

21st ISSA Symposium - Context Document

Breakout Session 5: Potential for Mutualization

HYPOTHESIS

Over the last decade, several trends in the global Securities Services industry have spurred firms to engage with third-party providers in order to modernize their operations and optimize their front, middle and back office functions. More recently, Securities Services providers have also been insourcing multiple functions from third-parties.

Whilst the concept of mutualization may not be new, the pandemic, geopolitical unrest and new technological innovations have presented entirely new challenges – and opportunities to the industry and shone a new light on the benefits that mutualization can bring. Mutualization can generate significant cost savings. The sharing, amongst peers, of the upfront costs of new technology development can create strong economies of scale and allow firms to modernize both legacy platforms as well as introduce new innovative functions at a much lower price.

Examples of mutualization within Securities Services include:

- Swift's Know Your Customer (KYC) protocol
- DTCC CTM trade matching

The objective of the Breakout Session will therefore be to debate the theme, consider if there are areas that the ISSA membership feel resonate and, where this is the case, review whether this is something that should be taken forward by ISSA in some way.

PRE-READING

Breakout Session participants should read the following collateral to familiarize themselves with the hypothesis prior to the Symposium:

[Global Custodian: Modernising through mutualisation in a post-pandemic world](#)

[Globalservices.bt: All together now? Banks, post-trade processes and the mutualisation trend](#)

[Infosys: The Six Pillars of Post-Trade Mutualization](#)

[Deloitte: Interbank ecosystems in Europe](#)

IDEAS FOR CONSIDERATION

The Case for Mutualization

- Review the benefits of, and potential barriers to, mutualization
 - the advantage of greater operational productivity and enhanced resiliency
 - the dependencies on others and service differentials
- Consider how the industry can overcome any barriers

Uses of Mutualization

- Consider which areas may benefit most from this approach:
 - Operational processes
 - Technology solutions
- Other technologies, such as artificial intelligence and machine learning