



Capital Markets FinTech: Beyond the hype

CEPS-ECMI Conference

28 June 2016 | 9:00-13:00

09:00 Welcome remarks

by Diego Valiante, Head of Financial Markets and Institutions, CEPS

09:10 Opening keynote

by Jean-Paul Servais, Chairman, Financial Services and Markets Authority (Belgium) - Chair of ESMA's Financial Innovation Standing Committee, and Chairman of European Regional Committee, IOSCO

09:30 Session 1. Applications of financial services technology (FinTech) to investment services: Product manufacturing, distribution channels and advisory services

The financial sector is no stranger to innovation. Nevertheless, over the past few years, the exponential growth of FinTech companies suggests that more disruptive changes will be required in order to bring the financial system fully into the 21st century. Providers of investment services have begun to revisit their product portfolios and distribution channels, making massive investments in FinTech start-ups, accelerator/incubator programmes and even appointing chief innovation officers. Big data-driven intelligence powered by algorithms is improving the understanding of investors' needs and market offerings, gradually leading to more competitive pricing of financial services. These developments aim at giving greater choice (of both complex and non-complex products) and accessibility, with lower costs and reasonable returns. For example, robo-advisers have already entered the market, but are mostly based on exchange-traded funds (ETFs), due to their simplicity and flexibility. A growing number of online platforms offer investors access to a wide range of product manufacturers but not yet on a pan-European basis.

- Will FinTech companies succeed in enabling more investors to access financial products and services and increase their participation in financial markets?
- Will automated investment advice replace the traditional 'human' professional advice?
- Can the emergence of new technologies drive further competition between product manufacturers and distributors and improve cross-border access to retail financial products and services?
- Are the current retail distribution channels, i.e. closed versus open architecture, allowing for new technological changes to develop?
- Are some FinTech developments in investment services likely to create market failures? Or can they be entirely left to competitive market forces?

Panellists

- **Rhodri Preece**, Head of Capital Markets Policy, CFA Institute
- **Jeff Salway**, Member, Financial Services Consumer Panel
- **Matthieu Remy**, Founder & CEO, Easyvest
- **Jean-Paul Servais**, Chair of ESMA's Financial Innovation Standing Committee

Moderator: Florencio Lopez de Silanes, Professor of Finance and Law and Director of Governance Research Program, EDHEC Business School

11:00 Coffee break

11:30 Session 2. Distributed ledger technology: The impact on securities transaction lifecycle and value chain

Distributed ledger technology (DLT) has the potential to bring issuers and investors into direct contact, leading to further disintermediation in the securities industry. It can achieve greater efficiency, transparency and even 'democratisation' of finance (financial inclusion). Trading and post-trading operators have already started to test blockchain technologies and to integrate them into their business models. Potential savings for investors could be significant. Clearing, settlement and other post-trade processes currently cost the global financial industry well in excess of €50 billion per year. DLT can result in nearly instantaneous clearing and settlement upon trade execution. Questions emerge, however, around the robustness of the underlying technology, i.e. its ability to handle large transaction volumes, but also security issues and the governance of a technology that should ensure interoperability and the possibility to be scrutinised by public authorities. Collateral management, record of ownership and securities servicing are also other areas where the technology is most likely to bring useful changes.

- What are costs and benefits of DLT? Would DLT deliver on multiple objectives, e.g. investor protection, market integrity and financial stability?
- Is a gradual or even full-scale deployment of DLT feasible? Is there a need for common standards/protocols and stricter requirements to access the network?
- What is the impact of DLT on incumbents, such as banks and investment firms, exchanges, CCPs, CSDs, custodians, etc.?
- Will the infrastructure based on DLT co-exist with the legacy infrastructure? How will these two systems be interoperable?
- Should these new infrastructures operate under two different legal regimes?

Panellists

- **Jakob von Weizsäcker**, MEP, ECON Committee
- **Jenny Knott**, Chief Executive Officer, Post Trade Risk and Information, ICAP
- **Pinar Emirdag**, Non-Executive Director, Clearmatics
- **Frank Versmessen**, Head of Regulatory Affairs, Swift
- **Rhodri Preece-Jones**, Head of European Development, Nasdaq

Moderator: Svi Rosov, Analyst, CFA Institute

13:00 Closing remarks

by Karel Lannoo, CEO, CEPS

Registration information

- **Registration starts at 8:30 AM.**
- Participation in ECMI-CEPS meetings is a benefit of ECMI and CEPS membership. ECMI and CEPS members register free of charge. EU and national officials, academics (including PhD students), NGOs (not representing a commercial interest) as well as press are also admitted free of charge.
- Other participants may be admitted for €250 (21% VAT included, payable in advance). If you have questions regarding membership or participation, please contact veselina.georgieva@ceps.eu before registering.