



Next Gen Technologies

Readiness for 2020 & Implications

3rd October 2018

Welcome...



Gene Neyer

Executive Advisor, Payments

Icon Solutions



Scott Hendry
Bank of Canada



Bradley Wilkes
WingCash/OPN

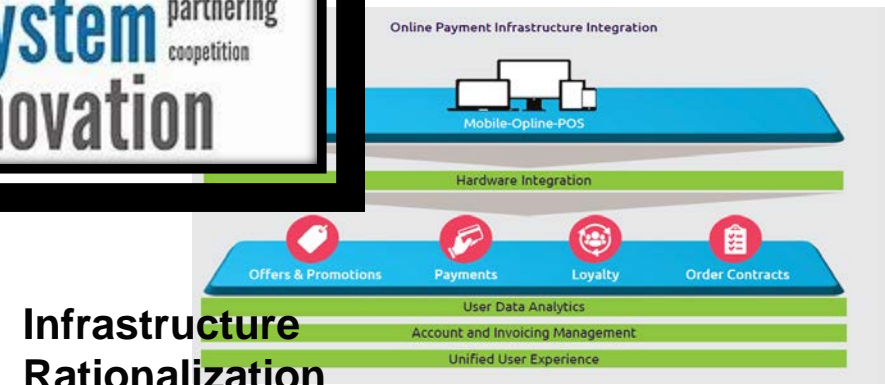
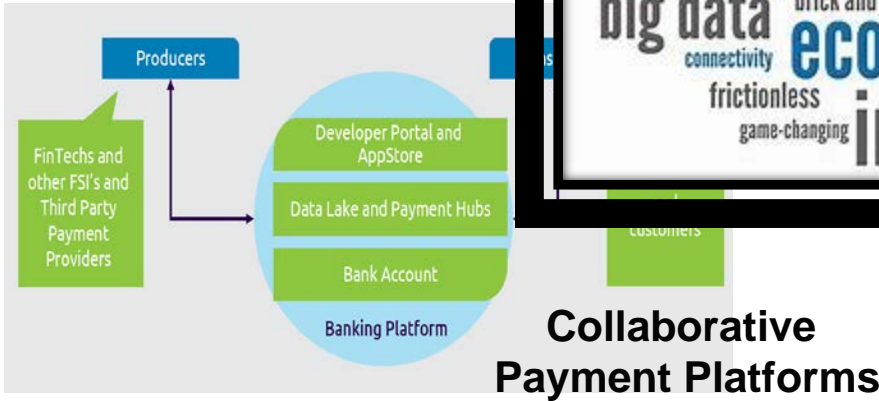


Peter Tapling,
Spring Labs

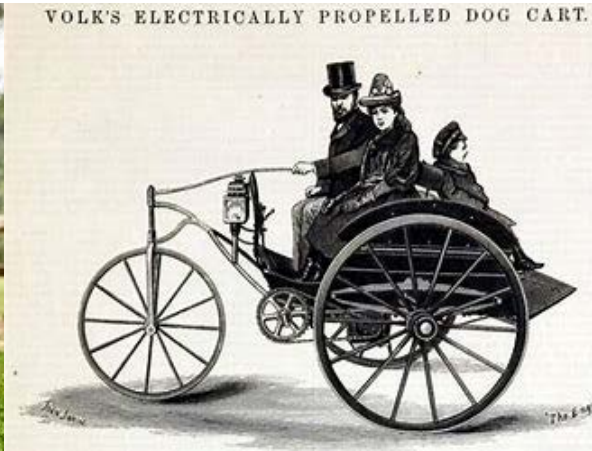


P2P paradigms cool vs. creepy
 it's in our DNA **gamification**
 evolution at the end of the day
disruption table stakes
 big data brick and mortar
ecosystem partnering
 connectivity frictionless **innovation**
 game-changing competition

Things brings an era of everything being smart and constantly connected. Source:AFP



	Technology	Business models
Demand		
Pain Points		





Bradley Wilkes

CEO

WingCash/OPN





Scott Hendry

Senior Director - Financial Technology

Bank of Canada

Project Jasper

A Bank of Canada Blockchain Experiment



The views expressed in this presentation are my own and not necessarily those of the Bank of Canada





- To realise the promised benefits of DLT, do we need central bank cash on ledger?
 - Cost savings/efficiencies
 - Improved Resilience

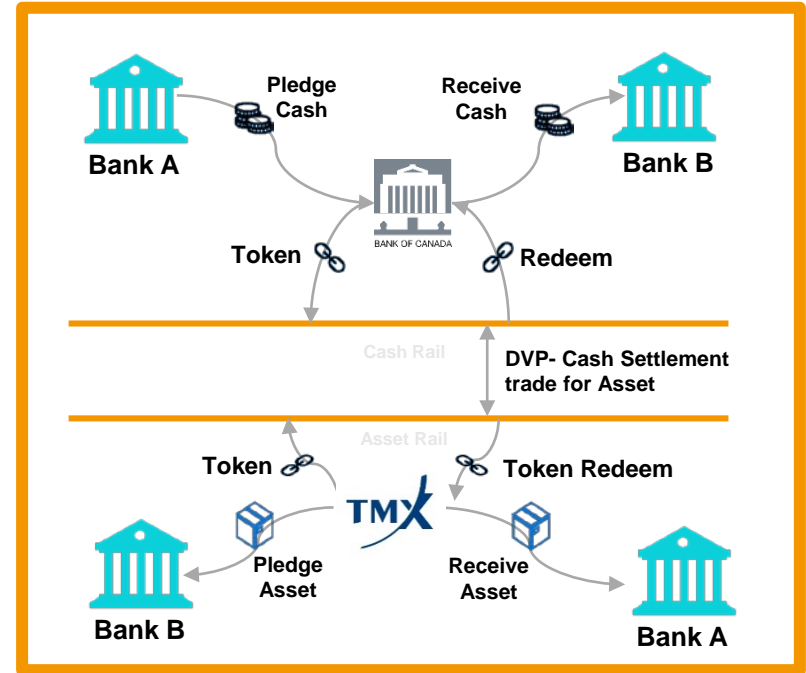
- Unlikely to be net benefits using DLT over a centralised system for the *sole* purpose of interbank payments
- Benefits more likely to come from enabling efficiencies in the broader FIs and FMIs via simplified processes (e.g. back office reconciliation)
- LSM implementation is complex – inherently centralised functions in decentralised systems is tricky

- To investigate securities settlement DvP using central bank cash on a DLT
 - Efficiency gains?
 - Improved integration of FMI's?

SCOPE & OBJECTIVES: SOLUTION OVERVIEW

The POC demonstrated the core mechanics of post-trade settlement and payment on a single DLT platform

 Participation	<p>Simulation of Bank of Canada, CDS, Payments Canada, LVTS member banks and CDS members in a private DLT network</p>
 Tokenization	<p>Tokenization and notarization of cash deposits as cash Digital Depository Receipts (DDR) and equities holdings as asset DDR's</p>
 Credit extension	<p>LVTS members can extend credit to non-LVTS members in the form of a DDR transfer for the purposes of settlement</p>
 Settlement	<p>Batch net settlement executed on ledger based on settlement positions and (off-ledger) collateral sufficiency of each participant</p>



Key Lessons Learned: Phase 3

- DLT facilitated the integration of FMIs to achieve DvP1 with only DvP2 liquidity requirements
- DLT operational cost savings for participants still uncertain when only **post-trade settlement is on ledger**
- Demonstrated that cash and equity systems can have different participants through the use of **doorman service**, **notary involvement**, and **smart contracts**

- ▲ **Credit extension** needed in current system and DLT system to ensure necessary **liquidity**
- ▲ Small extensions or rebuilds of current systems using DLT is unlikely to show significant improvement; may only be through a **complete revisioning** of the financial system that DLT can deliver significant **cost savings** and **improved functionality**

- Partnership with Monetary Authority of Singapore and the Bank of England to examine cross-border payments using DLT: Jasper meets Ubin
 - What are the current pain points?
 - What are the potential efficiency gains offered by DLT?



Peter Tapling

Chief Commercial Officer

Spring Labs

Powering The Future of Credit and Identity



Spring is building a decentralized network for identity and credit to serve as the foundation for a more transparent, secure, and efficient delivery of financial services.

Q & A topics



Placing bets

- Business models
- Cost of doing nothing
- Absorption capacity



Platformization

- Coopetition
- Network Markets
- New white spaces



Interoperability

- Horizontal vs. vertical
- Standards
- How to get there



Trust

- Liability
- Smart Contracts



On/Off ramps

- GIGO
- IoT – the magic bridge?



Questions?