

Welcome to our Leadership Dialogues, where we focus on rethinking financial services. We have been exploring topics across reinvigorating payments, refreshing customer journeys, and now rethinking the ecosystem.

In this video, we talk about liquidity management. Baringa's Polina Rozdestvenska speaks to Brian Nolan, Co-founder of Finteam about the trend of financial institutions utilising the Financial Services Ecosystem to create a more client-centric approach, what the drivers were for Finteam's Intraday Liquidity proposition into the market, and what some of the associated challenges were in developing this.

Finteam is in the Intraday Liquidity space, creating a global financial market for bank treasurers to swap currencies for hours at a time. Formed three years ago, based in London.

Polina Rozdestvenska: Where do you think the industry is at today? What has changed in the last year with COVID 19?

Brian Nolan: I'm focused on the changes that we've seen in financial market infrastructure in the last year, and some of the challenges have been around the reliability of infrastructure. We have seen some of the tried and tested infrastructure have outages like in CREST or Refinitiv. We are quite focused on building more resilience in financial market infrastructure and having less reliance on individual specific pieces of infrastructure, particularly as a result of what we've seen over the last year.

Polina Rozdestvenska: What were the drivers for your Intraday Liquidity proposition to the market? And what are some of the emerging challenges in the space now?

Brian Nolan: In terms of drivers, we knew from when we started the initiative that there was a need among banks to more actively manage Intraday Liquidity that's being driven by internal factors and also by regulatory needs. In the early days, we went out with Baringa and spoke with a number of banks about their challenges in Intraday Liquidity and what it could mean to them to be able to manage it more actively by trading Intraday Liquidity with each other. More recently, in terms of emerging challenges, we ran a trial with 11 very large global banks, including NatWest and Deutsche Bank in April, where we received a lot of feedback around challenges and concerns that we're going to address before production next year. Other emerging challenges, for example, JP Morgan

announced less than a year ago that they've done their first Intraday repo with their Nostro clients, which is something they'll continue to do. It's an interesting evolving space.

Polina Rozdestvenska: You mentioned several challenges there— what do you think big financial services players can do differently to be more resilient towards those challenges and what advantages do you see in forming partnerships between financial services organisations?

Brian Nolan: Financial services organisations have partnered together for decades to set up exchanges and CLS etc. What's really encouraging is to see that organisations are partnering in new and different ways now. A recent example was when industry bodies ISDA the ICMA and others have partnered together on Common Domain model. They've brought together organisations from Barclays and JPMorgan, and others in banking to solve a problem for the industry, at the industry level. But there is more that can be done. One of the things that we need to create in financial services is to have less reliance on individual pieces of infrastructure or technology or other factors. Reducing the reliance and increasing the redundancy of individual specific parts in financial services will go a long way towards creating a more resilient and a more robust financial services sector.

Polina Rozdestvenska: It's interesting that you mentioned this, as we see a trend whereby financial services organisations start moving away from a one approach fits all, to a more decentralised and more client-needs focused ecosystem. Where do you see this evolution going and where do you think the financial services industry will be in three, five, 10 years?

Brian Nolan: In the trial we ran with several banks, we had varied feedback in terms of what they want to get out of the platform and how they want to trade in Fairfax swaps. We need to listen to our customers and evolve our platform in line with that feedback—we take common themes and try to build functionality where there's a clear need among a group of banks. We have also built our platform to be flexible, with some elements able to be turned on or off to meet the needs of clients. That's a trend in software more generally, and I think we're going to see it more and more in financial services as well.

Polina Rozdestvenska: Thank you very much, Brian. That was really insightful. It's been a pleasure to have you here with us and explore this topic today.