



FINTECH & Smart Contracts

IIFM Pre-Conference Day Seminar at WIBC 2017
Monday, 4th December 2017
ART Rotana, Amwaj Islands, Kingdom of Bahrain

Ismail Dadabhoy
Advisor, IIFM

FinTech – The Buzz Word

What is Fintech?

I say, it is Disruptive Technology to provide seamless workflow.
It is an overlap of Technology and Finance.

Why Disruptive..... It disrupts the financial system. Shifting current manual and inefficient workflow by eliminating human intervention, eliminating possible human errors and introduces Artificial Intelligence in the equation towards automation.

With the fast development of technology, we in the financial market have to be ready to embrace it. Having said that, some banks have already started implementing. Branchless banking is coming!!!

Now a days, FinTech is also associated with Mobile wallet, Bitcoin etc.

What is Smart Contract

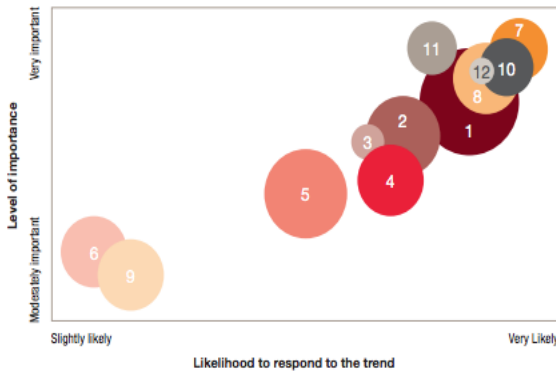
- Simply, a contract that links up with the computer codes to automatically execute the desired actions i.e. matching buyers and sellers and subsequent settlement.
- Once again, removing human intervention for speedy, efficient, error free workflow.
- Distributed ledgers like Ethereum

Is FinTech Really A New Phenomena?

- Contract Matching - Trax
- Settlement Matching and Clearing - Clearstream and Euroclear
- Settlement Cashflow on Bonds and Sukuk
- Collateral Management - Tri Party

FinTech Innovation Trends

The size of the bubbles is proportional to the number of related FinTech companies as assessed by the DeNovo platform



Asset and Wealth Management

- 1. Increase in digital solutions that firms can integrate to improve operations*
- 2. Increased innovation in research tools and analytical capabilities to enable better investment decision-making
- 3. Shift from technology-enabled human relationships to digital experiences with human support

Banking

- 4. Increased customer empowerment/control of financial matters
- 5. Emergence of new services and solutions for unserved/underserved customers**
- 6. Enhanced credit underwriting using non-traditional metrics to determine applicant creditworthiness

Insurance

- 7. Increased sophistication of data models and analytics to better identify and quantify risk
- 8. Increased sophistication in methods to reach, engage and serve customers in a highly-targeted manner
- 9. Rise of aggregators to compare products and services from different providers

Transactions and Payments Services

- 10. Use of advanced methods, tools and technologies to improve information security and predict, detect and analyse fraud
- 11. Proliferation of mobile wallets and new payment options
- 12. Increase in use of consumer data to improve value-added service offerings

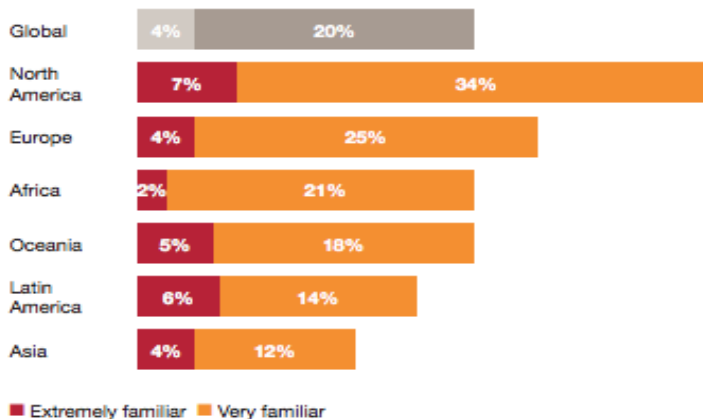
* Also the most relevant trend in Banking

** Also a relevant trend for Asset and Wealth Management

Source: PwC Global FinTech Survey 2017 and DeNovo

We All Are Learning

Please describe the extent to which you are familiar with blockchain technology



Source: PwC Global FinTech Survey 2017



ICMA FinTech Directory

- European Repo & Collateral Council, Operations WG and FinTech WG Initiative
- KYC On Boarding
- Matching and Confirmation
- Collateral Management
- Corporate Action
- Exposure Agreement
- Reconciliation



Where can Islamic Finance Adopt?

- Possible Automation in Islamic Finance
- Murabahah
- Collateralised Murabahah - Collateral Management and Margining
- Tahawwut Master Agreement – Profit Rate Swap etc

The Way Forward

Like we embraced internet and social media.

Think how you can streamline and automate

Embrace Fintech.
It is Here!

Thank You

International Islamic Financial Market (IIFM)

Office 72, 7th Floor, Zamil Tower , P.O. Box: 11454, Manama, Kingdom of Bahrain

Tel: +973 17500161, Fax: +973 17500171, Email: info@iifm.net, Website: www.iifm.net

Disclaimer: The information herein has been obtained from sources believed to be reliable but cannot be guaranteed. The views or opinions expressed are subjected to change at any time. Neither the information nor any opinion expressed can be construed as a solicitation for the purchase or sale of any securities. International Islamic Financial Market disclaims liability in this respect.