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## IMAGINING THE FUTURE OF SECURITIES FINANCE



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**It's the year 2022. The Olympics are back in Beijing. The FIFA World Cup will be held in Qatar. And securities finance businesses have moved en masse to the cloud.**

**Skeptical? Consider two major trends that are affecting companies of all sizes and in many different industries around the world.**

First, consumers want everything to be accessible right here, right now, wherever they are. Let's admit it: smartphones have spoiled us all. With a single touch or even a word, we can instantly download music, order food, find a date and do any number of other activities. So why would we settle for less in our professional life?

Second, we are all tired of dealing with 10 different systems. We want one access point that lets us do everything from there, we no longer accept to go to multiple sites to complete an action. When we go to our bank's website and, say, transfer money from our saving account to make a trade in the market, we're most likely accessing two different bank systems. But it's all seamless to us.

Due to the current state with many disparate systems in the financial industry the only reasonable way forward for financial services firms to realize this vision is to shield the end user from the backend. This is achieved firstly through managed services such as the cloud and software as a service (SaaS) and secondly through integrated technology platforms with a common user interface.

Managed services has been around for some time, but for some reason it's still viewed by some as an expensive alternative to existing options. But it isn't a risky bet. If you choose your partner wisely, this model works for very practical reasons. Users get the instant, Web-based access that they want, no matter where they are at any given time.

Upgrades move away from the painful costly exercises in previous years. And the provider handles not just maintenance but other headaches, such as ensuring prompt compliance with the latest rules and regulations. And maybe most importantly it transfers the technology risk to someone with the large scale advantage.

As our customers' technology partner, we can facilitate the movement of information between the regulator and the participants via a single point that we manage. This level of service becomes part and parcel of a service partner's delivery model. Industry change or adaptation through regulation or market conditions should be built into a service model and delivered as the business requires.

That word "partner" is key. By acting as your partner and through the managed service model, we take care of the entire process, from the front to the back, freeing up your time and budget to focus on more valuable activities.

We can also provide new perspective and expertise. In fact, we predict that in five years' time, our customers' topic of conversation will have shifted from technical details about installations, such as what hardware is recommended and what programming language a piece of software is written in, to business strategy considerations, such as how to respond to a regulation or new market opportunities. We see this change occurring now with the Securities Finance refocus on business and the move away from technology provision.

Technology partners such as ourselves will be judged on the performance of the environment and mechanism for the business advantage we provide, not what technology environment or technical solution is created from. Will it scale as my business grows, will it adapt to a change in strategic direction? How can you, our partner, facilitate my growth, whether it stems from increased trading volumes, better relationships with counterparts, more opportunity around settlement, integration with ECNs, or other market developments? Your decisions will be based on your business instead of what technological skill set you have within your organization.

Our experience shows that unless technology is your business edge, firms are looking seriously at models that provides as little technology in-house as possible. They want to hand off the burden to experts so that they can focus on their business, not technology. Even large firms that have historically prided themselves on internal innovation and IT development are moving towards a more business focused approach. We really are seeing an ever expanding move to a new era, as technology becomes a tool to both reduce costs and free up firms to find more freedom.

And we're certainly responding to that ... On the solution side, we've launched Securities 360, a managed service offering that brings together investor services, trading, compliance and risk, middle- and back-office services, securities finance, corporate actions, tax services, reconciliation and more into a single solution. Customers get seamless access to critical services and functionality without having to worry about interfaces, integrations or even upgrades and maintenance.

And our customers are making the move to managed services. In our conversations with them, they cite the same reasons over and over again:

- Our market expertise and the cost of building that expertise themselves
- The benefit of closer relationships with your technology provider, cost, scalability, adaptation to new requirements and legacy management are all within this conversation
- The ability to talk across securities finance and collateral as a whole instead of segmenting into individual product lines
- The single front-to-back service model that links multiple software solutions
- Broader market connectivity, such as access to ECNs and up and downstream third-party data providers and recipients via a single partner solution
- The elimination of the admin and complexity of managing technology yourself

Managed services is a smart answer for the perpetual question of how to reduce costs. Because when the technology is managed by the ones building the software the incentives are correctly aligned to drive down the cost of installation and maintenance. The profit model of upgrades and technical installations goes away. So it's time to leap into the future, because the future is already here.





### About FIS' Apex Securities Finance Solutions

FIS' Apex securities finance solutions assist all securities finance market participants achieve greater transparency, efficiency and automation in an evolving market place. Our solutions provide a consolidated platform for an adaptive enterprise, incorporating trading, inventory and operations that supports principal, agency or hybrid securities finance models for the entire range of treasury, delta one, repo, securities lending and borrowing. For more information, visit [www.fisglobal.com/securitiesfinance](http://www.fisglobal.com/securitiesfinance)

### About FIS

FIS is a global leader in financial services technology, with a focus on retail and institutional banking, payments, asset and wealth management, risk and compliance, consulting and outsourcing solutions. Through the depth and breadth of our solutions portfolio, global capabilities and domain expertise, FIS serves more than 20,000 clients in over 130 countries. Headquartered in Jacksonville, Florida, FIS employs more than 55,000 people worldwide and holds leadership positions in payment processing, financial software and banking solutions. Providing software, services and outsourcing of the technology that empowers the financial world, FIS is a Fortune 500 company and is a member of Standard & Poor's 500® Index. For more information about FIS, visit [www.fisglobal.com](http://www.fisglobal.com)



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