

L'ABBL et l'Université du Luxembourg lancent un projet de recherche

Le 30 mai dernier, l'Association des Banques et Banquiers, Luxembourg (ABBL), la Fondation ABBL pour l'éducation financière et l'Université du Luxembourg (SnT) ont signé un accord sur un projet de recherche relatif au développement d'un prototype basé sur la «Distributed Ledger Technology» (DLT, connu sous l'appellation «blockchain») et de l'analyse de données en matière de KYC («Know Your Customer»).

Selon Serge de Cillia, CEO de l'ABBL et Président de la Fondation ABBL pour l'éducation financière : «Ce projet est une belle démonstration de l'émergence de l'innovation dite ouverte où le processus d'innovation se base sur le partage de connaissances par des partenaires qui collaborent pour un objectif commun.» Les signataires de cet accord ont prévu de mener un programme de recherche collaboratif avec le SnT, Centre interdisciplinaire pour la sécurité, la fiabilité et la confiance de l'Université du Luxembourg en vue d'élaborer de nouvelles solutions technologiques concrètes au bénéfice des acteurs de la place financière.

Les parties ont convenu de contribuer au projet dans le but de développer et tester les approches conceptuelles de cas concrets de KYC dans le secteur des services financiers. Ce projet ambitieux d'une durée de quatre ans débutera en juin 2017 et devrait se poursuivre jusqu'en mai 2021. Le projet a été sélectionné parmi plusieurs propositions de



De g. à dr.: Le Professeur Björn OTTERSTEN, Directeur de SnT, Yves MAAS, Président de l'ABBL, Serge DE CILLIA, CEO de l'ABBL

recherche par les membres du Digital Banking and FinTech Innovation Cluster (DBFI) de l'ABBL et validé ensuite par l'ABBL et la Fondation ABBL pour l'éducation financière compte tenu de son importance pour l'ensemble de la communauté bancaire au Luxembourg. La fonction KYC consiste à identifier et à vérifier l'identité des clients des institutions financières, tandis que la DLT est une

technologie permettant de mettre en œuvre des «bases de données sécurisées et distribuées» dont la vocation est de conserver de façon non modifiable des enregistrements des institutions financières au sens large du terme (données clients, transactions, contrats, etc.). Cette initiative de recherche permettra aux opérateurs de la place financière de recourir à des méthodes performantes d'identification des

clients. Selon Yves Maas, Président de l'ABBL : «La réglementation KYC prend de plus en plus d'importance pour les banques qui doivent s'y conformer. En revanche, le KYC demeure une composante importante de la structure des coûts des institutions financières ; c'est donc l'occasion pour notre secteur de relever ce défi».

«En ce qui concerne les FinTech, il y a une forte demande de qualifications de haut niveau, dont nous ne disposons pas toujours. En outre, il s'agit d'un domaine en évolution permanente qui nécessite créativité et idées novatrices», dit Jean Hilger, Head du ABBL-DBFI Cluster.

Le Professeur Björn Ottersten, Directeur de SnT, a quant à lui souligné l'importance de ce partenariat. «Réunir des partenaires aussi bien publics que privés pour collaborer sur des sujets stimulants et créer une propriété intellectuelle est au cœur de ce que nous faisons au sein du SnT. Ce projet favorisera la compétitivité du Luxembourg dans un secteur aussi important pour notre économie». L'Université du Luxembourg, via le SnT, a désigné le Professeur Björn Ottersten comme Directeur du programme pour le projet.

Le volet «recherche scientifique» sera assuré au sein du groupe de recherche SEDAN du SnT, dirigé par le Dr Radu State, en collaboration avec le Dr Zsofia Kraussl, de la Luxembourg School of Finance (LSF). Marc Hemmerling, General Counsel Digital Banking, FinTech & Payments de l'ABBL assurera le suivi du programme pour le compte du DBFI et de la Fondation pour l'éducation financière.

The future digital leaders of the LuxTechSchool invent the bank of tomorrow

What does the bank of the future look like? This is the burning question that was addressed to the 27 students of the Luxembourg Tech School gathered last weekend (30.06.2017 / 2.07.2017) for the Hackathon hosted by the LHOFT Foundation in Kirchberg and supported by Digital Lëtzebuerg and Temenos, the world's leading banking software vendor, who provided the technical infrastructure.

Luxembourg Prime Minister Xavier Bettel opened the Hackathon, encouraging the students to learn and apply technology in a real business context. Prime Minister Bettel commented "this brilliant initiative is here to prepare the youth of today for the world of tomorrow". The students, split into 7 teams, competed during the weekend to create the best solutions and invent the bank of tomorrow. Students were supported by Sergio Coronado, chief coach of the LTS, and a range of



The Luxembourg Tech School students with Luxembourg's Prime Minister Xavier BETTEL on the opening of the Hackathon weekend

mentors from the financial industry passing on knowledge, providing advice and feedback.

The 27 students brought together creativity, vision and agility. They wowed everyone during the weekend. Some of

the teams developed online platforms, while others created apps dealing with complex subjects such as cryptocurrencies, big data and artificial intelligence... Sunday afternoon, after an intensive and inspiring weekend, the students pitched their ideas in front of a

jury composed of Jean Francois Bequevort (Temenos), Andrey Martovoy (ABBL), Nasir Zubairi (LHOFT), Agnes Gerbaud-Seuret (BGL), Alain Ures (BCEE) and Anne-Catherine Ries (Digital Lëtzebuerg). The choice was extremely difficult but the 3 top prizes generously offered by Temenos went to:

- 1st Prize to VISICRED, platform that simplifies your loan planification. They received a check of 1600 euros.
- 2nd Prize to LIFEBANK, app offering suggestions on how & where saving money. They received a check of 900 euros.
- 3rd Prize to BLOCKBANK, online bank based on Ethereum. They received a check of 500 euros

The jury highlighted the very high quality of the solutions and the incredible ability of this young generation, future customers of and potentially leaders in financial services, to adapt. They tackled difficult question, they anticipated change and transformed the existing into opportunities for customers, providers as well as for society in general.

Nasir Zubairi, CEO of the LHOFT commented: "Incredible. Amazing. Awesome. Mind blowing. I can throw many superlatives to describe what I have experienced this weekend. It is so inspiring to see those young people so engaged, contributing their creativity to an industry that is hungry for innovation. The Luxembourg Tech School has done a fantastic job. Temenos has demonstrate their progressive and open attitude to innovation by supporting this initiative. Digital Lëtzebuerg has been magnificent. The mentors were so generous on the time they gave. Thank you to all: students, teachers, mentors, supporters and jury members."

Nicolas Boatwright, Temenos Sales Manager Benelux, added: "While Temenos hosts hackathons across the globe, it was an honor to be asked to make our sandbox and technical experts available to give the next generation of innovators and developers a chance to experiment and learn. An exercise all the more rewarding when you witness the diversity and thoughtfulness of the intergenerational dialogue between mentors and mentees. I dare say that everyone participating ended the weekend a winner, and richer for the experience."

Brexit, Luxembourg, and Staffing

By Christopher PURDY, Managing Director, Greenfield Luxembourg

Now that Brexit negotiations have started, and following the announcements of financial business looking to either establish or scale existing operations in Luxembourg, it seems timely to discuss our view on the impact of Brexit on staffing in Luxembourg a year on from the British referendum.

What is the impact so far?

Whilst 2017 continues to be a busy year for movement and growth in the Luxembourg recruitment market, it is difficult to assess the current impact on ease to hire financial and legal profiles in Luxembourg. Whilst Brexit is on everyone's mind, most of our work today seems to be the result of continued economic development and the extremely strong and stable positioning of Luxembourg in the global financial market. Over the course of this decade we have seen similar "bubbles" of demand, for example the implementation of AIFMD, that have eventually led to sustained hiring patterns once the uncertainty of impact had died down. We believe that we are seeing what we believe to be the beginning of the "Brexit-bubble", and whilst the impact may be minimal so far, we are preparing for a surge in requirement during the next 12 – 18 months.

More diverse roles?

The many questions surrounding Brexit, especially around the free movement of labour and finan-

cial passporting, clearly have implications for the Luxembourg recruitment market. Towards the end of 2016 Greenfield was contacted by many of our existing asset management clients looking to discuss the probability of sourcing a wider variety of candidates here in Luxembourg for roles that traditionally would have been more "London-centric". Concurrently a great interest has been shown in the possibility of sourcing senior governance profiles and the ease of attracting and relocating professionals to Luxembourg. During the first half of 2017 we have indeed been involved in the recruitment of several front-office roles for asset managers where the roles previously would have been based in the UK, and are currently involved in two projects for alternative fund houses establishing their first European operations – both have commented that a few years ago the UK would have been the preferred destination.

Alongside this we have been discussing with our London-based clients the likelihood of expansion in the Grand Duchy and are expecting further mandates towards the end of the year. In other areas of financial services (for example the delivery of middle and back office functions) the situation is still a little unclear. Branches and subsidiaries of large multinational ("non-UK") banks are making provisions which appear to entail expanding existing operations in existing designated centres, however given the strength of existing market infrastructure there is no reason why Luxembourg can't compete on this front too.

What will the future bring?

As we get more clarity on how the discussions in Brussels are progressing, and the more concrete negotiating positions of each party to the talks, we

are sure that we will see more financial businesses and institutions opening their doors in Luxembourg. This will of course have a knock-on effect for service providers here in Luxembourg – an area that is already phenomenally busy and looks only set to grow.

When asked, Jens Hoellermann of Intabulis, a leading provider of Independent Directorships to the financial industry, commented: "According to media coverage, U.S. private equity funds Blackstone and Carlyle Group are establishing passporting rights in Luxembourg to be able to do business in the European Union after Brexit. These moves are most likely less about moving people but more to secure doing business going forward, the right to market and distribute funds, as under current regulation, funds from outside the European Union are required to register separately in each country where they want to market. Other asset managers like Swedish EQT have also made the decision to launch any future funds in Luxembourg. There are also rumors of many others that shall have chosen Luxembourg already. And when the big ones move, the small and medium players will follow. A partner of a well-known Luxembourgish law firm recently commented that the alternative industry in the Grand-Duchy will grow by 10 times within the next five years. Although all such PE houses already have some staff in Luxembourg, they all might need to hire more people to cope with the increased workload of managing funds. The same applies to all kinds of service providers, like law firms, administrative and depositary agents and the big 4. However, asset managers are to be considered being at the top of the food chain, which potentially could lead to problems for the service sector. Although, Luxembourg

has a good talent pool, the increased demand for knowledge and experience might not be covered easily. In addition to the PE industry moving to Luxembourg, a few London-based insurance firms and financial technology companies have announced relocating to the Grand-Duchy as well."

Will there be salary inflation?

In the run-up to the 2008 financial crisis wage inflation was a serious issue in Luxembourg. Thankfully with reasonable inflation, and periodic wage indexations, we have not seen salaries spiral over recent years. Whilst there is always the prospect of wage inflation in markets where professional resources are scarce this has not demonstrated itself yet. Although the unemployment rate is currently at a low (circa. 6%) due to an increase in resident employment, the actual population of Luxembourg seems to be growing in line with employment demand. Hopefully salaries will continue to increase in line with inflation and not based upon other dynamics. Indeed, rather than wage inflation, Brexit could well spur an increase in population as the financial industry grows. This would act as a stabilising factor for employment costs in Luxembourg, which in turn would also maintain Luxembourg as an attractive place to do business from.

Brexit is an opportunity for us all

In conclusion, Brexit is an amazing opportunity for Luxembourg and whilst it will undoubtedly present challenges for staffing and resourcing, Brexit will lead to an increase in activity in the recruitment market and the provision of exciting opportunities and career development for those active in the financial sector.