

Market commentary

Innovation in treasury and capital markets is real

Technology exists to empower us — to make the task and habit-based journeys of humans easier, more expedient and nondiscriminatory.

In treasury and capital markets, that means creating pathways to financial freedom and wellness for all. However, the unfortunate reality is that the rate of technological innovation here has slowed and even declined in the past decade. FIs the world over need to seize the technology opportunities before them to reinvigorate innovation in capital markets. First, they have a few hurdles to overcome.

For many years ABCD (artificial intelligence, Blockchain, cloud computing, and digitization) has largely driven the broad,

headline-grabbing debates over c treasury and capital markets innovation. The unfortunate reality is that these tactics have often proven to be little more than buzzwords, utilized to emulate the concept of innovation. In reality, they have shown little benefit to senior leadership driving innovation at many firms across the globe. This has led to a backlash wherein leadership has seen innovation in capital markets as a lost cause — a blackhole for resources to go where the only output is more technology and little progress. However, actual innovation in capital



markets is achievable by identifying strategic business goals and addressing them outcome-oriented technology transformations.

The key to enacting a business-first innovation strategy is the usage of data – capturing it accurately and leveraging it through efficient and advantageous means. This is sometimes easier said than done. From tracing data, to constructing governance structures, to implementing complex technology architecture, to enacting laser-focused analytics, the complex protocols of a robust data strategy have left few firms feeling prepared.

Top-tier FIs have also found internal obstructions that make native innovation challenging, such as insufficient technical infrastructures and organizational limitations. Traditional and often obstinate administrative methodologies, disorganized systems, and unprepared and undereducated employees have made incorporating new technologies challenging.

To rectify these forces holding back treasury and capital markets innovation, FIs need to pass a concerted approach to instituting open API architectures, wherein technology partners can help them achieve agile and safe innovations. They also need to institute novel hiring practices that identify change-oriented individuals who are emboldened by a knowledge and love of open finance.

To safely reach this future state, FIs should transform to platforms that connect them to the innovative technology creators in the fintech industry. Those trusted organizations whose sole mission is to push finance to a more open, secure and pioneering position. This means fintechs, FI

in-house developers, universities and other software vendors creating applications for financial services.

**Platform approaches
such as this safely connect
the innovators with the
firms focused on locating
technology solutions
that will drive business
transformation in treasury
and capital markets.**

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