



SIA EXPO 2011

The beating heart of the European payments evolution

Waiting for T2S

John Byrne, CEO Information Mosaic

Milan, 17th October 2011



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Challenges and Opportunities

Adapting to the impacts of T2S

- CSDs evaluating how to adapt to loss of revenue and potential competition
 - Evaluating infrastructure: what to keep and what to divest
 - Determining how to differentiate in the market via enhanced services

- Custodians also adjusting to loss of revenue, but also the benefits that market harmonization will bring
 - Global custodians evaluating direct market participation
 - Regional custodians may look to expand some functions and centralise others
 - Local custodians reviewing options for further differentiation



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Investment Priorities

Emerging perspectives on Investment Priorities

- Innovative thinking and solutions to the market will drive success
- CSDs are looking to invest in enhanced asset servicing, record keeping and client experience. To get there they are evaluating:
 - Legacy enhancement versus legacy replacement
 - Outsourcing/sharing of applications as a complementary strategy
 - New Web 2.0 technologies for single workflow across all markets
- Custody banks considering offering direct T2S connectivity and one stop shopping. They are evaluating:
 - Cost/benefit of direct market participation
 - Connectivity and client portal options



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Final Thoughts

The emerging IT landscape

- Outsourcing/sharing of certain applications will help mitigate investment and on-going costs
- Deployment of innovative technologies to offer niche products and services will lead to differentiation
- Newer technologies enable client responsiveness and time to market