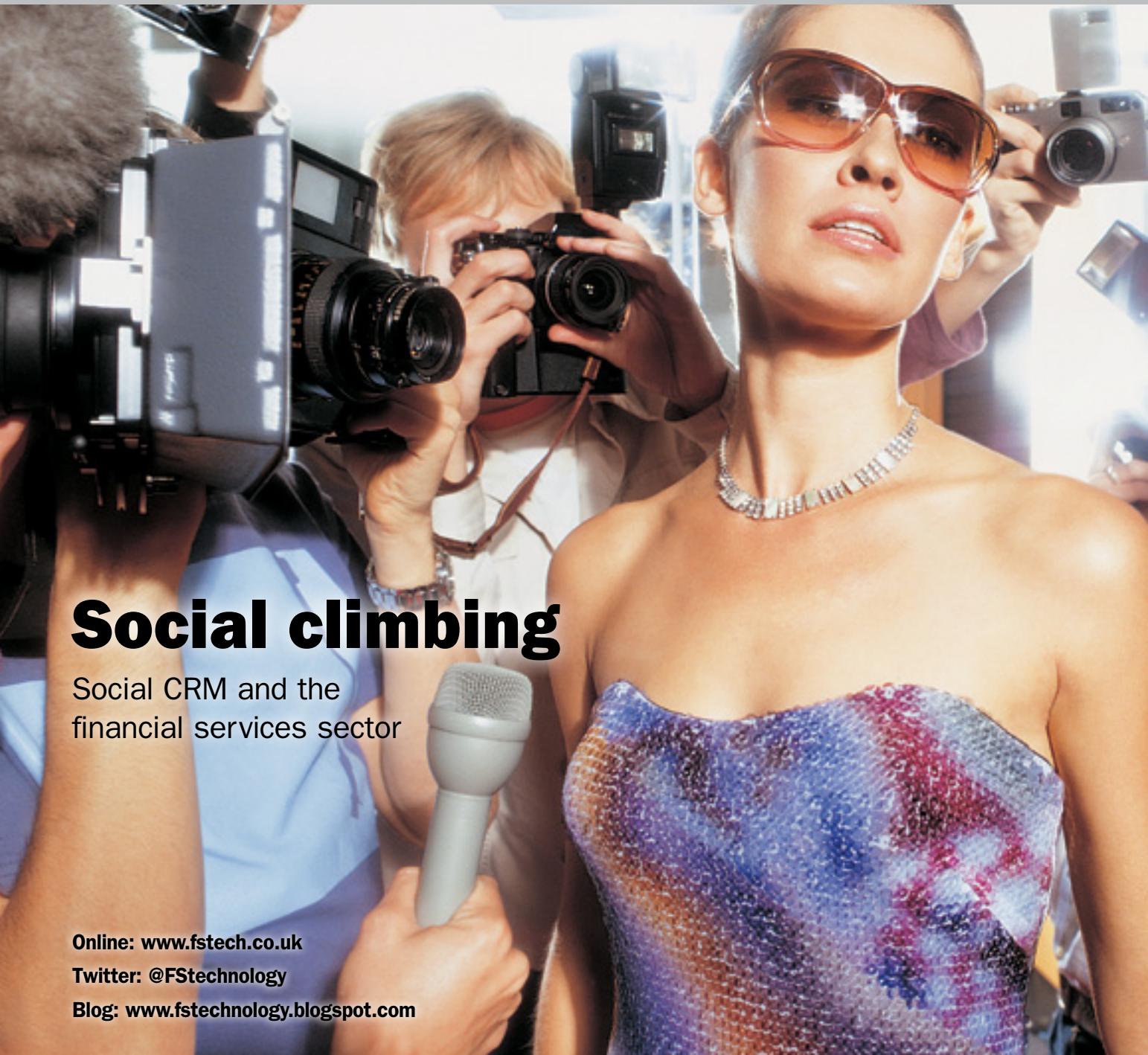


July/August 2013

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[24]7

It's an omnichannel world for improving customer service

The way people connect and communicate with financial services providers is changing drastically. A [24]7 study earlier this year revealed that 93 per cent of people are regularly using more than one channel to interact with their financial services provider and a significant number admitted they would consider switching from their current provider to one that offered omnichannel customer service. Why? Because customers are frustrated.

According to that recent survey on the UK financial services industry of 2,002 consumers, 26 per cent of UK consumers have considered swapping banks after bad customer service. With an estimated 54 million active UK bank accounts, the potential loss to financial services providers is huge.

The rise of omnichannel

For financial services companies, it's fast becoming an omnichannel world as customers are increasingly using a variety of channels – from voice to chat to online and mobile – to interact with their financial services providers. .

Simply put, customers today expect a seamless, intuitive experience – one that maintains continuity, connectivity and context across all channels to simplify their lives. It's more than just offering your services over multiple channels. The differences between being a multichannel and omnichannel company are significant and apply to all of the components of your business. It's not just a matter of semantics but an adjustment in capabilities, business strategy and philosophy. It's about connecting the interactions across these channels to improve customer service.

Today, customers may start engaging with you over the phone then research options online and finish their conversation with you on their mobile device. But it's frustrating for customers when their financial services provider can't maintain the context and continuity of their experience and interactions across these channels. In fact, the most annoying element of customer service amongst 18 to 55 year olds was being forced to start afresh at each point of contact, with their financial services provider forgetting previous conversations and history. 45 per cent of consumers said they expect providers to know what they want based on previous contact, and who can blame them? There are few things as frustrating as continually being asked to provide our account numbers and IDs over and over again.

The fact that so many consumers have considered swapping financial services providers shows that customer service is an issue

that can't be ignored. Consumer expectations are changing and they expect a swift resolution to issues, based on an understanding of who they are and previous contact they have had. To maintain customer loyalty, customer service should not differ whichever channels the customers use.

Using Big Data to solve the omnichannel challenge

What financial services organisations now have to help deliver omnichannel service is Big Data. Utilising Big Data can help solve the omnichannel challenge as it's now possible for companies to pull together and analyse the huge amounts of data obtained from a customer's interactions made over the phone, online, through social media or chat. By aggregating this data and applying predictive analytics in real-time, companies can accurately anticipate the consumer's intent and provide faster, smarter, better, and more highly customised, omnichannel service experience. The result is a happier customer who appreciates being able to deal with your business on his or her terms.

The next step is to connect organisational siloes and processes that exist within your business to create a holistic view of your customers – one that provides a complete view of the customer's activity while also providing them with a seamless experience. Consider your omnichannel customer's point-of-view and orient your sales and service organisations around their perspectives and preferences.

Remember that by interacting with you across multiple channels, your customers are providing you with a continuous flow of valuable information from a variety of devices. Take advantage of this vast data store by integrating your systems and apply predictive analytics to anticipate and simplify their experience. By providing a richer, consistent customer experience, you can achieve significant improvements in customer satisfaction and loyalty, and increased revenues.



Written by Mike Hughes, European MD at [24]7. He can be reached at mike.hughes@247-inc.com and further information can be found at www.247-inc.com

Feeling now

Technological innovation and the heavily regulated financial services sector. Discuss...

During my welcome speech at the 2013 FStech Awards in April, I made reference to the fact that the event was taking place on the day of Margaret Thatcher's funeral. This gave me cause to reflect on her government's reforms which set off the Big Bang, transforming the way that the City operated and making it an international player. The City also expanded east, to Canary Wharf, something strongly backed and pushed through by Thatcher. Banker bashing may be all the rage these days. Yet thanks to the sweeping changes she ushered in, driven by technology, financial services remains one of the few industries in which this country occupies world leader status.

It could be argued that, as various economic, technological and social catalysts combine, the UK financial services sector looks even more exciting now than it did back then. Certainly, things have been ramped up by the Banking Commission's recent recommendation that IT systems be overhauled. One of the biggest challenges banks face right now is the fact that they're constrained by ageing systems. Of course, it's not so simple as saying, if they invest in awesome new technology everything will be hunky dory. Banks are not in a position to simply rip out and replace their existing IT infrastructure. They are being held back by antiquated systems and processes but planning the renewal of various applications in every workplace across multiple sites is a huge challenge. Nonetheless, the Banking Commission's recommendation has at least stirred up some much needed debate around this area.

In the meantime, forward thinking banks (and, believe it or not, there are some out there) have no shortage of potentially gamechanging solutions to choose from. There's certainly no shortage of vendors throwing money at PRs to bombard FStech with press releases about said solutions. In fact, I can frequently be found complaining about the number of PR emails clogging up my inbox, offering 'canned comment' (a popular one at the moment, no idea how it's any different from standard comment...answers on a postcard please) on burning issues of the day, the canned comment being a blatant plug

for their client's offerings. Cybercrime evolves on a daily basis and banks need to stay ahead of the game or face the consequences, says a security software vendor. I receive them on a daily basis and the vast majority get deleted, but I digress...

I caught an interesting conference presentation recently, arguing that excessive regulation is stifling technology innovation in the financial services sector. Whilst it's true that the industry is facing a period of unprecedented regulatory change, I don't believe that it's quite the roadblock some would have us believe. There is a huge amount going on technology-wise (you want proof, you say? Then have a look at the shortlist for the FStech/Retail Systems Payments Awards on pp. 10 - 11) and those forward thinking banks I mentioned have cash to spend (IT budgets on the rise, analysts keep telling me). This is partly driven by smartphone-wielding, social media savvy customers who are demanding new and innovative solutions from their banks and FS providers. According to a survey carried out by First Data, consumers are increasingly interested in the ways that technology can eliminate complexity and merge a fragmented series of transactions into a seamless whole. Whilst research from VocaLink reveals that 60 per cent of UK consumers now own a smartphone and are using them as payment devices and uptake is rapidly gaining momentum amongst young people. It also shows that 35 per cent of respondents are more likely to pay for items using their mobile phone if it's via a service provided by their bank. Sixty three per cent of people who already make some mobile payments agreed they would also trust their banks to provide such a service. The bank-provided app also has another distinct advantage; it gives customers the ability to see their balance on screen at point of payment and make informed choices about whether to pay for goods or services and from which account.

Some good news at last for the banks. Or is it? Whilst writing this, I received another offer of canned comment, from a PR representing an app developer. Apparently, banks need to get mobility right or face the consequences. Hmmm, think I'll pass on that one...



Of course, it's not so simple as saying, if banks invest in awesome new technology everything will be hunky dory. They are not in a position to simply rip out and replace their existing IT infrastructure.

Scott Thompson is Editor of FStech. His blog on all things FS technology-related can be found at: [www.fstechology.blogspot.com](http://fstechology.blogspot.com). He can be contacted at: scott.thompson@fstech.co.uk

need to know

NEWS OVERVIEW

JUNE

Cash use increased in the UK last year, according to the UK Cash & Cash Machines 2013 report from the Payments Council, in conjunction with LINK and The UK Cards Association. Consumers and businesses made 20.8 billion cash payments in 2012, compared with 20.6 billion in 2011.

This breaks the trend of falling volumes year-on-year seen over most of the last decade. More people are turning to notes and coins exclusively, possibly to help them monitor the amount they are spending on a day-to-day basis. In 2012, 7.2 million adults made all of their day-to-day purchases by cash, an increase of around 700,000 compared with 2011. The cash machine remains the most popular way for people to access their cash. This, coupled with an industry initiative to increase the number of ATMs in deprived areas, has seen the number of cash machines in the UK rise to an all-time high of 66,134. Out of those 46,069 are free-to-use, and 97.2 per cent of withdrawals were from such machines. John Howells, CEO at the LINK ATM Network, said: "The UK is one of the few European countries whose cash machine network is still growing. We are currently seeing an increase in cash withdrawals, but the challenge is to make sure the UK's cash machine network still provides a service that customers want in 10 and 20 years' time."

Cyber attacks have leapfrogged the euro zone crisis and are now the top concern for Britain's banks. During an address to parliament's Treasury Select Committee (TSC) during June, Andrew Haldane, the Bank of England's director of financial stability, said that four of Britain's six biggest banks had

told him a cyber attack was their biggest threat. "You can see why the financial sector would be a particularly good target for someone wanting to wreak havoc through the cyber route," he commented.

Intellect, the trade association for the UK technology industry, criticised the Parliamentary Commission on Banking Standards' report and recommendations, released in June. They did not fully address the fundamental frailties and counterproductive complexities of the technology infrastructure that underpins the financial system, it argued. Whilst stating that, in contrast to many other industry reviews and investigations since the financial crisis, the Commission had commendably acknowledged the role of 'patchy and outdated' technology infrastructure in creating problems such as banks that are 'too complex to manage' and scuppering competition-enhancing branch divestures, it added that it had not addressed this fundamental problem as part of its recommendations.

Intellect believes that by seeking to address a number of technology-based challenges on a point-by-point

Rounding up the major FS tech-related stories from the last two months

basis (including the perceived weaknesses of the Financial Conduct Authority's IT systems which it has inherited from the FSA, and consideration of a common utility platform for core banking services) the Commission is missing an opportunity to catalyse a solution to these challenges at a root point. These, and other issues highlighted in the paper are the product of a technology estate across individual banks that is simply too complex, has been built layer upon layer over the years and does now not allow the banks to adequately know their own operations, their customers or implement change on a timely and cost-effective basis.

Ben Wilson, associate director for financial services programmes at Intellect, commented: "The public has only recently gained an insight into the all encompassing nature of the technology that underpins their banks, and indeed the entire financial system, through a demonstration of what happens when this stops working. A light has been shone on the 90 per cent of the technology iceberg that is underwater, and that the Commission has recognised technology is not only a challenge for



Contactless on the buses.

the industry to surmount, but also part of the solution in doing so, is commendable. But they have, nonetheless, missed an opportunity to really bury down into some of the problems they identify, and connect the dots. Many of these issues around conduct, competition and supervision have a common denominator – the technology infrastructures that facilitate all the operations of ‘the bank’. You reduce the complexity of this, and you ultimately make life a lot easier for the banks and the regulators, and you improve the ability of the banks to serve the customers and the wider economy.”

Barclays revealed plans to start selling information about current and savings account customers’ spending habits to other companies. And it admitted it could share the data with government departments and MPs. The decision has been laid out in changes to terms and conditions, recently distributed to customers, which take effect later this year. Barclays is stressing to customers that “information is numerical and not personal, and you will never be identifiable on the basis of it.” Social media and mobile customer behaviour will also be harnessed.

JULY

Thirty seven per cent of almost 12,000 internet users surveyed in 12 European countries are using mobile banking. But while this form of banking is growing in popularity, cash is still favoured for ultimate control of budgeting and spending. A new ING report, entitled Financial Empowerment in the Digital Age, also finds that social media is booming. It is mostly used to get better insight into money matters and is set to grow as many young people expect to be able to make payments via social media. The Netherlands is the most developed mobile banking spot, according to a measure that takes internet penetration into account,

while Turkey is the top mobile banking “hotspot”. More than three-quarters of Brits who use mobile banking say they feel more control of their money. Half of Germans who do not use it say they are put off by security fears. “People who use mobile banking feel more in control of their money,” said ING senior economist Ian Bright, lead author of the ING report. “Most of them say they pay their bills on time more often and are overdrawn less often. This is perhaps because 84 per cent of mobile bankers check their balances more regularly since using mobile banking.”

Meanwhile, half of European consumers surveyed agree they prefer to use cash when shopping because it is easier to see when they are spending too much. This rises to a high of 61 per cent in Spain and is popular among under 25s as well, with 64 per cent agreeing. When asked what they expected from banks on social media, the most popular of six options presented is banks giving tips for saving. Communicating messages about the company and its corporate social responsibility (CSR) is also popular (61 per cent), although the variations between countries range from a high of 79 per cent in Turkey to 34 per cent in France. Information about “how the economy affects me” is the third most popular option (56 per cent). While making payments on social media is not at the top of most respondents’ agendas, almost 40 per cent under the age of 34 years say they expect banks to move on this.

Increased online and mobile device usage will spark more productive banks while also boosting competition from new entrants, according to the latest report from BBVA Compass economists. This “transformation will result in a more efficient financial system that will be in a stronger position to support economic growth and wealth creation,” they say. Every quarter, the bank’s economic research

team publishes its Economic Outlook, a report focused on a variety of issues that affect the US as a whole as well as the Sunbelt states where BBVA Compass operates. “To succeed in this new hyperconnected and competitive environment, banks will have to follow a customer-centric approach and offer simple, user-friendly and effective products, with a high level of transparency and security,” chief economist Nathaniel Karp wrote. Banks are ahead of the curve in mobile technologies, the economists say, after examining a 2012 Federal Reserve Board survey about mobile banking. “This will increase the productivity of the industry as banks will have more information and ways to efficiently target users; however, these technologies are also bringing more competitors: highly sophisticated platforms with innovative business models and very low operating costs.”

2.5 million bus journeys in London have now been paid for using a contactless debit, credit or charge card, Visa Europe announced. And Transport for London (TfL) said that it had taken over £3.5 million via contactless payments since rolling out the technology in December. TfL plans to extend the technology to the Tube, DLR, London Overground and trams by the end of 2013.

Lloyds TSB and Halifax had the dubious honour of featuring on PleasePress1.com’s new phone rage index. The consumer website’s league table, to be issued monthly, charts the automated phone menus of some of the UK’s most well-known brands. With over 400 menu options across just six services, HMRC is currently ranked ‘most frustrating’ of those now registered on the site. Lloyds TSB occupies third spot and Halifax fourth. Co-operative Insurance Society, Direct Line Insurance and Churchill Insurance Company also figure in the top 10.

IN BRIEF

- Deutsche Bank is making its Autobahn sales, trading and research platform available via mobile devices. A new app allows institutional and corporate clients to view the bank's electronic content and features from across the Autobahn platform, including the Autobahn App Market and toolbar. It gives access to a range of pre-trade services, such as fixed income and equities research, streaming FX prices and sales and trader commentary.

- Nottingham Building Society is using Varonis DatAdvantage and DataPrivilege software to keep its critical and sensitive data secure. It says that it has been able to identify and assign ownership for over 90 per cent of its information with DatAdvantage, moving on-going management responsibility to these owners and giving them the ability to easily maintain permissions for their areas with DataPrivilege.

- There were nearly 60,000 cases of individuals becoming victims of identity crimes during the first five months of 2013. The figure comes courtesy of organisations sharing confirmed fraud data through CIFAS, the UK fraud prevention service. Cases include over 46,000 victims of impersonation and more than 13,500 victims of account takeover.

- Fund services provider SEI has chosen Calastone to provide its order routing service for the UK business. SEI, which manages or administers \$495 billion of assets globally across pooled and separately managed accounts, will now move toward automated order processing for transactions across its retail fund range and goals-based strategic portfolios.

Learning from retail

"I can't stand the term omnichannel. Customers don't see channels, they only see experiences." So said Practicology's Martin Newman at the FStech Multi-Channel Banking Conference, which took place in London during July

Newman chaired the conference, which featured contributions from the likes of Barclays, HSBC, Santander, BNP Paribas, Ovum and Intellect and looked at how banks are progressing in terms of multi-channel strategies and delivering the consistent service needed to engage and retain customers (full conference review on pp. 34 - 38) Multi-channel presents a completely new set of opportunities for communicating to customers. It also offers up a series of obstacles and issues which, if not addressed correctly, could result in damage to the brand and lost customers. At the heart of the conference was the question: are financial institutions keeping up with their customers' needs and wishes when it comes to offering a set of products and services across the High Street branch, mobile, online and social media, thus providing a consistent experience?

Practicology is an e-commerce consultancy with a number of high profile retail clients, including Thomas Pink, The White Company, T-Mobile, Space:NK and La Senza. Newman brought this experience to bear on the event during his opening comments. Retailers, he argued, have been better at multi-channel than their banking counterparts and a number now have solid cross channel offerings. Too many of them still see customer service as a channel for problem resolution as opposed to a driver of sales, but nonetheless various issues (including the recession and intense competition) have resulted in some companies forging ahead.



"Mobile isn't a gamechanger. It has already changed the game."

The old saying goes that you are more likely to get divorced than change your bank account. Retailers don't have that luxury, they are dealing with increasingly sophisticated, demanding and fickle customers. Aware that they are critical to a retail organisation's livelihood, especially in a continuing harsh economic climate, their expectations are high. Companies also operate in a crowded, hugely competitive space, a state of affairs which has only intensified thanks to the online and mobile explosions. Banks, in contrast, have hundreds of years of tradition on their side, millions of customers and huge amounts of valuable data to hand.

And competition is not exactly fierce. Recent years have seen the emergence of supposedly

IN BRIEF

gamechanging new entrants, but the likes of Metro Bank and Tesco Bank have failed to seize the marketing opportunity presented to them by the financial collapse and the resulting bouts of banker bashing which continue to this day. Look beyond the hype and you find old bankers building old banks. There has been lots of noise but no real innovation. Metro Bank says that it plans to open up to 200 'stores' by 2020. As things stand, it has 19 in operation. You'd forgive the status quo (RBS, Lloyds Banking Group, HSBC and Barclays) for not having sleepless nights. Over in the US, meanwhile, mobile bank Moven is making great play of the generational shift in consumer behaviour that has hit hard the likes of HMV and Borders. The argument is that this will eventually happen to traditional retail banking establishments as well. During an appearance at Finovate Europe 2013 earlier this year, CEO, Brett King, said: "In the 60s, your bank account was a passbook that you took along to a branch to make updates on interest payments each month. In the 70s and 80s, your chequebook became your mainstream of payments in and out of your account. In the 90s, you carried your bank account in your wallet, first in the form of an ATM card with a magnetic strip, and then as a debit card with a chip. All of these were your link to your cash, your savings and your nest egg. I'm not talking about downsizing your internet banking portal onto a mobile screen. I'm not talking about downloading a card onto a mobile wallet. These clumsy attempts at adapting the mobile phone to banking have simply tried to duplicate existing bank modality on your phone."

He added: "The real opportunity lies in changing the context of your money, changing the context of a payment, and giving you control every time you make a decision which could impact your financial health... Mobile is about changing your behaviour and connecting you with your money in a very different way... Your next bank account will be embedded in your smartphone. Why? Your phone has the ability to provide you with all the utility of a passbook, chequebook and debit card, but also to connect you with your money in a way that none of those physical artifacts ever could." It's a compelling vision but will

Moven, which is still in Beta, ever be more than a niche player? Given the conservative nature of the banking sector, probably not.

In the UK, there could be a significant development on the horizon, however. Newman noted that in September the Payments Council will launch a current account switching service, allowing customers to switch their bank or building society within seven working days. "Will this see customer churn skyrocket? Retailers' customers are very fickle so they have had to be quicker when it comes to multi-channel. Maybe this latest development will see the banks catch up."

The new retail drivers, he pointed out, are convenience, convenience, convenience, perhaps best illustrated by the success of London-based start up Shutl, which offers a fulfillment service by connecting online retailers with local same-day couriers. Mobile is key here. "It isn't a gamechanger," he said. "It has already changed the game. Schuh will take 50 plus per cent of all online sales through mobile by the end of 2013. Being relevant and personal online has never been more important." He offered up Aurora Fashions as a good example of a company pushing the envelope. They continually innovate where they believe they can add value. "They set up an Apprentice style shadow board. That was a very bold and brave move to open up the board and their decisions to a bunch of generation Y's. But that was the whole point. It's helped to keep them relevant for the younger customers."

The banking industry is dealing with an unprecedented wave of regulatory demands, which, it could be argued, make it hard for organisations to be as agile as retailers. But Newman urged audience delegates not to hide behind excuses, to find ways to push things forward within a challenging environment. "The banking sector is highly regulated, of course, but don't let that get in the way of innovation," he said. "Looking at social media, for instance, given all that's happening with the current account switching service and the customer churn that could come from that, if I were a HR director in a bank social would be high up my agenda."

Further information on the conference at: www.fstech.co.uk/conference/

- Only 24.5 per cent of the firms recently surveyed by Moody's Analytics are ready to comply with Solvency II. 64.5 per cent of participants are still developing their solutions to become compliant and 11 per cent are in the "late" category as they do not have tools in place yet. The survey was conducted with 45 insurers across Europe during the last quarter of 2012 and first quarter of 2013.

- BIAN, the Banking Industry Architecture Network, has boosted its community with the addition of its first French bank, Société Générale. It has also welcomed onboard the Asian financial services group DBS, Allshare, a Dutch provider of secure banking solutions and Norwegian IT outfit EVRY. This brings the community to 42 members with a footprint in Asia, Europe, the US, Africa, Australia.

- True Office has launched an anti-insider trading game. This uses the scenario of a fictional investment bank (RXG Capital) accused of insider trading and is intended to help companies more accurately identify and manage risk. True Office games were first piloted in Barclays, Morgan Stanley and Citigroup as part of the 2012 FinTech Innovation Lab project, run by the Partnership for New York City Fund and Accenture. They are now being rolled out across the US and UK.

- Bitcoin exchange Bitstamp has selected GBGroup's ID3global solution to provide identity verification for its customers. Nejc Kodric CEO at Bitstamp, says: "Selecting GBGroup has provided the reliable infrastructure we needed to help push this disruptive new entrant in the currency market to its full potential."

IN BRIEF

- Santander UK and iZettle have announced a UK partnership agreement, enabling the self-employed and small businesses to accept card payments with smartphones and tablets. Santander Business Banking will offer a solution that includes iZettle's chip and PIN reader to its small business customers at a preferential rate. The reader connects wirelessly, via Bluetooth, to a smartphone or tablet, or plugs into devices. It works with a free app, which can be downloaded from Apple's App Store or Google Play.

- SIX Payment Services has launched a cashless payments microsite, aimed at clients, media and the general public. This takes a look at 15 payment trends, with more to follow. The trends range from mobile PoS to NFC technology and virtual wallet solutions. The site can be found at: www.six-payment-services.com/trends

- UK consumers can now convert Ukash codes into cash at Bank Machine ATMs without the need for a debit/credit card. Stephen Hart of Bank Machine, comments: "Our constant focus is on increasing consumer access to cash through our ATMs. This partnership certainly achieves that, and this innovation clearly demonstrates that ATMs can provide services that complement those offered on the internet."

- VocaLink is bringing a new mobile payment system to market. Zapp will be launched to the financial institution and merchant communities by the end of 2013, with consumers able to use the service early next year. It will allow people to make real-time payments from their bank accounts using their mobiles. VocaLink is collaborating with financial institutions, merchants, billers and telcos, to set up, build and deliver a framework for the service.

Shortlisted for success

Barclays, CaixaBank, RBS, Monitise, Fiserv, WorldPay and Misys are among those shortlisted for the inaugural FStech/Retail Systems Payments Awards

The winners will be announced during a gala dinner and ceremony, to be held at the Millennium Hotel Mayfair, London on Thursday, 14 November.

Shortlist as follows:

Best Online Payments Solution (Consumer)

Intuit
Novalnet
Pay4Later
PNC Financial Services Group
Skrill
Virtual Piggy

Best Online Payments Solution (Merchant)

Accesspay
Cashflows
Paymill
SafeCharge
The Currency Cloud
WorldPay

Mobile Payments Solution of the Year

ACLEDA Bank/Fiserv
Barclays Pingit
CaixaBank
CreditCall
Irish Rail/ECR Retail Systems
Netto/Valuephone
Nokia/MACH
Royal Bank of Scotland Group/Monitise

Best Multi-Channel Payments Solution

Intuit
Payatrader
WorldPay

Best Contactless Payments Project

CaixaBank
Costa Coffee
Natural Security
Bleep UK
WorldPay

Best In-store Payments Solution

Mudo/Shopmani
Bleep UK
UnionPay/Global Payments
Welcome Break

Technology Provider of the Year

Bleep UK
European Payment Services
INETCO Systems
Misys
Fiserv
Secure Trading
VeriFone

Online Technology Provider of the Year

CashFlows
Chase Paymentech
Digital River
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New event: Payments Awards.

IN BRIEF

Anti-Fraud/Security Solution of the Year

Barclaycard
Becharge/Ogone Payment Services
CaixaBank
Jagex/Kount
ReD
WorldPay

Prepaid Financial Services

Payments Pioneer Award

Bottomline Technologies
Kalixa
Misys
Virtual Piggy
Fundamo

Best Merchant Acquiring Project

CashFlows
Global Payments
WorldPay

Payments Team of the Year

Account
Fundtech
TransferWise

Retailer of the Year

Costa Coffee
Welcome Break

Overall Winner

To be announced on the night

Financial Services Institution of the Year

CaixaBank
Novalnet
Royal Bank of Scotland

Winners to be decided by a judging panel consisting of:

David Baker, head of card payment innovations, The UK Cards Association

Simon Burrows, director, PwC

Roy Ford, IT controller, SPAR

Andrew Johnson, chairman, UKGCVA

Neira Jones, partner at Account, chairman Cybercrime Advisory Board, CSCSS

Alex Kwiatkowski, research manager - EMEA banking, IDC Financial Insights

Mark McMurtrie, director, Payments Consultancy

Karen Moss, Editor, Retail Systems

Ian Newton, CIO, BrightHouse

Scott Thompson, Editor, FStech

Paul Rodgers, chairman, Vendorcom

Cash Initiative of the Year

i-movo
Nationwide Building Society
Ukash

Best Use of Social Media

Barclaycard
CaixaBank
Digital River
Skrill

Compliance Project of the Year

Handpoint
Sky/Semafone
Underbelly/Phoenix Managed Networks
WorldPay

Best Prepaid Card Solution

Kalixa Pay Prepaid Card
Payment Card Solutions

Further information on the awards at: www.payments-awards.com/

- Lloyds Bank has teamed with Monitise to develop mobile card acceptance solutions for micro-merchants, start-ups and small business owners. The partnership kicks into gear from autumn 2013. Aidene Walsh, managing director cards, transaction banking, Lloyds Bank says: "This partnership will see Lloyds Bank use technology to open up many new opportunities for thousands of small businesses who want to trade on the move."

- WorldPay has launched Zinc, a pay as you go card payment service aimed at SMEs. Geraldine Wilson, managing director, WorldPay Zinc, comments: "We have been testing out the service for six months with over 3,000 small businesses, and the feedback has been very positive. These businesses are reporting increased revenues with significantly higher average transaction values for each sale; on top of this, we're also hearing that these tradespeople are spending less time chasing customers for payment and trekking to the bank to pay in cash takings."

- Royal Bank of Scotland (RBS) has chosen CGI Group to deliver a 'one-stop-shop' for its Single Euro Payments Area (SEPA) migration. CGI will roll-out a fallback solution at RBS in collaboration with PowertoPay as the banking giant presses ahead with its SEPA Accelerator initiative. The deadline for implementation is 1 February 2014.

- PrePay Solutions's technology features in EE's new Cash on Tap product. This comes in the form of an app, downloadable from the Google Play store, and is available initially to customers on a monthly contract using 4G handsets. PrePay Solutions will provide e-Money issuing, BIN sponsorship and transaction processing services.



Becoming social

FStech recently held a roundtable discussion, in conjunction with IBM, entitled Making Your Organisation A Social Business. Scott Thompson brings you the highlights from a lively, informative debate

Mark Evans: Everyone around this table understands the concept of social media, but by bringing a social approach to companies internally and engaging with customers externally perhaps we can leverage it and even create that elusive thing called a smart workforce. It's a great idea but along the way there are implementation problems and issues involving organisational and cultural change. There are a lot of companies who are engaging with social media in one way or another but they aren't truly understanding it as a tool. Ofer, is that a fair summary? Would you like to add anything to that?

Ofer Guetta: The most important thing is the cultural and the adoption element of social media and social business because it's about applying the paradigm of collaborative social technologies to business processes, improving and transforming those processes.

Attendees:

Chairman: Mark Evans, Publishing Director, FStech Magazine
Panelists:
Victoria Adams, Social Mutual Development Lead, LV=
Rachel Chilvers, Marketing Executive, Russell Investments
Jane Bohling, Marketing Manager, Speechly Bircham
Jane Darvill-Evans, Head of Capability Development, BP
Ken Deveaux, Head of Channels and Distribution, RBS
Nic Evans, Consultant, Transforming Finance
Louise Flower, Digital Marketing Manager, Aon Hewitt
Ofer Guetta, Social Business Transformation Leader - UK & Ireland, IBM
Rebecca Swindell, Marketing Manager - IBM Collaboration Solutions, IBM Software Group
Alan Hamilton, Social Business Consultant, IBM Software Group
Dr Anand Kumar, Advisor – Strategic Initiatives Group Control, Bank of Baroda
Ajay Rath, Head of Marketing, Bank of Baroda
Tom Lewers, CIO- Commercial Services Director, LV=
Mark Osborn, Social Business Presales Leader – Europe, IBM Software Group
Les Saunders, Programme Manager/ Operational Risk Consultant - UK IT I&P OPC, BNP Paribas

ME: Who around the table is using social media in their business? (Pause as hands go up) Pretty much everybody. Who is using what could be defined as social business internally? (Pause) OK, about half and half. To the half who aren't, would you like to come forward and say why?

Dr Anand Kumar: Social media is here to stay, but there are concerns around security. If you open yourself up to the world, there is the risk that the worst things will come first and the best things later. There are cost issues as well.

ME: You're saying that there is a last mover advantage here?

AK: No, but there are definite concerns and issues around this.

ME: Who has adopted it?

Nic Evans: We have been using it for internal purposes. We had an ageing intranet system and a significant cost to replace that with something like a Sharepoint system. Instead we used a Wikimedia-based system to devise an organic and social intranet whereby anyone within the organisation could share information and have special interest groups; everyone had their own personal page, and we had significant take up of that. It proved to be a significant contribution to internal communications in a global organisation.

ME: What were the major challenges for the organisation in achieving that?

NE: We had a big push from the top down in terms of getting senior management to use, for instance, blogging rather than formal emails. Team meetings were set up and there were PCs in place so people could be introduced to it. We also looked at such techniques as barn raising, which encourages use of it.

Jane Bohling: As a law firm, we have a definite reticence about using social media. The guidance at a US company I worked for was, you may use social media as long as you don't provide legal advice. We are extremely security conscious as law firms are one

of the biggest targets for cyber attacks. So having any access to applications through your PC is very difficult.

Ken Deveaux: From a banking perspective, where do we define the beginning and end of social media and social business? At RBS I focus on corporate business in international banking, and based on the definitions we have discussed so far, I wouldn't consider us to be operating a social business. Our industry faces several issues, including security and risk aversion but also our clients aren't asking for it. We operate internally with several social tools but we haven't extended that externally to our clients. The demand isn't there from our clients because their way of operating won't support it.

Rachel Chivers: We were a bit slow on the uptake of social media, although the US office has been steaming ahead with it, running blogs and a corporate Twitter feed and YouTube account, for instance. There have been some big proposals to start using this on both an institutional and retail level. We have started an institutional blog called the Wire, which we have been using on our own website. Our main thing moving forward is compliance and the turnaround times involved, being vocal at the right time. It can be difficult to do this in real-time and deal with the red tape around it in terms of compliance.

Defining social business

ME: From IBM's perspective, does all of this constitute true social business? It sounds a little bit more like social media than social business.



"Social media is here to stay, but there are concerns around security."

OG: It's the place where most people start as it's a logical method to communicate with your market. It encourages transparency, both externally and internally, which is one of the core aspects of social business.

Tom Levers: What is the IBM distinction and definition between social media and social business? We've been mixing them so far this evening, somewhat inevitably.

Mark Osborn: Maybe there are arbitrary definitions but at IBM when we talk about social media we mean external communications, Twitter, Facebook, LinkedIn and so on. And by social business we mean internal use of social technologies. Now, it starts to get blurred as you can use external social tools for social business but that's roughly the definition I would give.

TL: Customers increasingly want personalisation. They demand and expect choice. Social business revolves around personalisation aspects and how well an organisation adapts to it.

ME: You talk about customers wanting personalisation, is this a generational thing?

RC: I guess it's about whether you are servicing the now or the future. It might be a younger person's thing but eventually those young people are going to be finance directors and so on. As long as this wave continues, it's going to be important to build some sort of strategy, otherwise you are going to be left behind.

Rebecca Swindell: As a relatively young person, although sadly I think I've missed the millennial tag by a couple of years, I would expect companies to be social, both externally and internally, and be disappointed if I could not connect with them through social channels.

Get smart

ME: Moving onto the creation of a smarter workforce. Most people have a smartphone nowadays so the mobile workforce is already a reality. How are you dealing with that?



"Reputational risk is definitely a big issue with social media."

Louise Flower: Being a very large organisation, we have got people all over the world and also all over this country. We have used it, although this is where it tends to blur as you mentioned earlier. We had a global service day a couple of weeks ago, all the charities Aon supports, people were out and about working on farms etc. What was really nice was that people were taking to Twitter and posting pics of what they were doing; we had a hashtag set up for the day and colleagues were retweeting each other.

ME: I guess you could argue that it was valuable because it bought a large number of people together and under other circumstances you would have spent a fortune on training days, outreach programmes etc.

LF: Precisely. Everyone was doing this through their mobiles and engaging with people they hadn't met before.

Alan Hamilton: What motivated the company to do that?

LF: It was partly a result of CSR policy but there is a big drive at the moment to gain traction with our audience through social media and new forms of communication.

AH: It taps into a natural altruism that people have; if someone starts it, with a little bit of guidance, it does tend to take off.

ME: This is financial services, though. Is there a danger of people tweeting stuff that companies might not want tweeted?

AH: But what's to stop them doing that via email? Or writing a letter or sending a fax? If you have an intranet I could post an article on a Wiki, if someone decides to screengrab it and show their friends, that opens up a range of business issues. From IBM's point of view, it hasn't been a major issue, it has proved to be self-policing.

RC: Louise, when you said people were tweeting, did you want censorship over that? As we all know, people tend to report bad news rather than

good news. I'll give an example. I won't mention their name but the retail side was on Facebook recently, promoting a positive initiative and because it was available to the nation and people don't like bankers, there was a huge amount of unbelievably bad comments. I thought, is it worth them being on them, aren't they promoting themselves in a negative way?

NE: Is anyone going to like a banker on Facebook?

RC: Exactly. I couldn't see why they were even on there.

LF: Reputational risk is definitely a big issue with social media.

MO: At IBM we have social business conduct guidelines. They are published on our website and they apply to what we say both internally and externally. Clearly, there are some things you can discuss externally that you would definitely not discuss internally on social media. We are encouraged to communicate as IBMers and tweet etc but within those guidelines.

Ajay Rathi: If you are moving into social media, it comes down to two things, I think, your objectives and your risk taking appetite. As was mentioned earlier, people will say negative things about you, so do you have that appetite?

ME: To quote Mark Zuckerberg, there is no longer personal, private and public, they are all the same. In most companies, these distinctions very much blur.

TL: In terms of the blurring of vision, if you look at IBM's employees, there must be a blurring of vision in terms of BYOD, using mobile devices at work and home, it's oriented around the device we use.

RC: Can I throw out a question? Does anyone have tweet teams as such or individuals who work on that area? In the US, we're giving more and more training to certain people, with an eye on compliance issues.

MO: From an IBM perspective that's not an issue we have. Rebecca is from our marketing department and there are people who do structured tweeting for communication purposes, and they are trained in that. But if you look at my Twitter feed it will say, I'm Mark Osbourn, I work at IBM, all views are my own.

AK: Mark, coming to your point about the difference between external and internal communications, the changing regulatory landscape, communicating to the outside world is quite a different thing to communicating internally, the social culture will impact the business.

TL: We have an internal Facebook type environment. We're learning about different methods of communication.

ME: According to a recent IBM/FStech survey, only three per cent of respondents said they had a dedicated team looking to improve communications and customer service through collaboration. That surprised me.

AK: Why are the big companies not coming forward on this?

MO: We do find that some of our customers are using social technologies internally for innovation

Jane Darvill-Evans: How do you get started with organisations who don't have this as a priority? How do you shift cultures to make it work?



"Most companies aspire to be cutting edge. It's a very different thing to be bleeding edge, you can get hurt."

MO: You make it as easy as possible and in peoples' interest to participate. It depends partly on the culture of the organisation. Build it and they will come does not work with social tools. You need to think about how you will handle adoption and part of that is, where do you start? It can, for instance, be built downwards.

AH: One of the things that got the biggest traction with one of our clients was a wine club community, there were two wine clubs competing against each other. Facebook, Amazon, eBay, no one has had any formal training in them, but we all know how to use them? Why is that? Because we're all interested in them. There is also an element of feeling that an investment of time in a new system will be rewarded. Is this just another fad of the chief exec? At some point it has to be clear that this is not going to go away and that there are benefits to be had from it; seeing that it is reaching a tipping point.

RC: The benefits internally are massive but can that be replicated in the same way from an external point of view? Do you want a Twitter feed with everyone giving feedback on products and that is public knowledge?

AK: They are going to do that anyway.

ME: Going back to the IBM/FStech survey...how do you make it easy for customers to engage with you? Just two per cent said social media. And 70 per cent are using face-to-face meetings as their sole way to solve business problems. Again, how do you get people to change a culture that is so embedded in those ways of working? And are there nationalistic and cultural issues at play here?

TL: We are very focused on a collaborative style of communication. The other dynamic is, colleagues come to meetings with ideas and we welcome these with open minds. It's really worth the effort. We call it social mutuality.

Victoria Adams: We've launched an online tool for our people to ask questions about a business process and anyone can answer. One of the things making it successful is the gamification aspect, people get likes and dislikes for their responses and they get a little green heart if they get a certain level of likes for their responses. We've also introduced email notifications that congratulate them for an official response to a question. We're trying to encourage people to use this social business tool to access information.



AH: There is gamification research which shows that it will increase engagement by 80 per cent.

VA: Another issue we've been discussing is that originally there was nervousness around using it; our attitude was, it's OK for people to write something incorrect, because it exposes areas where we need to make improvements and we can go in and do something about it.

MO: People feel rewarded and recognised. The first thing our new CEO, Ginni Rometty, did when she started was a video blog. That got lots of comments. She did it again and she mentioned people who had given particularly valuable feedback and she wrote as much on their profiles. It's encouraging people at every level to do this more and also using it as a practical tool.

OG: What's interesting is that the feedback wasn't all positive and she addressed that, so it's very important in terms of transparency, both externally and internally, taking negative feedback and turning it into positives.

Les Saunders: Most companies aspire to be cutting edge. It's a very different thing to be bleeding edge, you can get hurt. And when you're faced with numerous regulations, data protection issues, all kinds of risk issues, you have to be extremely cautious. If it's clear to someone that they can make money from it, of course they're going to go for it, but faced with the legal, operational, data and security issues, people are being rightfully cautious. There will be a tipping point, however.

ME: When it does tip, technology tends to tip fast.

MO: Aren't you putting a finger in the dam by saying you can't use social media sites? It's a flood you can't stop. Isn't it better to say you can but under these circumstances?

LS: We are talking about a negative impact to your firm's reputation. When you're talking about reputation, how much is your reputation worth?

RC: If you have to set up software, how many people do you need to run it? It seems to be more an aside at the moment, not a full time job.

OG: A lot of people become obsessed with either doing social internally or externally. You have to do both.

VA: We've used social media advocates, senior people at the company from different areas. If people see senior figures using it, it does help.

RC: What about those who aren't using it? Are they desocialised? Is that an issue?

VA: We're at the early stages but we've not seen a lot of that so far. Our online tool is a bit like using Google, it's not at all complex for the users.

LF: The key thing is providing a hook and a value in using it.

RC: That's why Facebook is so successful, it keeps changing.

MO: It has to have a use. My mother is now an avid fan of Kindle. She isn't particularly tech savvy but she likes Kindle because she can easily take 10 books on holiday.

OG: I use social not because I'm an evangelist but because I'm lazy. It's easy to use.

VA: I saw a presentation recently arguing that social media is the end of email. I don't necessarily think that's the case.

OG: In LinkedIn and Facebook, what is the messaging within that? It's very similar to email. So it's not about email disappearing, it's about it evolving into what it's good at.

KD: While I have cited a few of the barriers preventing corporate banking from becoming a truly social business, there will be an interesting convergence point in the years ahead between e-commerce, which continues to gain momentum and drive value in the corporate space, and social business as defined today. That convergence point may not be too far away.

MO: I'm going to quote the boss. Something Ginni said that really caught my eye, the social network is the new production line. The value of the organisation is the knowledge of the employees and it's about how we get that and utilise it in the business on a day to day basis.

ME: Unfortunately, we've come to the end of our allotted time. Thank you to everyone for coming along and contributing to what has been a really interesting look at implementing social business within organisations and the issues and benefits arising from that.

IN BRIEF

Simple starts from scratch

Braintree has announced Simple as the banking space launch partner for its Venmo Touch mobile payments tool

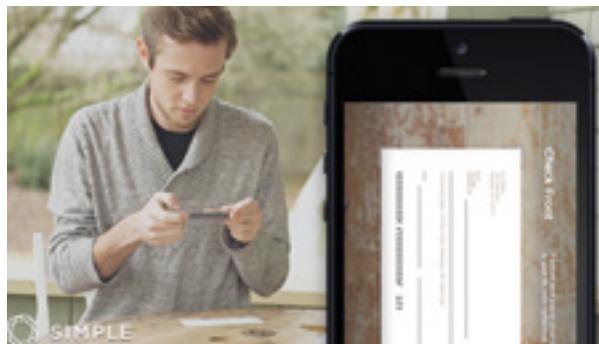
The US outfit's tech enables consumers to store credit card details on their iPhones so they can pay across a network of Braintree-powered apps including Hotel Tonight, TaskRabbit, Wrapp, and TrunkClub.

Bill Ready, CEO, comments: "While we expect this to be the first of many collaborations, combining the great mobile banking experience of Simple with the seamless mobile purchasing of Venmo Touch provides a glimpse into the way we believe people will expect all of their banking and purchasing experiences to work in a post-PC, mobile world."

Shamir Karkal, co-founder and chief financial officer at Simple, says: "Our goal to improve the state of modern banking sometimes means that we have to build an experience from scratch. Other times, it means integrating a best-in-class product or service from another innovative company...With just a few taps in Simple for iPhone, customers will soon be able to add their Simple Visa Debit card to Venmo Touch. Once enrolled, they can seamlessly and securely use their card (without typing in the card number) when they make purchases within some of the most popular apps around. Venmo Touch offers us a lightweight way to give

them seamless, secure, one touch mobile payments. We're always looking for elegant and innovative solutions, and this partnership is the first of its kind in our industry."

The online banking venture has also announced a partnership with Dropbox. "Back in February, we introduced a way to attach photos to transactions with Simple for iPhone. Since then, a number of our customers have said they want a way to attach receipts, invoices, confirmations and other documents from their phone. Over the next several weeks, we're excited to begin integrating Dropbox into Simple for iPhone. This feature will enable customers to attach any image, PDF, or text file in their Dropbox to any transaction in their Activity. Dropbox's recently-released Chooser SDK has allowed us to build this solution to let customers securely access their Dropbox files from within Simple for iPhone," says Karkal.



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Simple partners with Braintree/Dropbox
Axis Bank selects Experian software
G&D to buy Currency Tech
Aegon Asset Management in global EDM roll-out



- Poland's Getin Bank is implementing Hitachi's finger vein biometric authentication in its new Getin Up branch network. Its long-term objective is to implement biometrics in all its branches.

- Spain's Banco Sabadell has launched a service enabling customers to withdraw money from its ATMs using their mobiles. Customers submit a request to withdraw money via the Banco Sabadell mobile app. They then receive a code via text message which is entered at the ATM to complete the transaction. The Instant Money service also allows the user to send the code to a second person, effectively turning it into a P2P system.

- Axis Bank, India's third largest private sector bank, is to use Experian's Tallyman software to manage customers in arrears, reduce the cost of collecting debt and increase working capital by reducing debt write-offs.

- Danske Bank is to implement MDSL's Market Data Manager (MDM) solution. The bank says it will benefit from accurate invoice reconciliation, reporting both to finance and to the business, as well as from full permissioning control integration. In addition, the MDM Self-Certification option will generate cost savings through its frequent end-user inventory reviews.

- BankDhofar is implementing G&D's instant card issuance solution. The German outfit will equip the Sultanate of Oman-based bank's branches with its software for personalising customer and payment cards. Customers can collect these at the time of account opening and use them immediately. G&D is also supplying the bank with EMV cards.

People on the move



David Rigney

A new chairman has been appointed to the board of Bacs Payment Schemes, the company behind Direct Debit and Bacs Direct Credit in the UK. Former Nationwide group operating officer David Rigney takes up the post for three years initially. He holds a number of non-executive roles, including sitting on the advisory council for SAP in Europe, Middle East and Africa.



Hayley Kershaw

Hayley Kershaw is FICO's new vice president and managing director for Europe, the Middle East and Africa. With 20 years of experience at banks and consulting firms, she will run sales, services and marketing in the region for the analytics and decision management provider. Previously she headed up the company's professional services team in EMEA.



David Gordon

Promontory Financial Group, a strategy, risk management, regulatory and compliance consulting outfit, has unveiled David Gordon as its CTO. He has held several IT leadership positions with Capital One, most recently as senior vice president for IT operations. Gordon has also served as a technology partner and practice lead at Accenture.



Melissa Di Donato

Melissa Di Donato has joined the advisory board of Fusion AI Partners, a private equity firm whose portfolio includes FusionExperience and ThinkFusion. She has had spells at PwC and IBM and was a founding member of Bluestar Solutions, a start-up funded in Silicon Valley and one of the first cloud computing outfits to perform application hosting for ERPs.



Jeannie Shanahan

Jeannie Shanahan is the new MD of governance, risk management and compliance at Omgeo, a joint-owned venture between Depository Trust & Clearing Corporation (DTCC) and Thomson Reuters, focusing on developing/implementing risk-based compliance programmes. She most recently served as a credit risk director at State Street Global Advisor.



Marcio Rodrigues

Vizolution, developer of vScreen, new screen sharing technology for the FS industry, has hired Marcio Rodrigues as its customer propositions director. He has over 10 years' experience in the customer experience and insight industry and has advised and helped to deliver customer experience programmes for the likes of Allianz, Aviva, Barclays, British Airways and Zurich.



Jennifer Boussuge

Jennifer Boussuge has been named head of Global Transaction Services (GTS) for EMEA at Bank of America Merrill Lynch. Based in London since 2010, Boussuge has been with the company for more than 19 years, during which time she has held a number of leadership roles, most recently as head of global sales for GTS.



Catherine Houston

Rule Financial, a provider of advisory, business consulting, IT and software services to the investment banking community, has appointed Catherine Houston as a principal consultant. Houston joins from RBS, where she was VP and business analyst working in the operations technology department. Prior to that, she was a senior business analyst at ABN AMRO.

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Social climbing



Whilst social CRM sounds great in theory, it also presents financial institutions with a series of far reaching problems and challenges. Scott Thompson reports

The case for social CRM and social media customer service technologies is a compelling one, particularly when applied to the retail and travel sectors. Tesco has a growing operation across multiple contact centres. The grocery giant's branded Twitter account, connected to head office and the contact centre, aims to offer much more than generic support. It reports that customers are taking specific problems to Twitter, about specific stores, even while they're still shopping.

In the transport services sector, Arriva engages with over 70,000 followers across 70 in-house social media accounts. It uses its profiles to keep passengers informed of possible delays, weather conditions, road closure and accidents. Given that complaining about the transport system is a national past time in the UK, Arriva knew that customers were likely to air their grievances in a live environment. So to prevent abuse CrowdControlHQ helped it set up a swear word dictionary. The company uses buzz-monitoring to alert the communications team if any of the highlighted terms are used and automatically blocks, or sends for moderation, any incoming or outgoing suspect posts. It also allows the central control team to give employees a tiered level of access, it monitors use and provides an audit trail. And it protects passwords so that Arriva doesn't have to worry about an employee leaving the company and taking control of the accounts with them.

But what works for retail and travel doesn't necessarily work for the financial services sector, which faces a number of problems when it comes to integrating social media into an CRM strategy, chief amongst these being legacy issues and unprecedented levels of regulatory change. There are, however, some success stories to be found. Down Under, Commonwealth Bank, something of a trailblazer in this field, claimed a world first for a retail bank when it recently launched a new online support forum, Support Community. Backed by crowdsourcing platform Lithium, this allows customers to search for support and advice about retail and business products and services, share their knowledge and participate in discussions. Accessible from CommBank.com.au, NetBank and the CommBank Facebook pages, questions are answered in real-time by the community as well as CommBank experts.

In the UK, meanwhile, online only outfits have been leading the way. first direct says that it is embedding social media into all areas of the business as it aims to create a fully integrated and seamless experience. first direct Lab, its crowdsourcing platform, for instance, is populated with content such as product designs, service innovations and website concepts and updated on a regular basis. The High Street has been making up lost ground, however, with the likes of RBS launching an online Ideas Bank portal and @NatWest_Help placing high up in the UK Twitter Social Customer Care Leaders survey. While Metro Bank has been particularly proactive on Twitter.

Away from this, though, there is much erring on the side of caution. Merlin Stone, head of research at The Customer Framework, comments: "I think they (the banks) are correctly tentative about it, experimenting in using it, not just by having their own pages (not all have) but by advertising on it, particularly to younger customers, while monitoring closely what is being said about them in the wider social world. I think it's too early to say who is doing well or not in this area – and in any case the results of advertising campaigns may be good while the handling of issues raised on social media may be bad. I don't think in this respect that banks are different from their peers – big retailers, telecoms and media companies. In any case, much of their work is being done by their marketing/social media agencies, whether in terms of outbound communication or monitoring comment. In this latter respect, social media has made banks' lives easier, strangely, because monitoring social comment is easier and faster than monitoring press."

Nigel Shanahan, MD and founder of customer engagement specialists, Rapide, observes: "Some business sectors are flocking to social media, with consumer goods leading the charge. Retail banks, however, seem to be lagging behind. Few have taken even tentative steps into the social media environment and even less have initiated formal programmes." Recent research by Ovum suggests that Asia-Pacific and American retail banks are spearheading approaches to social media engagement whereas their European counterparts are lagging far behind. And according to a survey by Social Media Explorer, looking at banks that have the best social media strategy, not one of the top 15 was European. "One top five UK retail bank that has started a social initiative is only using social to market to existing and potential customers and not to actively engage in dialogue. The simple truth is that most social media activity between banks and their customers is now being driven and maintained by marketing departments."

What are the main issues and challenges that organisations face when uniting social media with the various other CRM solutions they use? "I'm not sure that this is what banks want to do or even should do. Most have so much to do to get their basic CRM right, including making sure that they are promoting the right product at the right time to the right customer, being responsive to inbound communication, being able to respond to it by appropriate offers which include contextual data (e.g. data given during contacts), and perhaps most importantly of all ensuring that all their customers can bank properly over mobiles (many still don't have proper apps for all the main platforms, with some just having balance checkers)," Stone observes.

One of the principal challenges banks (or indeed any customer service organisation) face with social media is that of aligning the real-time nature of the social media channel with the often significantly slower customer service processes; i.e. agents may be responding to customers in real-time on Twitter, but the SLA for the department that needs to solve the problem is several

working days, or they may be unable to answer the customer's question and push them towards the phone channel (which is exactly what the customer doesn't want to do and why they have used social in the first place). "This means that whilst the bank gets points for customer service responsiveness, it actually doesn't deliver the solution to the customer. This challenge is as much due to the lack of digitised operational processes as it is to systems integration; another example of the need for organisations to consider digital transformation holistically, not just as an IT or systems integration problem," says Maggie Buggie, vice president and head of digital transformation at Capgemini Consulting.

Managing social conversations is a very resource-intensive task; organisations often underestimate the effort required to maintain a consistent 'voice' across all channels and provide responses to customers in the time frames they expect, Buggie believes. "In the case of retail banking, this is particularly challenging, as the tone of voice within social channels is typically considerably less formal and more direct than in other forms of written communication, such as customer correspondence or even marketing collateral. In addition, the different social platforms such as Twitter, Facebook, LinkedIn, Google+ and Pinterest all have their different protocols and a tailored approach should be taken to each: one size does not fit all."

She adds: "Social produces a vast amount of unstructured data, and whilst this is an opportunity, it can also be difficult to analyse and apply to specific consumers (to improve consumer understanding). There is also significant data permission and privacy legislation that restricts data mining from multiple sources using PII, which in a highly regulated business requires stronger policy frameworks, banks having greater access to PII than most other organisations. Similarly, integration of modern social listening tools such as Eloqua or Salesforce Radian 6 into legacy systems which can be disparate and siloed presents technical challenges and significant expense. As a result banks may be unwilling or unable to do it, meaning that agents do not achieve a single view of the customer, and resulting in a disjointed customer service."

Rapide's Shanahan also flags up existing technology, process, culture and regulation concerns. Getting the most out of social media requires banks to rethink the way they integrate their technology platforms, he notes. Creating the optimal IT environment for social media requires more than simply opening up a Facebook or Twitter account. Indeed, to maximise returns, banks must carefully consider how they can bring their customer data, products and services together into a single IT platform to make banks more accessible and responsive to their customers.

"Integrating all of the available customer information, whether this be social, VOC or existing CRM data into a single and accessible customer record will not be an easy task for most banks. It will require significant changes in banks' technology infrastructure and related processes and controls. It will require

disparate technology systems to interoperate in real-time, sometimes across geographies and distinct technology platforms. Banks will be required to transform the way they collect, analyse and share data across the enterprise. Beyond integrating thousands of data points in real-time, the shift to an CRM system will also demand rigorous controls, streamlined processes and effective governance frameworks to ensure that data is being properly managed and secured," he says.

He adds: "Retail banking is already one of the most regulated sectors on the planet and it's therefore no surprise that retail banks would seek to comply with industry guidelines with regards to their use of social media. However, such guidelines do not yet exist which leaves an already cautious industry reluctant to take its first steps. The FCC, for example, has recently asked the investment industry to submit their social media policies to prepare for an industry review, but are still a long way off from delivering their own guidance on social media. Most social media activity between banks and their customers are now being driven and maintained by marketing departments, yet most of these marketing departments have not properly updated their compliance frameworks to reflect the very different characteristics of social media (fast response time, total transparency, varied audiences, etc). Banking executives will therefore want to take a closer look at how marketing activities – in particular – are adhering to compliance requirements."

Proceed with caution

That's the present, then, but what does the future hold for the retail banking sector and social CRM? According to The Customer Framework's Stone, it's: "More years of careful experimentation, interesting marketing communications campaigns, lots of listening to customers' problems!" Rapide's Shanahan says that retail banks will continue to take a cautious approach to social media, initially focusing on using social sites as an additional marketing platform before moving on to fully fledged engagement. "Many are reluctant to commit seriously to a full social media strategy without the comfort of a regulatory framework to work within. Those that may benefit the most from social media as a source of feedback and insight will be those with the most agile and responsive systems and processes. Hence newer entrants to retail banking such as first direct, Virgin Money and Metro Bank may have an advantage over long established financial institutions that can be hamstrung by disparate, complex legacy systems and processes."

The only predictable thing about social media is its unpredictability. Nobody can say for sure how social networks will evolve in the coming years; however, this could have a number of implications for banks. "Combining social media data with other direct forms of solicited feedback could allow banks to move away from mass marketing to deliver highly targeted offers and promotions. In addition, banks could become increasingly

proactive in their management of issues through acting upon real-time verbatim feedback with social as one source. The role of branches could also change to be focused more on complex customer transactions like mortgage and loan applications or the provision of investment advice with everyday transactions being conducted through social media 'apps' that will enable the bank to verify credentials and serve up balance information and payment functionality using the social network's authentication system."

For Capgemini Consulting's Buggie, the future of banking is the integration of digital and offline channels. first direct and Hello Bank (recently launched by BNP Paribas in France and Germany) are examples of the direction that the industry is moving: combining a best-in-class digital experience to customers while providing them with the reassurance of a physical High Street presence. "In this sense we will see the evolution of the role of the branch within an all-channel experience for financial services customers. This requires an integrated customer experience, and social (along with mobile) will increasingly be one of the primary contact channels for banks; meaning that banks must work to align their people, processes and technology to support a consistent brand both online and offline, and to ensure that they are able to provide a consistent customer experience across all the channels they utilise. The "human channel" in terms of frontline banking staff will also need to become increasingly service-oriented, and access to social CRM will facilitate this process."

The future may well be social, but that's not where the story ends. Far from it. Bringing systems and processes together and changing mindsets and cultures in order to make this a reality will be no easy task. With increasingly savvy customers expecting their financial services providers to be on the ball when it comes to Twitter, Facebook et al, it remains a challenge that many will take up. As Rapide's Shanahan puts it: "If delicately done it can be advantageous." Although he also adds: "While social media can be an important insight into what customers are thinking, for banks it is just one of many sources. There are many other ways to gain feedback that many institutions are not yet even fully exploiting. As Martin Hill Wilson from Brainfood Consulting says, if you don't get these direct channels right first and you plunge into social media you are likely to just channel people into a more public environment. Traditional VOC channels such as SMS, IVR and email should be fully utilised in the first instance to allow customers to have that direct uninfluenced conversation with their banks at key moments of truth along the customer journey. For example, invite them to give their feedback as soon as they have completed a mortgage application or had an interaction with a call centre. Ask for their feedback straight away so they don't need to get on social media and rant about it to their hundreds of friends or followers."

talking point

Social CRM...Is it an investment priority for financial services outfits and what are the main benefits of getting to grips with the challenge of bringing together social media with existing CRM systems?

Maggie Buggie, vice president and head of digital transformation, Capgemini Consulting: "Consumers are becoming more demanding of service in real-time, and an all-channel experience demands immediacy of response. As a result, lack of visibility and speed of response in social media will hamper the service offering of the bank. This is also an area in which individual customer grievances can rapidly escalate into corporate affairs issues and needs to be managed within the same timeframe.

The principal benefit is that the integration of social with existing CRM systems contributes to building a single view of the customer; this means that the organisation has a full history of all of the customer's interactions in one place and allows them to use this information to deliver joined-up customer service, including allowing for the prospect of true personalisation of offers to customers. Additional benefits include the provision of valuable customer data which can help organisations to analyse consumer trends and behaviour at a macro level, provide feedback which they can use to improve their processes and also presents opportunities for monetisation of this data through targeted marketing, cross-sell and up-sells within Group companies.

Internally the potential benefits range from the empowerment of agents to solve customers' problems regardless of channel, to removing the barrier between business and IT as customer-facing areas of the business work more closely with those implementing and



"Making my own channels more widely available and performing better would be my priority."

managing the technology which enables them to do so. There is an opportunity to gain competitor advantage, as no single banking organisation has taken the lead in this area. Finally, a review of existing CRM capability to include social CRM will almost certainly reveal other opportunities to improve business processes, technology provision and workforce enablement."

Merlin Stone, head of research at The Customer Framework: "If I were running a bank today, I'd probably still be reactive on this, outsourcing as much as possible to agencies skilled in social dialogue and data management, but not just on cost grounds, but instead with clear performance and quality criteria. I would prefer to keep my dialogue with my own customers safely in my own channels for the time being. Making my own channels more widely available and performing better would be my priority. Most banks have some way to go with mobile banking and mobile payments."

Nigel Shanahan, MD, Rapide: "Banks have been very slow to step in to the world of social media and those in the UK that have done so have entered in a very limited way. Research would suggest that although banks' investment priorities are focused on digital channels, social CRM is by no means at the top of the list. IT service analysts Ovum said that

banks' "clear IT investment priority in 2013" would be mobile banking as retail banks attempt to capitalise on features such as mobile payments and location-based services and additional digital channels. For many banks, social media is a curiosity rather than a priority.

The bringing together of quality customer data sets can potentially enable banks to take a more customer-centric approach rather than one focused purely around product. Social media is one such source of feedback that they may wish to bring together with CRM, but whereas feedback garnered by banks directly from customers is often the result of a dialogue and hence highly specific to their products, people, process or channel, social media data is often social in nature and it can prove more challenging to sort the wheat from the chaff. However, the blending of relevant customer data sources can potentially enable banks to grow business and provide a competitive advantage. They need to demonstrate deep insight into their current and potential customer base by analysing their behaviours and related data from multiple sources. Through greater understanding of their customers, they can improve customer retention, attract new customer and identify cross-sell and up-sell opportunities, calculate customer profitability and get a more holistic view of the customer."

In demand

Outsourcing of IT operations was until recently almost entirely fuelled by cost-cutting demands. But, as Hannah Prevett finds, whilst cost is still a factor, innovation is also now key



Outsourcing has long been a no-brainer for financial services institutions. The myriad benefits, including cost-savings, access to specialist skills and to best-in-breed technologies, are understood and CIOs have been signing on the dotted line for decades. Increasing regulatory pressures faced by the banking sector are presenting new opportunities within the sector. But whilst banks can outsource the function, they cannot outsource the risk.

There's no denying that outsourcing is common throughout the banking community. Indeed, financial services institutions are among the biggest consumers. The World Retail Banking Report

in 2011 found that more than three quarters of retail banks now outsource at least one part of their business.

The most regularly cited benefit of IT outsourcing in the banking sector – as in any other sector – has typically been cost. This remains true, especially at a time when budgets are squeezed, says Stuart Drew, an executive vice president at HCL Technologies and head of the firm's financial services division. "There's no doubt that cost is still a big driver for banks, who continue to come under considerable pressure to lower their cost/income ratios."

But as well as cost-reduction benefits, outsourcing also allows

the introduction of certain technical skills into a financial services business. This is particularly helpful, given the increasing prevalence of the digital agenda, says Drew. "More and more banks are looking to move into new, more innovative areas to connect with customers, such as mobile and digital. However, before they can do this, they usually find that they need to improve their overall capability, scalability and quality in these areas, which means turning to an external third party."

Adrian Quayle, managing partner of Avasant, Europe and a board member at the National Outsourcing Association, agrees that the way in which banks are using outsourced IT services is

evolving. "IT outsourcing is now really a core element of the banking service, but the things that people are looking at more now are innovation and further integration of systems and being able to have increasing support for interactive client activities."

Issues

But the introduction of this new pool of talent into IT departments is not without its own issues, according to Jean-Louis Bravard, co-founder at consultancy firm Burnt Oak Partners and former CIO at JP Morgan. "The number one problem I have encountered is that banks do not know who are employees and who are contractors, and at the end of the outsourcing contract they discover that the latter have the knowledge," he explains.

Quayle admits that this can be an issue within banks. "Some of the service providers now have a whole suite of financial services capability that they provide to banking sector customers, so they run a lot of the banking processes for those customers. And that means that often the expertise actually sits inside the service provider rather than in the bank."

But there are mechanisms to stop the hemorrhaging of skills when an outsourcing contract comes to an end and improve businesses processes, too, says Quayle. "I spoke to someone at a bank that had outsourced a number of different processes to different service providers and what they found was they'd lost some of the knowledge in the business itself. This led to the realisation that in particular aspects of their business, they needed to do things in more of a joined-up way."

"They went through a process of changing how they outsource so that they effectively reclaim the business process but continue to outsource applications and infrastructure," he adds.

A major shift within the financial services outsourcing market has been the banks starting to provide services to one another. "It has become quite a complex ecosystem of providers," says Quayle. "There are the external providers as well as companies who are already in the financial services sector outsourcing other companies' stuff because they can do it slightly better or cheaper, allowing the other parties to focus on their core businesses."

It's a sentiment echoed by Bravard, who says that a future area of growth in outsourcing will be financial services firm to financial services firm. Traditionally the preserve of asset management companies, Bravard predicts the practice will become more common in the larger banking sector.

One of the reasons for the practice's surge in popularity is likely to be that other organisations operating in the financial services sphere understand the regulatory pressures, especially when initiating an outsourcing contract in the first instance. "Because the sector is so heavily regulated, there are a number of considerations that need to be addressed before any IT outsourcing engagement can commence," says Drew. "Typically, organisations will consider the standard 'hygiene' factors, such as is the company we're looking to partner with fit for purpose? Do they have a track record of performance? Is it a reputable name?"

Then once a system is in place, organisations need to continually update their reporting processes to ensure they're on top of regulatory requirements, especially if it's a multi-national financial services provider. "The sheer complexity of the regulatory landscape can be tricky," notes Drew. For example, regulatory reporting itself needs to conform to the demands of several regulatory bodies across the globe, all of which are different, while the source data needs to remain consistent and verifiably accurate. The challenge comes in making sure that these reports are consistent at all times, which can be difficult.

Bravard believes outsourcing can actually help banks manage their regulatory requirements. "They are so poor at IT governance that the most enlightened ones do use outsourcing as a way to have governance improve." He says this is down to outsourcers' no-nonsense attitudes towards unnecessary expenditure. "The supplier is better at saying no to silly requests for new hardware or software," comments Bravard.

But outsourcing can only help with the legislative and regulatory burden to a point, he notes. Though an IT department can outsource services and applications, it cannot outsource the risk.

Drew agrees. "The golden rule for financial services companies regulated by the FSA is to remember that although you can outsource specific functions of your IT department, there's no way of outsourcing regulatory obligations to a third party. These obligations will always remain in place, which is why finding an outsourcing partner that is compliant with regulatory pressures is so important to financial services companies."



New approaches

The Customer Framework's Neil Woodcock and Merlin Stone (pictured) discuss Business Intelligence vs customer insight; Big Data or big chasm in consumer FS?

The world of BI is at fever pitch. The phrase Big Data is bandied about in high circles, often with little understanding of how data is generated and used. New approaches enable companies to hold more data, process it quicker, analyse it smarter and faster, allowing business users to make more sense of their world and respond to its challenges quicker, take initiatives more proactively and measure results more accurately. Their 'time to data' is reduced, and it is easy for them to begin to understand not just WHAT is happening, but WHY. In most banks and insurers, users of BI are organised into departments like "Consumer Insight" or "Customer Intelligence", replacing the older "Market Intelligence" or "Marketing Information", reflecting the move from less targeted forms of marketing towards precision marketing and creating personalised customer experiences. However, the BI community is not great at managing customer insight (CI) users. One of our clients uses the term "hidden BI" to describe what users do without the central BI team knowing. It's abuse of a term normally used to describe hidden BI assets, not users doing their own thing with (in their case) limited support of the BI community. The FS BI community is mature. Banks and insurers have long depended on masses of data. Data management and analysis have settled into a mature routine, with established systems and processes, often focused on risk management or financial compliance. Now, CI has emerged as a powerful BI user, but still learning what to do with so much data, whether owned or non-owned, structured or unstructured. Many FS companies have had to change how and to whom they market, sell and service to meet regulatory requirements. Markets are changing fast. The CI community can be unstable, just like marketing depts, with high senior staff turnover and associated instability in initiatives. While new analytical possibilities open up new approaches to marketing, sales or service, witness the move towards real-time/near real-time marketing.

Where BI and CI communities move in different directions or have different priorities, CI users don't get the support they need, while the BI community may take the route of technological optimisation rather than meeting users' needs. If this is so, the company should either slow down deployment of new BI tech, and/or ensure better alignment in plans and operational delivery for the two communities. Applying maturity modelling to the relationship between them helps, whether to look backwards to see how the relationship developed or forwards to see how to improve it, towards the nirvana of CI and BI marching in step, along a road where each step's value is understood by the business and supported throughout it. However, as many FS companies have

learnt, the relatively mature relationship between BI and functions managing risk and/or finance was possibly complacent. It led many companies to strategic errors because BI people were not pushing users hard enough to discover their own weaknesses in understanding customer behaviour, risk and the problems caused by product complexity. As excellent BI self-service tools become common, and as users such as CI become more competent at using them, the question, "Who guards the guardians?" must be asked. In many FS companies, the BI community's role is to support users with data and tools for 'self-serve' data access and analysis. But what happens if they are looking in the wrong direction when a tsunami comes? Or should the BI community abdicate its role as custodian of ensuring that users use data correctly, in the face of a well organised CI community which professes expertise in using BI in marketing, sales and service, keeping the BI community busy with demands for new self-service tools to model, analyse, explore, view, measure, collaborate, virtualise, and then write back results, citing the advantages of more agile decision-making, reduced delays and frustration for users, and reports that show a strong correlation between self-service and good business results?

The CI community is right to demand better self-service, but an unrestrained and unplanned drive to self-service may lead to inappropriate or wrong conclusions due to poor understanding of how data arises or to use of the wrong analyses or tools. This is particularly dangerous in FS, where decisions based on poor CI can lead companies straight into conflict with regulators. Improved planning and governance is needed to cope with a powerful, self-servicing CI community. Self-service should be rolled out in a careful, prioritised and targeted way, using criteria of need and competence. BI's experts, who know the software, and are in command of metadata development and data definitions, should work across both communities. Their knowledge of what works well and what doesn't is crucial to the interface. Governance is needed at all levels of the organisation, not just the board. Finally, FS businesses use various ways of partnering between IT and user communities, and with external companies, at different levels of the organisation, whether national or international. Use of outsourced partners is common, whether they be software or data management/analytics services suppliers, or marketing agencies. Partnering processes have often evolved over years, without careful consideration and analysis of how well they work and meet the demands of the user community or of the governance needed to supervise the partnerships.

This must change.

Risk and advantage

Completed in 2012, Project Voyager was a £300 million business transformation project undertaken by Nationwide Building Society to move away from building and maintaining its own core banking products on legacy mainframes, to a service-oriented architecture with SAP for Banking.

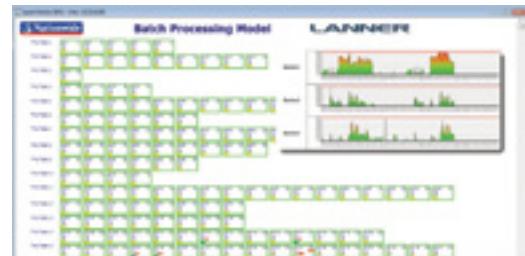
The investment has provided a foundation to better support its future growth plans. The building society can now react far quicker to dynamic market conditions, increased competition and changing regulatory requirements thanks to the agility offered by the new IT infrastructure. While there was substantial first-mover advantage in being the first bank or building society in the UK to implement the SAP for Banking solution, there was also substantial risk. Nationwide utilised Lanner's predictive simulation technology to model, simulate and analyse new IT processes before they were implemented, significantly reducing the risk of problems during the application modernisation project.

Lanner's WITNESS simulation platform had already been used by Nationwide during a branch refurbishment and re-design project, where the software had helped to design optimised branch layouts. However, as part of Voyager, WITNESS was set to work on very different processes and resources. Traditionally, Nationwide had processed data transactions overnight in batches between systems. But as part of the drive for greater agility, one of the key objectives was to move to a hybrid model, dominated by real-time processing. However, a small amount of significant datasets were still required to be processed via batch overnight. The building society deployed powerful but virtualised servers to deliver robust CPU

power for the batch processing and in doing so created the challenge of ensuring completion of all the overnight tasks whilst managing costs associated with excessive system resource utilisation.

The team at Nationwide built a predictive simulation tool on the WITNESS platform to analyse processing power requirements and completion times for the overnight batch jobs. With customer service as risk, it was imperative that processing times and peak resource requirements were projected as accurately as possible. Adding to the complexity of the analysis was the fact that many of the batch processes required other transactions to have been completed before they could be initiated. Predictive simulation was the only technology that offered a solution to model both the variability and interdependencies involved.

Working with Lanner consultants, Nationwide developed an interface that allowed simulation models to be automatically generated for various processing configurations. This allowed it to rapidly analyse, experiment and compare different strategies for smoothing the processing (CPU) requirements, whilst keeping the overall completion time within the critical overnight window. The initial benefit from deploying WITNESS was a significant reduction in the risk of poor performance. As this was the first time batch and real-time transaction processing using SAP Banking services had been undertaken by a bank or building society in the UK, trial and error was simply not a viable approach. By simulating the profiles of hybrid demands in a virtual environment, Nationwide has been able to predict and develop remedial action for a wide range of scenarios such as hardware failure, infrastructure collapse and other



Trial and error not a viable approach.

elements of business continuity, without compromising on the efficiency of the batched component of the hybrid transaction model. The projected processor consumption shown by the WITNESS models provided a benchmark for monitoring the health of the batch processes. Exceptions could be highlighted, exposing system problems early so they could be remedied. There has also been specific commercial benefit derived from the simulation analysis. By using WITNESS to gauge the specific capacity needed for a given profile of demand, Nationwide has engaged its hardware supplier in a more dynamic arrangement for its CPU processing power. Instead of simply purchasing enough processors to fulfil peak requirements and then leaving them under-utilised (an expensive proposition), it has been able to negotiate processor availability specifically when the simulations have shown it is required.

Mike Pighills, head of IT services at Nationwide, comments: "Project Voyager was a very successful overhaul of our core banking platform and has delivered many benefits since going live. It is important to recognise that you cannot undergo such profound change without properly managing the risk, which is why we chose to deploy Lanner's predictive simulation technology. From a planning point of view, this type of processing analysis would be extremely difficult without using simulation."

Green pursuits

Green has over the years flitted in and out of financial institutions' agendas. But how about the here and now? In tough times, is it high up on companies' list of priorities? Glynn Davis reports

Wind the clock back to 2008 and green and sustainability were riding high on the agendas of most financial services firms. But the collapse of Lehman Brothers and the near-implosion of the banking system that year resulted in many firm's mothballing their green strategies.

Alex Kwiatkowski, research manager for EMEA banking at IDC Financial Insights, says: "They made a big fanfare seven years ago and communicated their plans for reducing carbon footprints and cutting down on travel. Green IT sprang from the ground at this time when all the banks wanted to be green and it was in their annual reports. But it was a victim of timing and the crisis swept it off their agendas."

Recent questions asked by IDC have found that banks typically do not have green IT high up on their agendas again at this stage and that it is extremely rare to find an individual whose sole responsibility is to be the green IT manager. Instead it is something that all the IT community should be aware of but, according to Kwiatkowski, there are now "few hero points to win" from being green and that will attract new customers. Of more importance is to improve operational ability, reduce costs and introduce new hardware and software that just happens to also contribute to banks and financial services firms being more sustainable and green.

"It's not a standalone 'let's be green' strategy anymore. It's about cutting costs and showing the regulators best practice, which is then co-opted to the green agenda. Companies are interested in green IT but it's no longer being done to get more customers," he suggests.

Even though it sounds sensible to undertake actions that both reduce costs and improve sustainability (and such strategies have successfully been adopted by companies in other sectors including Marks & Spencer with its Plan A), Kwiatkowski says the problem





for financial services firms is the "oil tanker principle"; that is to say, they are so big. "Sir Stuart Rose (former M&S chairman) is right to stress the benefits but if you look at the sorts of savings the banks need to make...Tens of millions looks good, but then it was hundreds of millions and now, what about a billion of savings?" he asks.

Long-term commitment

This has clearly been recognised by Bank of America, which has run a number of green initiatives. Mohit Sarvaiya, regional technology infrastructure executive for EMEA at Bank of America, says the bank completed a 10-year, \$20 billion commitment to lending, investments, products and services focused on addressing climate change four years ahead of schedule. "To further this long-term commitment, we are continuing to support a global, low-carbon economy by embarking on a new 10-year, \$50 billion environmental business initiative this year," he says, adding that the visibility and use of sustainable business practices is becoming more common in the sector as evidenced by the increasing number of green IT rankings and awards.

Part of this new initiative involves the bank's EMEA Green Infrastructure Technology (IT) programme; with commitments including all electronic waste streams to be disposed of using certified, responsible vendors. "Being an e-Stewards enterprise is one of our best practices – using only certified, environmentally responsible disposal vendors for electronic waste. We also roll-out recycling receptacles to select locations across EMEA and Latin

America for responsible electronic device recycling and disposal," explains Sarvaiya.

It also continues to reduce its consumption of energy by partnering with vendors that use more efficient and environmentally-friendly technology, including virtualised desktop and server solutions.

EMEA Green IT has also helped reduce its datacentre footprint, servers, energy and water use across the UK. Efforts are estimated to save more than \$1 million each year in electricity costs alone.

Improving the performance of the datacentres has also been an objective of Deutsche Bank in its eight-point green IT initiative that it completed in 2012, which involved doubling the utilisation of next-generation hardware. Marc Banks, lead eco-efficient IT architect in global technology at Deutsche Bank, says: "Our objective was to achieve a paradigm shift to an environmentally sustainable understanding of our IT infrastructure and lasting change in our designs, deployments and operating practices."

IDC's Kwiatkowski is slightly dubious of such big initiatives, suggesting nobody will check to see exactly what has been achieved from them and that they are often exercises in "grand-standing" by the companies involved. "On the one hand the company saves money, but does it mean they're more ethical? Probably not."

He would prefer it if they took a different approach and stated that they were making decisions based on tough market conditions, resulting in using more cloud solutions and less printing in order to be more efficient. "Yes, this is all greener and more environmentally-friendly, but they'd be doing it anyway!"

Another issue is the move to cloud that again has the possibility of being passed off as a green initiative. In this case Kwiatkowski has concerns that financial services firms are simply passing the energy usage on to the cloud provider.

"It just passes the onus on to the provider. IBM or Amazon or Google will then have to make decisions about the technology they invest in and how green it is. If the cloud gets more expensive as a result of the cost of the datacentre providers going green then it will not work," he warns.

However, it is likely to be some years before cloud adoption will make a fundamental difference to the overall consumption of energy for financial services firms, and for now the focus is on things like ATMs, which require a large amount of power. The problem here is that the over-riding concern is for security so green does not get the focus. Barclays, however, has taken the lead with talking ATMs and the Co-operative is introducing them as well, whilst Bank of India has created solar-powered machines.

It might require a little more global warming before the UK could adopt such energy-saving devices but there is clearly an environmental benefit for any such developments, regardless of whether the banks choose to call them cost-cutting measures or dress them up as green IT initiatives.

Q&A

Ed Chandler, Kalixa Group



FStech talks to Kalixa Group CEO, Ed Chandler, about disrupting the payments space, standing out from the crowd, the future of mobile payments and the European launch of Kalixa Pro, the company's service for microbusinesses

FStech: Could you give us some background information on yourself and your career to date?

Ed Chandler: I was appointed Kalixa Group CEO in 2012. I'm responsible for the strategic direction and performance of the



Kalixa Pro suite: mPOS eWallet and card.

company. My mission at Kalixa is to transform payments from a source of cost, complexity and risk into a sustainable competitive advantage by enabling customers to make and accept payments anywhere, anyway, anytime. To be successful, I believe that companies must embrace technology innovation to outpace and outperform their competitors. In the last six years I have been involved in a number of industry firsts. These include Tesco Instant Insurance, Barclaycard OnePulse and Freedom, Orange QuickTap and MasterCard Mobile Payments.

Prior to joining Kalixa, I was Group general manager, business development at MasterCard in the UK and Ireland. I developed and rolled-out their five year digital payment strategy for traditional and non-traditional customers. At MasterCard I achieved a customer win rate of 90 per cent in 2011, delivering around £100 million in net revenues and transformed the sales cycle to improve closure rates by 100 per cent.

Before that, I worked at Barclays as head of global product development before being promoted to general manager for UK partnerships. At Barclays, I delivered a new contactless payments and real-time reward platform for enterprises in under four months and helped them save approximately £2.5 million in scale efficiencies. The platform is now used by a host of enterprises including Orange UK. In June 2013, I was awarded third place in the Payments Power 10 most influential people in payments.

FStech: The mobile payments space is crowded, with lots of new entrants. What is Kalixa Group's USP, what makes it stand out from the crowd?

EC: Many players in the market are focusing upon one specific area within the value chain; whether that is managing a prepaid programme, becoming a mobile payments app, creating an mPOS application, or becoming a payment aggregator. With products that cover virtually every area of the payments chain (from issuing and acquiring to acceptance) Kalixa owns its own ecosystem, meaning its customers only need Kalixa rather than a myriad of providers in the value chain. One integration, one platform and one company, we are able to take cost and complexity out of payments. This is why we are different.

For example, we can offer a market leading price-point for a prepaid card, and easily link this account to a range of devices such as a contactless watch or Moneto mobile payments app. For a small business we can not only offer our mPOS solution, Kalixa Pro, but combine this with a simple small business account and card for managing their finances, as well as a simple payments gateway for accepting online purchases. Lastly, for larger merchants Kalixa can offer

acquiring services and its payment gateway combined with the choice of over 200 different alternative payments options to increase checkout rates.

We have over 12 years' experience in processing payments, supporting customers, and delivering new products. This is a next generation payments company with a flexible platform designed to support all business needs.

FStech: The company has said that it intends to disrupt the payments space. Why in your view does it need to be disrupted?

EC: The way we shop today is fundamentally different to 10 or even five years ago. The advancement in technology and social networks has rapidly evolved how we choose and buy products, where we buy them and through what channels. In the past 10 years it's fair to say that, in the UK at least, High Street shops and brands have changed beyond recognition.

Payments have struggled to play catch-up in this rapidly evolving retail landscape. Policies, processes and our form factors are all still baked into the retail landscape of 15 years ago, when chip and PIN was first introduced. The net result is that the backbone of purchasing payments is not meeting the current needs of the market it serves. This is why we believe the area is ripe for disruption, and why many new entrants are seeing real traction. There is room and a need in the market for innovative alternatives.

Kalixa is a new breed of payment company disrupting this scenario. We own our ecosystem and can remove the excess links in the chain to make payments simple, seamless and secure. By unshackling consumers and businesses from the value chain, we can reduce cost and foster the innovation that will make customers' lives easier, and help businesses and economies to grow.

FStech: What's the future of mobile payments?

EC: Mobile and digital payments will continue to evolve, becoming the norm for the majority of consumers and merchants. Technologies such as NFC, mobile apps and mobile wallets will all play their role. However, one of the fantastic things about mobile is the choice it gives consumers. Put simply, we don't believe there will be a one-size-fits-all for mobile payments. Some consumers will choose to use a mobile wallet and pay by NFC. There will be others who may choose to pay through an online mobile checkout (whilst in-store). Of course many others will continue to use card or cash, but use their mobile to check balances, manage their account and transfer funds.

This will create an ecosystem where payment players need



Kalixa Pay card.

platform flexibility for the many different consumer preferences. There will be no like-for-like replacement for the plastic card in the mobile world. One thing is for sure, mobile and digital is the future of payments. We are already seeing proof points of the power of mobile in mPOS services, digital payments and mobile banking. This evolution shows no signs of slowing down.

FStech: Where next for Kalixa Group?

EC: Our immediate focus is the launch of Kalixa Pro in Europe. Kalixa Pro is our payment service for microbusinesses. It provides businesses with a simple, cost-effective and smart way to accept payment through a mobile app and dongle. We are incredibly excited about this launch as we feel we can offer microbusinesses a great deal more than existing players. It is also a large and underserved market today, as there are over 19 million microbusinesses across Europe and they employ 30 per cent of the European workforce. To be able to offer these companies an innovative and cost-effective way to accept payments or grow their business is something we are very proud of.

Kalixa Group, DeviceFidelity and MasterCard have announced the UK launch of the moneto prepaid wallet. This enables NFC functionality on an iPhone, allowing users to tap and pay for goods at MasterCard retail outlets across the country. The service will soon be compatible with Android mobile phones and is set to be rolled-out across other European countries in the coming months. "The UK is one of the fastest growing prepaid markets in the world and is a leader in terms of NFC and contactless acceptance at the point of sale. By enabling iPhone users to make smart, simple and secure NFC transactions we are taking an enormous step towards making mobile money an everyday reality for consumers," says Chandler.

UK banking reforms must not overlook role of IT
Following the publication of the Parliamentary Commission on Banking Standards report in June, a large focus has been placed on the impact that these proposals will have on senior management. Does "recklessness" extend to a passive acceptance that the legacy technology in many parts of financial services, if it is not already fit for purpose, has a very short lifespan indeed with so many changes in the pipeline? Does a finance director demanding a robust financial benefits case now risk his liberty in a retrospective assessment after the fact of a major systems outage?

As a result, it will be vitally important for the Government and regulators to think carefully about how the executives of an organisation contextualise the recommendations of the report. One specific and high risk area is arguably in the IT systems that banks use, as well as the need to upgrade them. Not only do the right systems and tools make it possible for organisations to collect and process huge volumes of customer data and insight, but they also enable firms to achieve compliance with both existing and emerging regulations.

Intellect, the trade association for the UK technology industry, has welcomed the conclusions set out by the Commission's latest report, but also warned that its recommendations do not fully address the fundamental frailties and complexities of the technology infrastructure that underpins the financial system. This warning highlights the fact that a complex jumble of IT systems now underpins just about every function that banks perform – from detecting fraud and making payments to mitigating risk and reconciling accounts. Over the years, these systems have become the 'plumbing' that allows data to flow within and between banks – and so their importance to any discussions around banking reforms cannot be overstated. IT systems like these not only help management with operational decision making, covering everything from risk to lending, but are also essential for achieving the compliance and reporting requirements set out by the FCA.

This complex technology estate is still causing headaches for many financial services firms, especially if these systems span many different locations and departments. To make matters even more challenging, some of these systems have been built layer upon layer over the years, which makes it very difficult for banks to gain a clear overview of their operations, to reconcile their data, and to implement change on a timely and cost-effective basis. New technology can obviously make an enormous difference here, as it

enables firms to replace their outdated manual and error-prone systems with IT solutions that provide greater automation, speed and accuracy. The Parliamentary Commission on Banking Standards may have focussed primarily on human behaviour in its latest report, but it would be a mistake to overlook the complex and critical role of IT in supporting these changes.

Jim Muir, director, AutoRek

Data and the target on FS organisations' backs

News that the Competition Commissioner is to investigate high interest lenders is another example of how, when the long arm of the regulators is mobilised, an organisation's forensic readiness will be the first thing put under the microscope. The OFT said it expects responses by the end of July from the 50 payday lenders it had contacted in March, to demonstrate they had complied with their legal obligations. Whether it is large financial organisations or smaller companies offering access to loans, it's a further demonstration they must have the processes in place to comply with the regulations and provide sufficient evidence for any case brought against them that may end up in a court of law. Providing data that has not been forensically acquired brings with it the risk of it not being admissible in court or being dismissed. Another risk is if the process of acquisition was not practised in a manner acceptable to the courts that, again, may also prove that the data is not admissible.

In the same way, all financial institutions will be subject to the same security risks (hackers, APTs, phishing attacks) whether they spend millions on their security infrastructure or have more minimal security budgets as they wrongly believe they will not be attacked. Cyber criminals have mastered the art of using social engineering techniques to trick users of financial services companies into unwittingly revealing their security details, and this is often where a cyber attack starts. The nature of the data held by these organisations makes them and their customers potentially lucrative targets for these highly organised criminal gangs.

Nick Pollard, director, professional services, Guidance Software



Cyber criminals: a wily bunch.

Letters to the Editor should be emailed to: scott.thompson@fstech.co.uk

Coming up

10-11 September: FinovateFall 2013

Location: New York

Website: www.finovate.com/fall2013

16-19 September: Sibos 2013

Location: Dubai

Website: www.sibos.com

23-25 September: Business Analysis Conference Europe 2013

Location: London

Website: www.irmuk.co.uk/ba2013/

16-17 October: IP EXPO

Location: London

Website: www.ipexpo.co.uk

04-06 November: Data Management, Information Quality and Data Warehouse & Business Intelligence Conference Europe 2013

Location: London

Website: www.irmuk.co.uk

14 November: 2013 FStech/Retail Systems Payments Awards

Location: London

Website: www.payments-awards.com

27 March 2014: 2014 FStech Awards

Location: London

Website: www.fstech.co.uk/awards

08-09 April 2014: TradeTech

Location: Paris

Website: www.wbresearch.com/tradetecheurope

29 April-01 May 2014: The Big Data Show

Location: London

Website: www.internetwork.co.uk

29 April - 01 May 2014: Infosecurity Europe

Location: London

Website: www.infosec.co.uk

FStech roundtables

FStech hosts a number of exclusive roundtables throughout the year, which are free to attend for financial IT professionals.

Recent topics under discussion have included cloud computing, outsourcing IT, datacentres, retail banking and IT security.

For further information on our forthcoming roundtable events, contact Rebecca Reeves at: rebecca.reeves@fstech.co.uk. Or on: 020 7562 2417. For sponsorship enquiries, contact Sonia Patel at: sonia.patel@fstech.co.uk. Or on: 020 7562 2430.



Got an event to publicise? Send the details to Scott Thompson, Editor, FStech at: scott.thompson@fstech.co.uk

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Across channels

Banks with multi-channel aspirations must shake off old ways of working and start acting more like start ups. And they have much to learn from retailers in this respect. That was one of the messages to come from the FStech Multi-Channel Banking Conference, which took place in London during July

Featuring contributions from the likes of Barclays, HSBC, Santander, BNP Paribas, Ovum and Consult Hyperion, the conference looked at how banks are progressing in terms of multi-channel strategies and delivering the consistent service needed to engage and retain customers. It was chaired by e-commerce practitioner Martin Newman. Selling online since 1997, Newman has been involved in multi-channel retailing for over 25 years and has had P&L responsibility and ownership of direct mail, e-commerce, mobile and call centre channels for such brands as Ted Baker, Harrods, Burberry and Intersport. Now CEO at e-commerce consultancy, Practicology, his clients include Thomas Pink, The White Company, T-Mobile, Space:NK, La Senza, the Fragrance shop, arco and the Edinburgh Woollen Mill.

He kicked things off by giving a retail slant on the multi-channel puzzle. "Too many retailers still see customer service as a channel for problem resolution as opposed to a driver of sales," he said. "If there's one thing I would like delegates to take away from today, it would be to ask yourselves; if you were a customer service business that happened to sell financial services, how would you talk and behave differently with your customers?" he said.

First speaker of the day was Ian Sayers, chief architect of digital and mobile at Barclays. His presentation asked, with the introduction and rapid growth of mobile banking and mobile payments, what challenges does this pose to existing channel strategies and what further opportunities does this revolution open up, either in traditional banking products and services, or in the creation of new markets and capabilities?

"Bank branches are steadily going down because fundamentally banks are selling a digital product," he said. "Channel challenges include convergence, the ATM and mobile, bringing 21st century design to a 1980s product."

Numbers may be declining but the branch remains a part of the multi-channel landscape even though many have been

predicting its demise for years. "first direct was supposed to be the end of branch banking, we were all going to use the telephone. It didn't happen. Why? Because we can't do everything over the phone, plus fraudsters got in on the act. Then there was internet banking, that didn't kill off branch banking either, for similar reasons."

Nonetheless, the younger generation's use of social media and mobiles is reinventing the banking space. "My teenage daughters recently used ATMs for the first time and they touched the screen," said Sayers. "Their expectations are driven by iPads etc. There are a lot of challenges here."

He noted that 56 per cent of the population have smartphones and it's going up all the time. Barclays has had some success in this area with Pingit, the first app that allows people in the UK to send and receive money using their mobile number. Available for iPhone, Android and BlackBerry devices, it is also now being expanded across Africa and Europe. At the 2012 FStech/Retail Systems Payments Technology Conference, Derek White, chief customer experience officer, Barclays, told delegates: "When we launched Pingit our dream was that it would grow into something like iTunes, for instance, monthly releases, monitoring Twitter and customer feedback. We see Pingit as fundamentally disrupting our business. There are many disruptive players and influences out there. The only way to survive is to create layered products as we have done and as the industry did 40 years ago with cards."

Sayers commented: "Pingit allows us to push payments rather than pull them. Retailers have traditionally pulled payments, but that is changing. We can take the friction out of purchasing and turn passive channels for retailers into active sales channels, with



"Channel challenges include convergence, the ATM and mobile, bringing 21st century design to a 1980s product."

intelligence. The fascinating thing from our perspective is being able to see what the customer bought."

There's much more work to be done, however. "We are in an environment many would kill for, with millions of customers and huge amounts of valuable data. We as an industry need to act more like start ups and we can learn from retailers in this respect."

Next up, Mike Griffiths, EMEA sales director, Perforce presented on overcoming development issues in banking and finance with Agile. "As a professional in the finance sector, you are probably under pressure from all angles!" he told delegates. "Not only do you have to cope with ageing technology platforms and a host of different systems, you also need to take into account regulatory compliance and directives from financial bodies. Plus you have the added pressure of operating against a background of volatile trading conditions, where mistakes can cost millions."

He added that Agile development methods could help meet many of these pressures and his session explored best practice for how development teams can deliver new business services, efficiently and on time. Financial services companies are, like so many areas of business, highly dependent on software to get their products out to market – and that's one way in which some of the world's biggest banks use Perforce, to 'version manage' not just software code, but other content as well, e.g. supporting documents. They also need to keep clear audit trails/records of their software development, particularly since they may need to support/make changes to old products, have to produce information for regulatory compliance, etc. Perforce gives them an 'archaeology' so that they can see what piece of code was created/changed, when and by whom.

Feeling secure

Two presentations got to grips with the security issues that arise from multi-channel banking. Michael Paisley, head of operational risk and IT, Santander, gave a presentation entitled, Multi-Channel Banking Security: Improving Customer Experiences and Reducing Losses...Are You Sure? Multi-channel banking offers great value opportunities, both for the customer in terms of ease of use and functionality and for the institution in terms of the provision of competitive customer service, and revenue generating opportunities. But, as always, risks are present. In this case a significant risk, as perceived by both the customer and the institution, is identity theft leading to financial loss due to fraud.

Good security can support achievement of these objectives and minimise the risk of loss to all parties, but what do we mean by good security? Paisley's presentation emphasised the importance of distinguishing between the challenges of delivery of 'IT security' within the institution's managed payments infrastructure; a 'relatively' simple and well understood endeavour, with the broader, more complex, less understood and yet more relevant,

challenge of preventing customer identity theft and account takeover with consideration to strategic decisions in respect of multi-channel authentication models and current and emerging threats. Understanding and acting on this distinction, it was suggested, not only leads to reduction in losses associated with fraud, but also to increased customer experiences and satisfaction.

"This isn't a slow game," Paisley emphasised. "It's a game you have to be on top of every single day."

He added: "The financial services sector spends too much time focusing on the small minority who create fraud rather than looking at how they can benefit the majority of their customers."

Meanwhile, Luis Bernardi, head of IT audit: UK and CIB France Hub, BNP Paribas, gave his take on multi-channel banking, the audit and risk view. The evolution of modern banking has revealed new challenges to ensure all market channels meet the same level of information security, specifically integrity, availability, confidentiality and proof. With the inclusion of new sales channels from the incorporation of telephone banking and ATMs and modern technologies such as the use of social media, faster and newer mobile technology, and together with inconsistent regulation in financial services, the opportunities on offer can be overwhelmed by the challenges. The session unveiled a course of action for IT managers and risk and audit professionals to consider an approach to manage and assess risks and its controls.

Bernardi cited a Celent research report which showed that the number of banks ranking the branch as one of the top two most important channels declined from 73 per cent in 2010 to 54 per cent in 2012. The traditional methods to manage risks are not well adapted to multi-dimensional banking models, he argued. "The traditional audit methodologies also didn't evolve to support banking boards to address these issues and bring the expected value from this independent body. The methods are linear and tend to view channels as individual units. For example, home banking, phone and mobile banking, etc. There are clearly gaps in our defences; there are risks that are not well identified and therefore not adequately managed," he commented.

Bernardi quoted Philip Farah, senior director for the retail banking practice at Cisco Systems, who said 2012 would be "the year where multi-channel ends and omnichannel will start." He described the idea of omnichannel as "the fusion of channels to create a unified experience. It's the convergence of physical and virtual channels. The experience initiated in one channel will be seamlessly transferred to another."

Bernardi continued: "The new paradigm is that we need a comprehensive and holistic view of our channels, a consolidated centralised repository of all its means of trade on which our services are offered. Based on this we need to adapt, measure, identify gaps and define controls to address them (either adapt existing ones or create new ones). Think about your strategic needs, interacting with the channel's actors, sponsors and



Transversal presentation on the customer experience in finance.

business representations, include the client experience as well, as part of your holistic view. It is important to bring all channels to the same standards, prioritising the emerging ones but not forgetting about the traditional ones that would also need adaptation. Otherwise you cannot ensure a seamless experience for customers when dealing with multiple channels."

Multi-channel banking strategies

There then followed the first discussion panel of the day: Implementing a successful multi-channel banking strategy: do's and don'ts.

Panellists as follows: Graham Flower, head of customer management, HSBC; Emma Rodgers, senior analyst, Clearwater Corporate Finance; David Parker, managing director UK and Ireland, Accenture.

How, asked Practicology's Newman, are banks progressing with their multi-channel strategies? Parker commented: "The need is recognised for a strong multi-channel strategy to drive organic revenues, deepen relationships with customers and open the door to cross selling. It also has a critical role to play in terms of cost reduction. Every bank in our experience has embarked on a multi-channel journey and they are getting the basics right, right sizing the branch network and catering for the mobile explosion."

For Rodgers the speed of technology change is key here. "It's difficult for banks to keep pace. There have been hits and misses."

Flower: "You have to ask yourself, what is it you are trying to do, who are you serving? It's a case of getting back to core values. Multi-channel has almost been a side issue. Most banks have the data but they don't follow it through (dropouts etc). If you sort it out, you will have a massive uplift."

Rodgers flagged up the harsh environment that banks currently operate within. "Survival is a priority for them. Multi-channel has to be balanced with internal issues."

Newman said that this also applied to the retail sector: "The retailers who went to the wall in recent years all had internal issues. If you can, you must plough ahead while fighting fires."

Parker: "The investment has been there but it has been difficult to get it right. It's not about a focus on multi-channel per se but how you get it right. In that respect, I'm sceptical about the term omnichannel, it looks like a case of taking it back to the old ways of extra costs and complexity."

Flower bemoaned missed opportunities in terms of insights into customer behaviour. "There's no science, no analytics. Which customer made us money today and why? And who will make us money in the future? Why doesn't investment focus on that?"

For Flower, the war is being fought with an emphasis on personalisation. For Rodgers, the most exciting areas are mobile, social and Big Data analytics. "The vendors in these areas are the ones to watch, such as Monitise who are getting lots of column inches and winning contracts."

The discussion then turned to social media. "It's about your brand," noted Flower. "It's a good thing for first direct but maybe not for the so called nasty banks. Level one has been monitoring tweets etc. I'm not sure what level two is yet."

Parker: "I don't think there is a bank in the world who could say they are a social bank. There's lots of talk, but not much actual activity."

Rodgers: "Customers expect to be engaged when and where they want and increasingly that's social media. Lots of banks have a Twitter presence, not that many Facebook, and that needs to be addressed."

There are still those who argue that social media is all hype, no substance. Facebook will fade away, people will tire of it eventually. Banks should focus resources on more pressing matters, such as regulatory compliance. This was backed up by an audience delegate who wondered if, fuelled by all the hype and the backing of analysts and consultants, the industry was forcing mobile and social onto indifferent customers. "Someone like Metro Bank would argue that there is a need for a traditional banking service, but the branch only model can't work going forward," said Parker.

Newman: "Mobile is changing behaviour, customers have an expectancy of immediacy. If you don't have a roadmap, you will be in trouble."

The discussion panel was followed by a thought provoking presentation from Paul Makin, head of mobile money, Consult Hyperion, looking at mobile money in the UK. The rise of the payday lenders parallels the mainstream banks' lack of interest in this sector. Perhaps the mainstream banks could improve their image, and their level of deposits, by addressing the needs of the

underbanked in the UK, and one way of doing that would be to develop a mobile money strategy. This does not refer to the phenomenon of mobile phone-based money transfer schemes in emerging markets, such as M-Pesa in Kenya. Mobile money is not, or should not be, an exclusively emerging market phenomenon, argued Makin and his presentation presented a compelling case for this.

"Cracking down on payday lenders will hurt the poor. It might make The Daily Mail happy but not the poor," he commented, noting that there are 1.25 million unbanked households in the UK and 4.5 million individual benefit recipients. They exist in a cash economy and are consumers of the most expensive services (cheque cashing, payday loans, domestic fuel etc). "It's really expensive being poor."

They're also mobile users. They might be unbanked and unbankable but the mobile changes all of that. A farsighted bank could strengthen their own proposition, building deposits and generating new transactions. There are also opportunities here for new entrants. "M-Pesa's revenues in Kenya in 2012/13, after supplier costs, were £171 million. That's peanuts to a bank in the UK but a nice sum of money for most organisations."

He concluded: "Could mobile money drive out payday lenders in the UK? They're really doing no good at all."

Afternoon session

This kicked off with Stephen Sinclair, global business director, banking and finance, Transversal, who discussed the customer experience in finance. Transversal has provided solutions to clients in the finance sector for over 10 years, including Barclays, Direct Line, Allianz, J.P. Morgan, Coutts and Santander. Sinclair's presentation looked at the definition of customer experience, the role that perception plays and how to deliver a consistent, relevant customer experience across multiple channels. "If reality is perception then perception is reality!" he said.

Customer experience is made harder in the financial industry because of a widespread negative perception, complex regulations and many varied products. It is also a fiercely competitive sector,

where change is fast-paced, so it's essential that all available information is relevant, consistent and up-to-date. People want to be able to carry out transactions and research 24/7, without restrictions. Consistent information needs to be available across all channels, where customers may interact with you, to aid in their decision making and thereby reduce the effort it takes to do business with you. "What we are finding is that people now have different routes to your information."

It's not always a straightforward process though. A delegate commented that people tend to work in their own silos and go through their own processes. How do you get over that? "It can be a slow process," observed Sinclair. "But it comes down to getting people not to work in silos, joining up marketing, customer services and other departments."

The afternoon session also included a social media discussion panel featuring Joshua March, founder, Conversocial; Daniel Mayo, practice leader, financial service technology, Ovum; Guy Stephens, social business: managing consultant, IBM. The explosion of social media across UK culture has changed the ways in which individuals interact with each other and also with the businesses whose products they consume. In the banking world, the move into this area has been at times a reluctant one, due in no small part to regulatory compliance issues. Slowly but surely, however, progress is being made. As Mayo remarked: "Banks used to have a one way discussion with their customers. But the dynamic has changed. With social media, if you have a bad experience as a customer it no longer just impacts you, it impacts the rest of your network."

March argued that social media represents "an amazing opportunity for banks to reach out and reconnect with their customers before they lose them. A lot of the banks are being forward thinking and reactive with social media. When there used to be a crisis situation, the reaction was to baton down the hatches. That doesn't work anymore."

Stephens posed the question: "How can you start to leverage it in your business, with, for instance, social media advocates? It needs to be addressed internally."

Newman asked if this could be an acquisitional thing for banks or is it just about retention? Stephens replied: "We are still at the early stages." He noted that five years ago he worked for The Carphone Warehouse and held the position of customer knowledge manager. Part of his job was understanding how the likes of Twitter, Facebook, YouTube and blogs could be used to enhance the customer help and support experience. "We're still having the same discussions about social media that we were five years ago. We need to push it on, otherwise we will just have a mountain of data



Social media an amazing opportunity for banks to reach out and reconnect with their customers before they lose them.



"The banking sector is highly regulated but don't let that get in the way of innovation."

to sit on. There are lots of things we need to look at in terms of using data."

Mayo: "People either think that social media will change the world or that it's overhyped. The truth is somewhere in between. How do you bring it into the overall strategy? It shouldn't be just another siloed channel."

March: "Over the last few years we have seen a big shift, from people venting to genuine customer service conversations. It's definitely not overhyped, it's here to stay. There is an issue about sales and upsales in this environment, however. I've not seen anyone doing that well."

Mayo: "At the moment it tends to be driven by the marketing department. We need to start getting the IT, audit and compliance teams involved and at an early stage, for the times when this hits troubled waters."

He went on to highlight American Express as a good example of a financial services organisation which is doing social well. "It started with Facebook, Twitter and YouTube and is now on FourSquare. It lets card members connect their accounts to claim offers promoted to a given platform. It also partnered with Microsoft for a promotion that gave eligible card holders coupons and credits for linking their account to Xbox Live and playing Halo 4." He added that Commonwealth Bank of Australia are proving to be good at Twitter. "It's about allowing customers to dictate how they want to be communicated with."

In terms of challenges that banks face when implementing social media strategies, Marsh said that regulatory compliance issues mean they often can't just jump in and power ahead. But Stephens argued: "We have got to stop patting ourselves on the back and using regulations as an excuse. We need to start listening to customers and what they want. Who knows, perhaps the regulatory framework will change over time to adjust to this."

Mayo: "Regulations are catching up with what is coming down

the line. The biggest challenge is around whether banks are customer centric."

With the social media discussion panel done and dusted, Practicology's Martin Newman drew things to a close by giving his thoughts on the day. He noted that there are lots of similarities between retail and banking when it comes to multi-channel. The internet came along and from that we saw a proliferation of channels and choice and this has impacted upon both sectors in the same ways. "Start with the customer journey, my sense is that it's not happening enough in retail banking," he advised delegates. "Walk through every single channel and touchpoint and wear the hat of various customers. Banks have a job to do in terms of really understanding the value of cross channel customers. Barclay's Ian Sayers said earlier today that banks should act more like start ups and I really liked that comment. Have an innovation unit in your business that can cut through red tape; it can inform the board about different ways of thinking and how the younger generation think."

"Is the organisational structure geared up to all the good things we have been talking about today? I suspect not. It shouldn't be forgotten that the banking sector is highly regulated but don't let that get in the way of innovation," he concluded.

Further information on the conference at: www.fstech.co.uk/conference

In the next issue of FStech...

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- Mobile payments/NFC
- SEPA
- Alternative payments

Other features

- Solvency II
- Data and analytics demands
- Social media

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FS tech

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The green rush

Financial services organisations are increasingly moving to green datacentres. Liz Morrell looks at the drivers behind this

Datacentres and green. The two don't really go together and on first glance are a contradiction in terms, especially given that datacentres are usually guilty of being both monstrous in physical size and in their devouring of energy. And that's before you even introduce the fact that very often they are over resourced and underutilised, such is the pressure on companies to manage and store their data and their paranoia around keeping and protecting that data.

But for the financial services industry, where data is particularly critical, the move to green datacentres is increasingly happening as such overstretched businesses look to reduce costs, use IT and energy more efficiently and cut carbon.

A number of financial services institutions are in the midst of the development and use of green – or at least greener – technology. Indeed it's a growing market across industries. In Green Data Centers, a report from Pike Research, it is estimated that the green datacentre market will grow by nearly a third each year for the next four years, hitting a market value that will top £28 billion by 2016. This is attributed to a number of factors, most notably rising energy costs, tighter carbon emission regulations and economic pressure forcing a more controlled use of technology and IT resources.

Kalyan Kumar, VP and chief technology architect, HCL Technologies, is not surprised. He says cost-cutting and social responsibility is driving the move by financial companies to go green: "The 'Green Rush', or the movement of financial institutions towards greener solutions, is motivated both by a social environmental responsibility to 'do their bit' and financially, to make IT more efficient and cost-effective," he says. "Multi-national financial institutions are looked towards to lead by example and be accountable for their greenhouse gas emissions. UK enterprises listed on the Main Market of the London Stock Exchange are required to be transparent and declare their levels of emissions."

Top trends

Although other technologies are coming into play it

is cloud computing and virtualisation which are the two that continue to lead the innovation in the market as the financial services industry makes its shift to more climate friendly options.

Indeed Pike Research cites virtualisation as one of the most effective ways to improve datacentre efficiencies, although it stresses the technique has to be combined

with the optimisation of other parts of the datacentre infrastructure for maximum impact. Cloud computing, on the other hand, introduces a more flexible approach that allows financial services companies to simply buy in IT services when demand rises rather than spending on cooling. "Some datacentres do have equipment not used to its full potential," points out Lawrence Jones, CEO at UKFast, a £20+ million turnover technology firm based in Manchester with five fully-owned datacentres across the North West. "The cloud is an ideal opportunity for businesses large and small to take advantage of on demand and scalable solutions."





Other solutions for greener datacentres and technology include better power management, moving compute loads to the least expensive geography or the consolidation of datacentres.

Richard Jenkins, VP, marketing and strategic partnerships at RF Code, says his company's wire-free power sensors are used to send real-time power data to a management system that reports on the performance of all power distribution units (PDUs) on every rack. These monitor temperature, humidity, air flow and air pressure allowing heat tolerance and, therefore, cooling requirements, to be better managed as a result.

"These technologies are essential in the operational management and the planning of future capacity," says Jenkins. "Monitoring power and the environmental conditions around the IT infrastructure enables a real-time, holistic understanding of the datacentre's performance. Cooling can be reduced so immediately therefore saving power, assets can be tracked and located efficiently so improving the power distribution and management of total capacity, and datacentre managers can focus on the optimisation of the services as the datacentre now enjoys automated control."

Increasingly financial services companies are also looking to alternative cooling options too. "A green datacentre can offer

lower costs of power in terms of both powering the kit within the rack, and also cooling down the heat output," says Rob Williams, sector head for financial services, Geo Networks. "Many datacentres are looking at renewable energy and new developments are also springing up in regions like Ireland and Scandinavia where the climate lends itself to lowering the power utilisation efficiency of a datacentre and therefore its total cost of occupancy."

Indeed natural power is increasingly playing its role as companies look at more environmentally friendly ways to power facilities. Google's new Finnish datacentre, for example, is to be powered entirely by wind while Microsoft has launched research into the bio-fuelled datacentre. In Stockholm, meanwhile, Interxion's is cooled by the Baltic Sea – all three examples illustrating how companies can turn their power guzzling facilities into calmer beasts.

Financial services companies going green can save money and energy undoubtedly. "Technological modifications can result in cost savings of between 15 and 40 per cent on average following consolidation and virtualisation," says Kumar. "Facility alterations such as rack optimisation can reap savings of 10 and 15 per cent. Additionally, changes to datacentre management can bring savings of up to 15 per cent due to efficient air conditioning architectures, for example."

However, the argument is over how quick such a return on investment comes. Jones argues that for the financial services industry the payback may not necessarily be quick enough and such companies must realise the need to invest for the longer term. "Some owners and operators deliver datacentres which will never payback and are a true testament to being as green as possible while others are more commercial offerings that look to 5-10 year payback periods," he says. This means financial services companies must be prepared to invest. "Green technologies often come with larger capital expenditure costs than conventional systems and can require significantly more maintenance to achieve best efficiencies."

Jenkins believes the motivation of the financial services industry to move to green datacentres comes not from the intricacies of greener technology per se, but more that greener thinking prevents inefficiency and wastage which in turn saves money. "Financial companies, who already spend vast amount on IT, are spending on technologies that make their rapidly growing datacentre environments more efficient, accountable, compliant and automated. This, however, is achieved as a by-product of the investment in power management, operational control, facilities automation and a greater understanding of the thresholds a datacentre can be taken to."

Whatever the argument for green datacentres may be, the motivation itself should be the same. To allow financial services companies to increasingly manage their Big Data requirements but without the overpowered, underused reputations that their datacentres have had in the past.



Forward thinking

Is the time right for virtualisation to take the financial services sector by storm? David Adams looks at the benefits on offer and the remaining barriers to widespread use

Imagine you have travelled back in time, kidnapped a group of computer experts from past decades, then brought them back to 2013 with you. Once they get over the alarming discovery that humans seem to have been enslaved by small handheld electronic devices, how might they feel about one of our most prevalent and operationally significant technology trends, virtualisation? An expert from the 1950s might be gibbering with awed incomprehension, but those from the 60s and 70s, who have seen mainframes, would surely understand the concept, even if they were gobsmacked by the computing power which can now be contained within a datacentre. The point is, virtualisation capabilities may be impressive, but the technology represents more of an evolution than a revolution.

Yet in an era when increasing demands on IT are coupled with stringent budgetary controls, it is easy to see why many believe this is a technology whose time has come. Virtualisation has become more attractive because it addresses some common, fundamental issues, such as low utilisation of existing (and expensive) server capacity, a lack of physical space for, and the high cost of powering and cooling hardware; and the need for more technically and financially efficient back-up and replication processes.

"Today the de facto is virtual," says Joe Baguley, EMEA CTO at VMware. "Dedicated servers often now have to be approved separately, because they're now the exception. If you've got 100 servers and half are owned by one part of the business and half by another part, then if only 50 are busy it's hard to use that capacity efficiently. But if you have virtualised all of them then any part of the business can use them at will. In the daytime maybe they're used for high speed trading, but at night the hardware can be repurposed. It comes back to the economics, but the agility allows you to make the most of your IT."

Technologies like VMware's vSphere platform now act as the foundation for virtualised datacentres within many financial companies. The New York Stock Exchange (NYSE) used vSphere to reduce the number of test and development servers it used. VMware technology also now underpins the NYSE's Capital Markets Community Platform, a specialised hybrid cloud for the Exchange's customers, some of whom now co-locate their own servers within the NYSE virtualised environment. They can use the platform to host trading applications, to test trading algorithms and draw upon its facilities as part of a disaster recovery strategy.

Simon Michie, head of cloud services at technology and services provider, Redcentric, says his company has helped insurers to virtualise applications, infrastructure and storage. "One client was acquiring other businesses and by virtualising delivery they could standardise application provision and focus on growing economically."

"Financial companies tend to adopt these sorts of technologies more quickly than most," says Chris Forrest, director of financial services at Microsoft UK. "Most have tended to virtualise tier two and three applications first." But virtualisation is now starting to be used in areas that might once have been off-limits, such as core banking processes. In 2012 ING Direct revealed it had transferred its server infrastructure to Microsoft's Windows Server, Hyper-V and Systems Center 2012 solutions, having previously used VMware. Achieving a reduction in disaster recovery times was one motive, alongside the desire to reduce datacentre costs.



Technologies provided by Microsoft, VMware and other vendors are also enabling the migration of applications and sections of IT infrastructures to private or hybrid cloud environments. Microsoft provides a combination of Windows Server and Systems Center to improve the efficiency of the management of these growing virtual/cloud environments.

"All the financial sector customers we have are looking at cloud," says Nick Davis, cloud business development executive at IBM. "Virtualisation has delivered savings, but still greater gains are to be had by going to a cloud delivery model." He notes that such environments can be used to run development or testing. "You don't run a test box 24/7: you only need those machines for 12 hours a day," he explains. "For the other 12 hours why not use them for something else, like a big batch processing job?"

Virtualised and cloud environments are also now more mobile. VMware's vMotion solution allows live migration of virtual machines, while running, from one physical server to another, with no downtime and continuous service availability. This can offer some very down to earth, practical benefits: enabling disaster recovery facilities to be sited further apart, or simply optimising energy use. "The next stage is virtualisation of the network and of storage," says Baguley. "Today I can set up a virtual machine very quickly. The challenge most organisations have is that they then need to deal with the networking, storage and security guys to get the services that make that virtual server useful. In future, when you configure a virtual server it will be possible to configure virtual versions of those services too." The result would be what VMware calls a 'software-defined datacentre', where compute resources, storage, networking, security and availability services are all pooled, aggregated and delivered as software.

Also out there

Other technology providers are also developing solutions to enable virtualisation of other parts of the infrastructure. Pure Storage is a flash array vendor. "With virtualised servers, thin client desktops, and BYOD, more and more thin clients are being used and more pressure put on fewer and fewer assets," says product marketing director Mark Lewis. "We've taken Flash arrays and through de-duplication we've enabled people to buy Flash at less than the cost of disk, but by architecting it differently we've made it more reliable than disk. Because it's so fast you can store multiple copies of information. Multiple users, through desktops and servers, can access that information more quickly and you don't see the degradation in performance you would see with disk." End users include investment banks and hedge funds seeking to get information to customers very quickly, online or over the phone.

On the networking side, WAN optimisation specialist Silver Peak has developed its VX virtual software to combine the performance gains that optimisation can offer with cost and flexibility benefits offered by virtualisation. "It provides a more

cost-effective mechanism to allow people to accelerate applications and network traffic over a wider area," says Mike Hemes, vice-president, sales at Silver Peak.

Concerns about security and control still persist in some areas. But there's nothing inherently insecure about virtualisation, argues Alex Kwiatkowski, research manager at IDC Financial Insights. so long as companies apply rigour to risk management and mitigation. "If you're going to move towards a more virtualised world security processes and technologies must be effective," he says.

There is general agreement among proponents that the remaining barriers to more widespread use are not technical, but cultural. "People are resistant to change, especially when they see it as a threat to their own empires," notes Kwiatkowski. "But I think that resistance is overshadowed by the need to become more operationally efficient. Resistance is starting to shift as use cases become more numerous."

There may also be organisational issues, suggests VMware's Baguley. "At the moment you have silos: a group responsible for networking, a group for storage, another for compute," he explains. "The forward-looking companies are the ones that have gone through an organisational change to bring those functions under one leader. At least one UK financial sector organisation is doing that – I expect that to be the first of many. It's a different world: in the past one person could have looked after 10 servers, but now they might be looking after 100 virtualised servers. It's more automated, more policy-based, more fluid than the environments people are used to. Organisations and procedures are going to have to change."

IBM's Davis agrees. He believes that the most forward thinking organisations are those intent on reinventing the way IT works within an organisation. "There can be a better alignment of IT with the business, getting more involved with the business decisions," he suggests. "IT is reinventing itself as a partner to drive business success. IT departments are able to show the value they bring."

"Across the board, from capital markets to banking, to insurance, almost all financial sector organisations are now virtualised to some degree," says Microsoft UK's Forrest. "I think where we are is that pretty much anything that's straightforward to virtualise has been virtualised. I think where we're going is the management of those virtualised estates. And we're looking at the cost savings to be gained from virtualising tier one applications. Beyond that it's about how we take a virtualised environment to become a cloud environment, looking at additional scalability, flexibility and control."

"This is something which every financial institution needs to consider," concludes IDC's Kwiatkowski, "because there's no really good reason why you wouldn't do it." And our 1950s computer expert, trained in logical reasoning, would probably see the truth in that statement at least as quickly as would anybody else.

Caution signs

While vendors continue to laud the flexibility of datacentre-as-a-service, financial institutions (especially those with significant legacy systems) remain reluctant to fully commit

Some five years after the term first entered the financial services technology lexicon, there is still a lack of consensus on exactly what datacentre-as-a-service (DaaS) covers and how it differs from related services such as infrastructure-as-a-service (IaaS). A useful definition is that offered up by Simon Barrows, head of financial services at Reply, who describes DaaS as putting elements of infrastructure provisioning into the cloud, combining supply of a virtual datacentre with desktops, servers, desktops and firewalls run as virtual machines with the management overlay of a more traditional infrastructure outsourcing arrangement.

Understanding the concept does not mean that banks will rush to implement such solutions, though Alex Watson-Jackson, agile

datacentre specialist at Logicalis, UK refers to substantial movement among insurance and trading houses, especially new market entrants. "Without legacy systems, DaaS is their first port of call. A few of the major banks are adopting DaaS; for the majority that are not it is primarily because they have a heavy investment in their own real estate. That said, as the datacentre begins to reach end of life they will find themselves at a key decision point and that is when DaaS will really take off."

Some Cisco customers are using hosting facilities, but all still own the assets and maintain control of the purchase decision, explains Jesse Sutherland, sales manager datacentre virtualisation. "One exception would be limited virtual desktop infrastructure opportunities where the solution sale may include DaaS as an

option. Many customers insist on specifying the hardware stack due to concerns around application support or licencing costs."

Ian Masters, director of regional sales, Vision Solutions, identifies business continuity as another concern. "Financial institutions have long since made use of space in other people's datacentres, having their own dedicated racks as an extension to their existing network. There were security concerns, but these were addressed in the main by the financial institution themselves, except in the case of outsourcing deals and physical security."

Even when business continuity and availability is clearly defined, the implications of unexpected downtime should be considered carefully, he continues. "In addition, DaaS providers are businesses in their own right who could be involved in mergers and acquisitions as well being as at risk of going out of business. We don't have to look too far back in the news to see examples of this in the UK market."

Customers want to know exactly where their data is and that it is secure, says Watson-Jackson. "A UK or EU datacentre provider will counter any unwanted data sovereignty issues when dealing with highly sensitive data that can potentially cause major issues for organisations. DaaS is a big commitment, so organisations need to be sure that the service provider they choose is continually looking for new ways to improve its offering. Certification to global datacentre standards, such as TIA-942 or Uptime Institute, would be a stand-out indicator of a good technology partner."

With increasing regulation and oversight of the industry, financial services firms often require significant control and customisation of their infrastructure, adds Internap director of business development Paul Vian, who says these companies should select a DaaS provider that has the ability to support a full range of IT infrastructure options – from colocation and managed hosting to private or public cloud, as well as managed security services that allow customers to maintain environments that meet the strictest security and compliance requirements.

"Some financial services firms also have applications where provisioning speed and billing flexibility is paramount. In these cases, firms should seek out DaaS providers that offer seamless and secure networking to dedicated bare-metal servers and/or a multi-tenant public cloud for maximum agility and cost effectiveness."

Masters believes many financial organisations will look to use DaaS for less critical workloads, while Vian acknowledges that financial services organisations are at different points of the outsourcing curve. "Many firms are starting to recognise that they can better guarantee security, compliance and availability for their critical infrastructure by outsourcing to experts who have poured significant capital into building highly resilient facilities and hosting platforms and developed the knowledge and expertise gained from scale. However, there will always be some firms that will prefer to maintain more direct control over their infrastructure."

There is divergence between new and established financial institutions when it comes to the value of the service, adds Reply's Barrows. "Extensive or complete use of DaaS is not appropriate for most large, strategically important financial institutions as the systematic risks and migration/integration costs will be too high. It is most appropriate for start-ups and business transformation scenarios, for example where a smaller entity moves from using a large financial services organisation to host or white label banking services to going it alone."

Security and sovereignty.

According to Dave Leyland, head of architecture datacentre and cloud at Dimension Data, other key issues facing DaaS include security and sovereignty. "High quality cloud suppliers exhibit security credentials in two areas: technology and operation. It is incumbent on the user to rigorously examine potential partners' proposals. There are few standards in this market and therefore it is critical to work with suppliers with the HIPPA and Safe Harbour Framework."

As for sovereignty, it is important for customers to determine where primary copies of their data are kept and to never forget where the secondary and subsequent instances of data are maintained, he adds. "When entering a 'cloud as a service' it is crucial to examine how easy it may be to enter and exit it and to understand the assurances you have in regards to residual data on exit."

IO Data Centers (whose clients include Goldman Sachs) claims that most providers lack the ability to collect, analyse and optimise data collected in the datacentre and that the majority of software solutions are glorified building management systems that do not allow control or employ predictive analytics.

Reply's Barrows warns that DaaS can have a diminishing benefit once an organisation gets beyond a certain size in terms of people, services and geography and the set-up and maintenance of its own datacentres becomes more economically viable and attractive in terms of ownership and control.

Gavan Egan, vice president sales, Verizon Terremark Europe, accepts that DaaS providers have not yet fully addressed financial institutions' concerns around control of (and access to) data and says they have a long way to go to really deliver the visibility and control that financial institutions look for.

As a result, when asked whether financial institutions typically outsource all their datacentre requirements to DaaS providers or prefer to retain some on-site infrastructure to support critical applications, he observes that most critical applications continue to reside on the banks' own or dedicated environments.

"In some cases managers may be willing to allow applications without customer financial data into a DaaS environment (for example, a marketing programme or new product launch)," concludes Sutherland. "But data protection and uncertainty about legal requirements are still inhibiting financial institutions from allowing too much data outside of their datacentre."

Talking heads

Magnus Nilsson, iZettle co-founder and CFO

FStech: How did you get into the sector?

Magnus Nilsson: I have always had an interest in technology even if I, for some odd reason, chose to study finance at the Stockholm School of Economics. As a partner in a VC I 'fell in love' with one of our portfolio companies. I changed sides and became the CEO. There's been no turning back ever since.

FStech: Who has been the biggest influence on your career?

MN: Apart from my wife it must be the founder of EF Education, Bertil Hult, for whom I worked during a 15-year period. He is a first generation entrepreneur of a venture that he has turned into a global company. Early on he applied all the type of 'methods' that we now read about, such as the 'lean start up', etc. Only he started applying that kind of thinking almost 50 years ago.

FStech: Who in the sector inspires you and why?

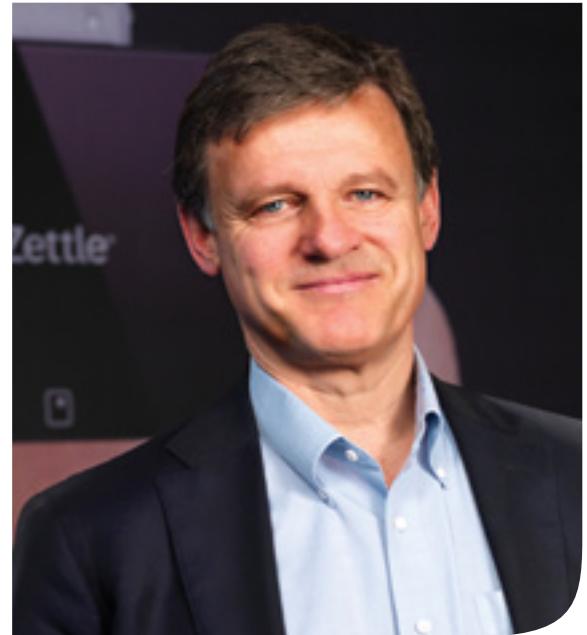
MN: I cannot avoid mentioning Steve Jobs. His willingness to constantly disrupt and challenge existing ecosystems was fantastic. Despite his passing he remains inspiring.

FStech: Which IT professional do you most admire?

MN: The ones that truly understand how to combine and utilise advanced technologies to deliver a user experience second to none. Otherwise, I tend to think more about historical people like Leonardo da Vinci when admiring people. Surely he would have been an IT professional and much more in our times.

FStech: Is there anything that you dislike or that frustrates you about the sector?

MN: When user friendliness is missing, which is far too often the case. It is a constant battle and I just love it when really bright minds commit themselves to deciphering human behaviour in order to deliver experiences that generate absolutely no questions. This is our number one priority at iZettle, making sure that it just works. Otherwise, I think one of the bigger problems has to do with the over representation of men in the sector. I think the industry is losing out on talent and bright ideas. There is huge untapped pool of talent out there. Most likely this is a



result of an unimaginative educational approach (and this is a global problem) that somehow scares away or makes young women uninterested in technology.

FStech: What technology can't you live without?

MN: Mobile phone I'm answering these questions on my mobile phone right now.

FStech: How do you relax?

MN: A combination of the following 'ingredients' helps me relax: family, friends, sports (doing, not watching), discussing, reading and listening to music. However, only one thing at a time most of the time...

FStech: What was your last banking experience both online and on the High Street and were they positive experiences?

MN: Online is mostly about paying; it works well but not sure if it's that enjoyable. On the High Street, it was actually visiting a branch office and meeting a real person. A nice change in this virtual world of ours.



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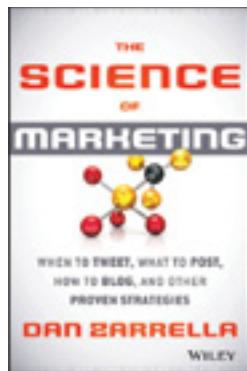
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Book review



Title: The Science of Marketing: When to Tweet, What to Post, How to Blog, and Other Proven Strategies. Author: Dan Zarrella. Publisher: Wiley. RRP: £16.99.

Dan Zarrella is known as the "Social Media Scientist" at Hubspot and uses data, experimentation and real science (according to the press release accompanying the review copy which came my way during July) to understand how people behave online. *The Science of Marketing: When to Tweet, What to Post, How to Blog, and Other Proven Strategies* teaches readers how to leverage behaviour in their digital marketing strategy.

Zarrella wants readers to forget the "unicorns and rainbows" approach to marketing that encourages companies to love their customers and hug their followers. He argues that a successful marketing strategy requires something far more substantial.

The Science of Marketing aims to provide the research and tools needed to make a stronger impact in the digital marketing space. Takeaways include: When it comes to Twitter, late in the day and week is when the most retweets occur; Weekends are best for Facebook sharing; E-mail

newsletters to subscribers very early in the morning; Your newest subscribers are the most likely to act; Blog on the weekends for a higher number of comments; Blog early in the morning for a higher number of links; Don't crowd your content.

Being data driven, this is not the most exciting of reads. Sample quote: "I collected a data set of all of the content posted by the 10,000 most liked pages on Facebook and the corresponding like, comment, and share data for each post. I began my analysis of this data by looking at the day of the week the content was posted and its relationship to the number of likes it got. I calculated a like rate by dividing the number of likes on the post by the total number of likes for the page..." Phew! At times it feels like you're reading the ramblings of a diabolical maths genius.

So, this book is very dry and to the point, backing up its assertions with hard facts and sifting through data and analysing it rather than wandering off into the realms of amusing anecdotes (as books about marketing are often wont to do). If you're looking for a light read, look elsewhere. But for those after something a bit more substantial, there's lots of interesting information here and some good one liners to boot ("Facebook is the 800-pound gorilla of the social media space"). Weighty stuff written by someone with a real passion for Twitter et al. A recommended read for those of you grappling with the social media conundrum.

Scott Thompson, Editor, FStech

The lighter side

bespoke offers, Barclaycard's daily shopping deals offering, recently held a competition whereby the UK public were asked to pick a superband consisting of their favourite lead singer, drummer, bass player, guitarist and piano player. A bunch of wrinkly rockers made the cut. Queen's Freddie Mercury stole a march on Mick Jagger, Bono and Michael Jackson to front the band while Sir Elton John was chosen for the piano rather than Stevie Wonder, big haired badger welfare campaigner

Brian May nudged ahead of Jimi Hendrix to play guitar, Paul McCartney was on bass instead of The Who's John Entwistle and Phil Collins on drums, beating out Ringo Starr. No women and no one under the age of 90. Sigh. And if you're only picking OAPs, why no Rolling Stones? Ah well...

The nation's superband has combined record sales of over 700 million and would be worth in excess of £1 billion, notes a Barclaycard press release. Truly, rock 'n roll is dead.

TOP OF THE TWEETS



The most tweeted FStech Online (www.fstech.co.uk) stories in June and July...

1. Payments Awards shortlist announced

Barclays, CaixaBank, RBS, Monitise, and Misys are among those shortlisted for the inaugural FStech/Retail Systems Payments Awards.

2. Staples first to retail Intuit Pay in UK

Staples and Intuit have announced a three-month pilot that will allow the office supplies giant to be the exclusive UK retailer of Intuit Pay.

3. UK financial services still shunning WiFi

Thirty six per cent of UK financial services still do not provide WiFi access to their staff when in the office, according to a Vanson Bourne survey commissioned by Enterasys Networks.

4. Regulatory regime taxing for UK FS sector

Ninety four per cent of CFOs and COOs within UK FS businesses find the regulatory regime either 'somewhat' or 'very' challenging to manage, according to a report from Robert Half Financial Services.

5. FS sector moves ahead in fight against corruption

FS employees are better trained to spot corruption and more likely to take action if they suspect fraud than employees in other sectors, according to the EY EMEA Fraud Survey.

6. UK fraud through the roof, new research

A staggering three quarters of the UK's population has experienced some type of fraud attempt, according to research by first direct.

PAYMENTS AWARDS

2013

Shortlist Announced!

The winners will be announced at the Payments Awards Gala Dinner and Ceremony at the **Millennium Hotel Mayfair, London on the 14 November 2013**. The night will begin with a champagne reception, followed by a three course dinner, an Awards ceremony - hosted by a celebrity compere - and an after show party with casino and entertainment until late.

Tables are allocated closest to the stage on a first come first served basis.

*VIP tables of 10 are available and include priority seating in the front section of the room and three bottles of champagne, which will be chilled and waiting for you at your table.

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