

CHINESE BANKS STAY AWAY, BUT A SUCCESSFUL EVENT NONETHELESS



Steve Shaw
Editor, FX-MM

Steve Shaw reflects on this year's Sibos event in Osaka.

This event had more senior level representation, from both corporates and financial institutions, than I've seen in my career.

Despite the late withdrawal of all the Chinese banks, the result of a continuing territorial dispute between Japan and China over the Senkaku/Diaoyu islands, the organisers can reflect on another highly successful event, albeit one that was not without its challenges. Although the official figure of over 6,200 delegates in attendance makes this the largest Sibos in Asia-Pacific to date, many of the Sibos-regulars who I spoke to expressed some doubts about this number. This was perhaps because the event had a “campus” feel about it, with exhibitors spread out across several halls, and a staggering number of meeting areas and presentation spaces of all sizes. While there were signs that the event was starting to thin out by the Wednesday afternoon, the final day, “Japan Day”, certainly pulled in a big crowd, with over 1,700 Japanese delegates in attendance alone.

If there were doubts about the number of attendees, there were no such doubts about the quality of participation. Paul Simpson, Head of Global Transaction Services at Bank of America Merrill Lynch says: “This year's Sibos was a phenomenal event. We had great client

discussions and engagement. This event had more senior level representation, from both corporates and financial institutions, than I've seen in my career. I was impressed with the level and the quality of the individuals who were there.”

For those banks and technology vendors which sent smaller delegations than usual this is a decision which is likely to have been influenced by budgetary concerns. The logistics, and cost, of getting a stand shipped out to Japan and assembled onsite, were a challenge, although some of the banks, particularly the Japanese ones, certainly did have magnificent stands. It was good to see that the Wells Fargo stagecoach had made it safely across the Pacific. Sadly, Sibos stands are all destroyed after the event (not the stagecoach obviously) – this doesn't seem to be a particularly eco-friendly state of affairs.

The big talking-point early on was the announcement from Zurich that UBS were shedding 10,000 staff and winding down their fixed income business. This must have put rather a dampener on Sibos for the UBS delegation.

The prize for the biggest, and busiest, stand over the

four days goes to Deutsche Bank. I'm not sure whether the activity at Deutsche's stand was driven entirely by demand for meetings with their executives; the free massages on offer may have played a role in attracting extra footfall. As usual there were some interesting giveaways on offer by many of the exhibitors – my personal favourite was the bright orange iPhone speaker at the SmartStream stand.

Throughout the event one of the more interesting places to be was in the Innotribe tent in Intex's open courtyard. This was the venue for a number of lively and well attended discussions, with topics such as "The Future of Money", "The Future of Big and Small Data" and "Digital Asset Grid". One of the best quotes to come out of the Innotribe sessions was this one: "The bank of the future will be a technology company with a banking licence." It provides considerable food for thought.

As you might expect for a major event being held in ultra-efficient Japan, the logistics for the most part worked very well. INTEX, the venue, is on the western outskirts of the city, with few hotels in the vicinity. For most delegates this meant a daily commute on courtesy buses or on Osaka's excellent train network. Probably the biggest negative was the poor quality of the wi-fi at the venue, despite the best efforts of the organisers – I understand that SWIFT technicians had to put in 52 kilometres of cabling in the days leading up to the event, and then had to remove it all at the end! Poor wi-fi affected the amount of tweeting done by participants.

Key themes

The problem with the packed programme at an event like Sibos is that it's impossible to attend everything, so you have to organise your days carefully and pick and choose from the menu of options. The big themes this year were global shifts in economic power, the torrent of new regulations impacting the financial sector, and new technology for keeping pace in an interconnected world.

There were so many interesting presentations, discussions and interviews on these topics that it is impossible to do justice to them all here, but as I did the rounds my antennae picked up on the following as the themes getting the most airtime:

- The internationalisation of the renminbi – the changes, and new opportunities, that this will bring.
- How banks and technology vendors can find lucrative opportunities in Asia, particularly China.
- Global banks looking to sell their services to Asian banks.
- Basel III, SEPA and FATCA – all of which are clearly generating a lot of uncertainty.

- How intra-regional partnerships and increased adoption of global standards are supporting the growth of securities markets in Asia.
- Development of the payments industry in emerging markets, and consumer adoption of new mobile payments technology (there was a lot of interest in what's happening in Kenya with M-Pesa).
- Latest developments in the Bank Payment Obligation (BPO) space.

One of the most interesting sessions that I attended was one delivered by Simon Freemantle, Senior Analyst at Standard Bank's African Political Economy Unit, on the structural trends driving change in Africa. Simon's insights on the growth potential of sub-Saharan Africa were fascinating and brought home just how much opportunity there will be in this part of the world in the coming decades. It is a part of the world that FX-MM will devote more column inches to in future issues.

On the final morning I went along to a well-attended discussion on what the future holds for Japan. The speakers were Michael Spencer, Chief Economist for Asia-Pacific and co-head of global economics at Deutsche Bank, and Haruaki Deguchi, President and Founder of Lifenet, Japan's only listed, web-based insurer. The two men considered, from their own very different perspectives, whether Japan's insularity and past economic success is preventing the country from embracing the innovation that is necessary for growth and renewal. In the discussion, Spencer drew attention to some worrying demographic trends in Japan, but Deguchi was convinced that the Japanese have the wherewithal and the resolve to deal with their current problems and mount a strong economic comeback.

At the closing plenary session, Nobel Peace Prize Laureate Professor Muhammad Yunus took us away from the day-to-day business concerns of bankers and technology vendors and gave an uplifting speech in which he urged delegates to imagine a world without poverty. He reminded the assembled audience that making money should be a means, but it should not be an end in itself. He was given a standing ovation, and this brought the event to a fitting conclusion.

Sibos will be in Dubai next year. The dates for your diary are 16-19 September 2013.

The bank of the future will be a technology company with a banking licence.



Further information...

www.sibos.com
www.fx-mm.com