Foro de Inversionistas – Bolsa de Panama: The Tides of Global Investment: Destination Americas?

Preserving and Channeling Regional Growth
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SWIFT in figures

- **27.5 million** FIN messages peak day (2015)
- **6.11+ billion** FIN messages per year (2015)
- **8.4%** Increase in FIN traffic (2015)
- **10,800+** SWIFT users
- **200+** Countries and territories
While firms are trying to recover and grow, they face pressure from regulation, costs and need to improve STP
Strong growth from Securities versus Payments Traffic

Securities Traffic Growth

- Impacted by clearance & settlement, statements, trade status and asset servicing
Regulatory impact for financial institutions

Risk, transparency and operations

**Challenges**

**Collateral and Liquidity**
- High quality collateral demand and fragmentation
- Avoid concentration
- Very conservative haircuts

**Transparency**
- Account segregation
- Reporting arrangements unclear
- Trading in different jurisdictions
- Level of detail and relevance

**Operations**
- Collateral account segregation
- Stringent risk controls
- Efficiency middle/back office
- Ensure business continuity

**Needs**

**Collateral and Liquidity**
- Optimise collateral monitoring & mobility
- Cross-product margining
- Settlement netting for all products
- Timely process of payments

**Transparency**
- Change account structure and granularity(cost)
- Clear procedures for TR
- Clear TR guidelines
- Reduce the number of TRs

**Operations**
- Automation (STP)-limited human intervention
- Scalability to cope with volume growth
- Interoperability framework (inter-MI)
- Data archival for dispute resolution

Needs

- Collateral and Liquidity
- Transparency
- Operations

Challenges
Changes happening in correspondent banking

*More risk averse banking*

The number of net new RMA relationships is going down worldwide – banks are closing down relationships in order to drive risks down and comply with regulatory requirements.
Declining trust between Eurozone & PIIGS countries?

Average value of an export trade finance transaction is going down

European banks seem to take less risk over the past year in financing export to the ‘more risky’ EU countries

Growth 2015 vs 2014: -29%

Average value MT400 & MT700
Key Takeaways

- **Transparency**
  - Transparency is becoming a key area of focus driven by regulatory requirements

- **Gravitation Towards Safe Havens**
  - Current trend is showing volumes gravitating towards securities traffic
  - Greater emphasis in standardizing and automating securities transactions

- **De-risking**
  - Emphasis on de-risking as banks re-shuffle portfolios to accommodate lower risk appetites
  - Consolidation of business with trusted correspondent parties across all markets