

A dark blue world map is centered in the background, with a diagonal light blue band crossing it from the top-left to the bottom-right. The map shows the outlines of continents in a lighter blue shade.

Innovating for the future: Trends, our approach and regulatory perspectives

Sophia Bantanidis

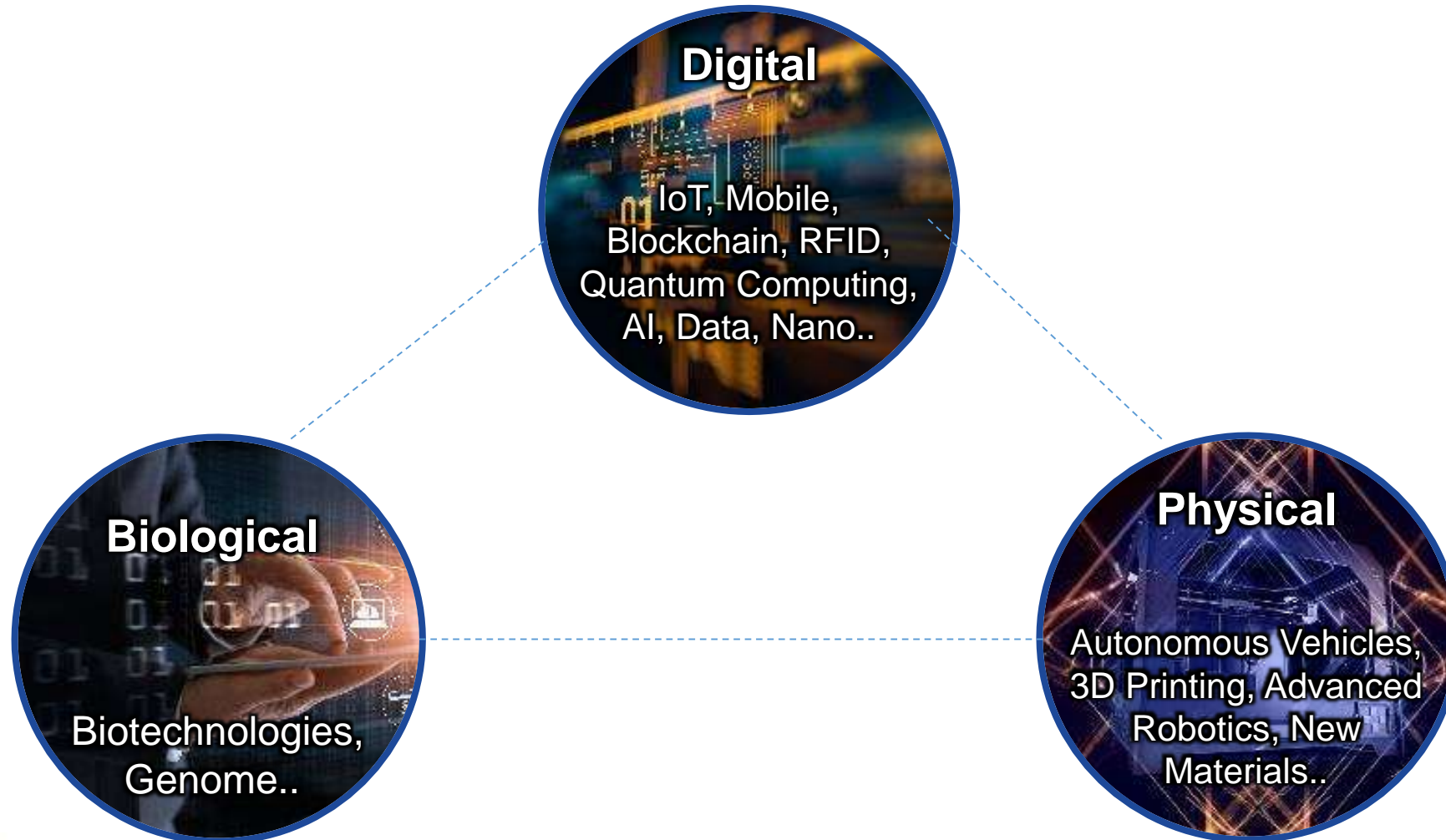
Head of Regulatory Strategy & Policy TTS Innovation



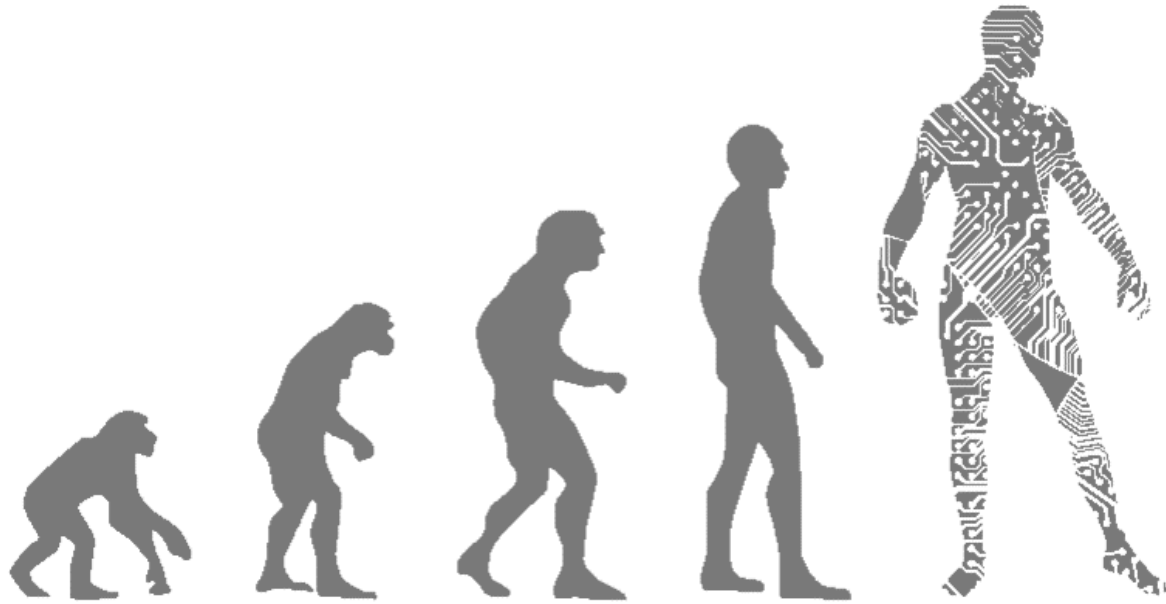
Trends

Fourth Industrial Revolution is Underway.....

Confluence of Technologies across **Physical**, **Digital** and **Biological** World



2045: The Year Man Becomes Immortal



Impact on Business across Industries...



Customer expectations redefined into experience



Products and services enhancement by data, which improves asset productivity



New partnerships are formed as companies learn the importance of collaboration



Operating models are being transformed into digital models



Industry convergence – emergence of 12 ecosystems by 2025



It is a world of “now”

Digital Transformation and Innovation: Our Approach

Our Digital Vision and Strategy Becoming the “Financial Ecosystem” for Global Commerce

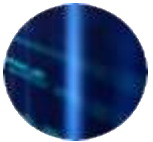
Digitize the Core



Connectivity for the
Digital Age



Smart processing



Data as a strategic
differentiator



Next generation client
experience

New Digital Growth



Smarter solutions for
smarter treasuries



Digital Network of
Networks



Segment strategy for
New Business Models



Advisory
(Treasury/Digital &
Regulatory)

Digital Enablers

- Partnerships as an enabler of strategy
- Digital organization and innovation framework

Digital Transformation – Execution Priorities

Our digital transformation is accelerating, delivering value to both clients and shareholders

Engage

Deepening existing relationships and attracting new clients

- Easy access through any channel – anytime, anywhere
- Streamlined digital on-boarding
- Seamless end-to-end digital solutions
- Actionable insights in real time
- Personalized offers

Simplify

Improving the client experience while lowering our cost to serve

- Intuitive digital self-service
- Faster speed to market with new products and services
- “Smart” straight through processing
- Frictionless global platforms
- Data-driven / biometric security

Innovate

Using technology to drive new business models and client value

- Ecosystem / partner integration
- Co-creation with clients
- Incubation of new business models
- Emerging tech applications (e.g., AI, distributed ledger)
- Citi Ventures investments

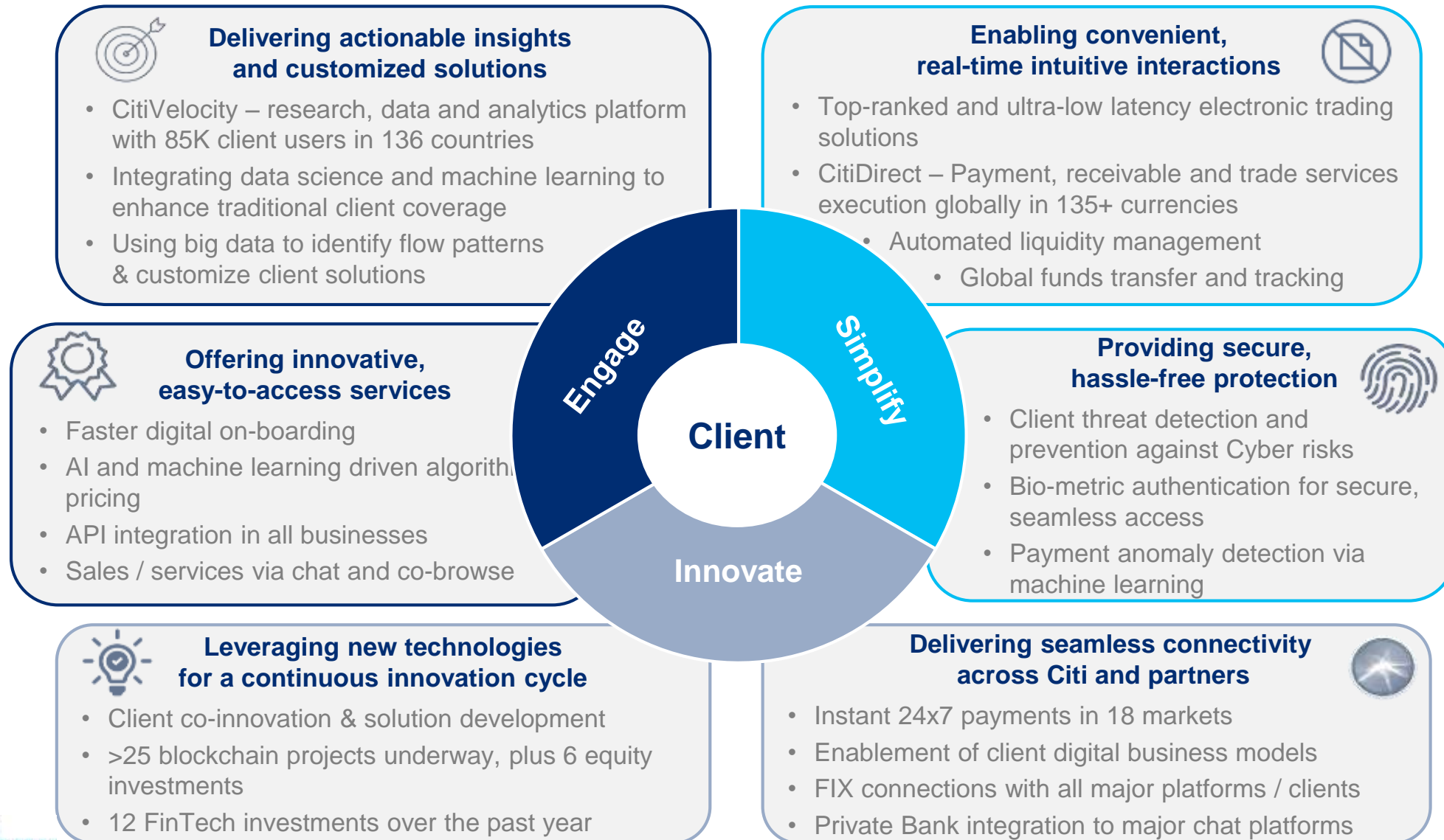
Talent

Recruiting, development, workplace, culture

Core Capabilities

Data & analytics, cloud, APIs, cybersecurity

Digital Transformation – Institutional Clients Group



Innovation

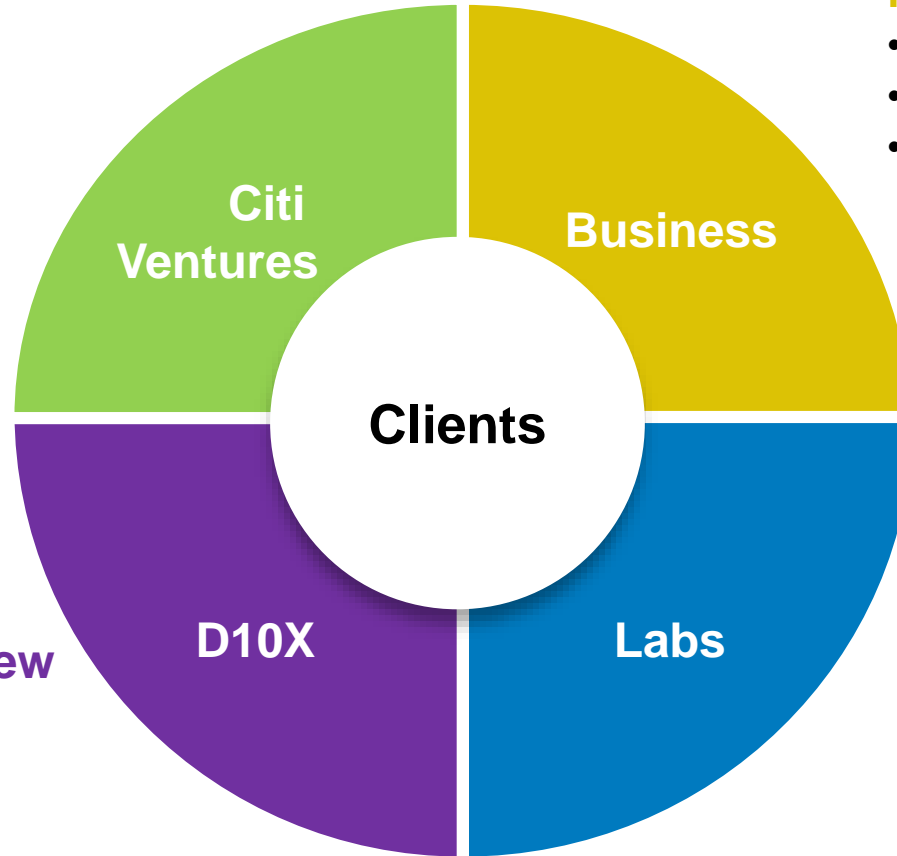
Approach to Innovation in TTS Business

Innovation Partner to TTS:

- Supports D10X
- Start-up partnerships
- Market trends and landscape

Framework for exploring new opportunities for TTS:

- Venture portfolio of 'bets'
- New to big ideas
- Client-focused propositions



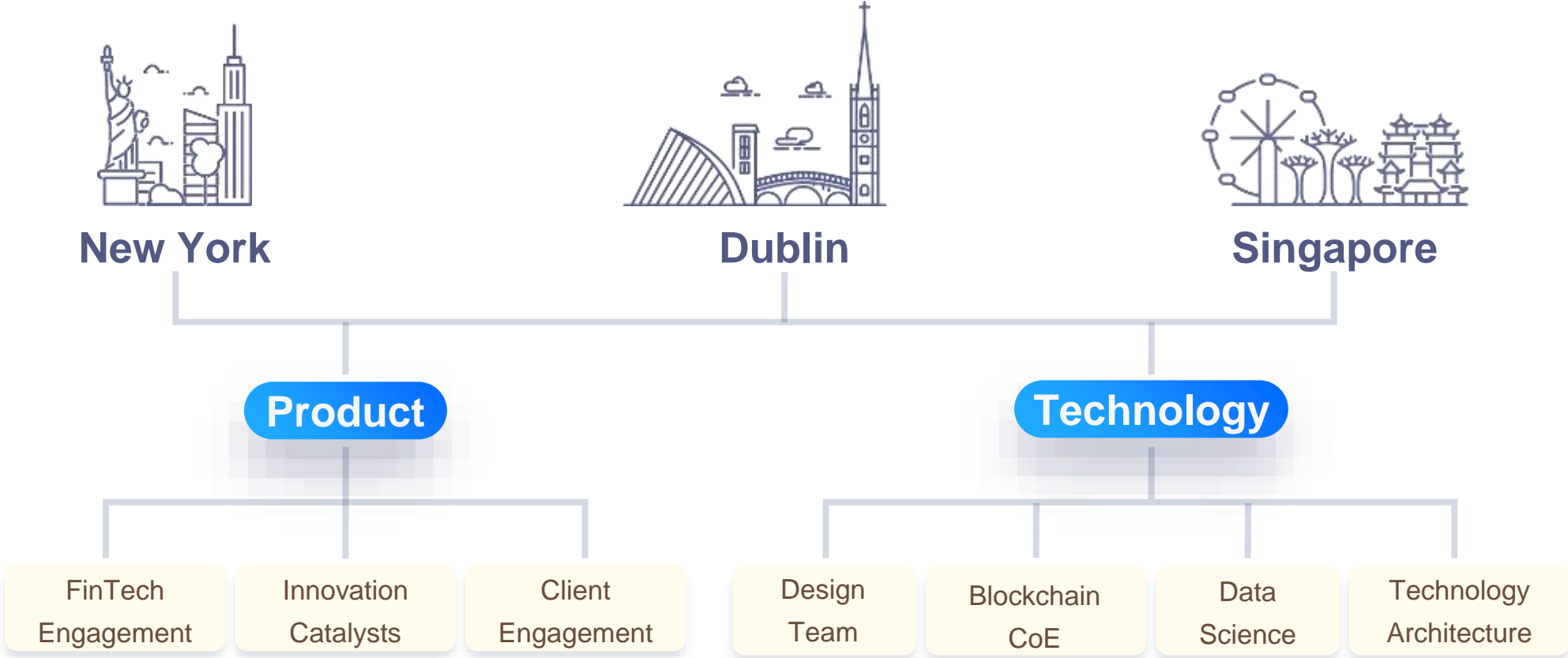
Engagement across geographies, products, functions

- Drives innovation mandate
- Provides sponsorship
- Innovation Catalyst Team

1 Lab in multiple locations: Dublin, Singapore and New York

- Experiments and exploration
- Client & tech validation
- Solution design
- Emerging technologies

Introduction to the TTS Global Innovation Lab



TTS Innovation

Uniquely placed to drive innovation

DUBLIN – NEW YORK – SINGAPORE



Partner to Transform



Support Innovation Execution



Bridge to Horizon



Catalyst for Innovation

ENABLE – EXECUTE

Catalyst Team

Business Acumen

150

Years in Transaction Banking

- Entrepreneurs
- Business owners
- New product development
- Solution consultancy
- Legal expertise

Blockchain

19 +

Projects

- Cryptographic digital assets
- Business logic automation
- Infrastructure & architecture
- Settlement & reconciliation

Design Thinking

100 +

Years in

- Innovation lifecycle
- User Experience
- Prototyping
- Facilitation & visual comms
- Ethnographic research

5+

Industries

Data Science and AI

80 +

Experience in

- R&D
- Customer engagement
- Internal efficiencies
- Risk and compliance

10

Industries

Citi Innovation Labs Network

- Labs align at Business level across Citi, collaborating through co-lab network



TTS



Markets



Citibanamex



Consumer



Global Network

Regulation

Key ingredients for a digital friendly regulatory framework

- **Allow for competition to unfold**
 - Strong competition between banks and non-banks is also taking place to the benefit of customers. This competition is healthy for the market and should be encouraged by enabling both incumbents and new players to deploy their digital strategies within the boundaries of a regulatory framework that equally supports all market participants.
- **Prioritise digital**
 - Review (**not** entirely delete and re-write) the existing complex body of financial services regulation to ensure it is fit for purpose to support banking in the digital era
- **Promote innovation and avoid unintended consequences**
 - An unsuitable regulatory framework can be a disincentive to experimentation. Undertaking regulated activities usually requires explicit permission from the regulator and approval of the way in which the firm in question goes about its business. A risk-averse regulator may not be willing to grant permission to unfamiliar or unproven business models and thereby hamper innovation



Same service, Same risk, Same rules, Same supervision

Regulatory, market & innovation strategy: policy perspective

<p>Defining Financial Technology ("FinTech")</p>	<p>At present the term "FinTech" is undefined in any rulebook. FinTech is not reserved to 'emerging' technology businesses; the incumbent financial industry is also a key provider of FinTech solutions.</p>
<p>Engagement with FinTechs</p>	<p>Engagement and transparent communication is key, as many FinTechs may develop services that fall into the regulated space, without knowing it. Examples of engagements between regulators, FinTechs and financial services incumbents include innovation hubs, regulatory sandboxes and the Global Financial Innovation Framework</p>
<p>Caution Against Rushing to Regulate and promoting self regulation / guidelines</p>	<p>A better understanding is required (by regulators, the regulated and the non-regulated) of what the different innovative technologies can deliver (how financial firms can deploy it), strengths, weaknesses, to what degree these could introduce new risks etc. Where technology intersects with regulated processes and changes roles/responsibilities of regulated actors or the ability to supervise them, or creates legal uncertainty, existing laws may need to be future-proofed</p> <ul style="list-style-type: none"> • One of the ways to drive forward this learning process is via so called 'regulatory sandboxes' • In some cases self – regulation or guidelines may be appropriate so as to not stifle innovation. With respect to blockchain / DLT the way for self regulation has already been paved through the use of standards aimed at providing common language for industry, policy makers, regulators and technology developers
<p>Global Policy Consistency</p>	<p>Finance is an international cross border business and many emerging FinTech business models already operate across borders</p> <ul style="list-style-type: none"> • It is therefore critical for regulators to work together on a global scale to see how these business models intersect with local regulation and to align regulation so that regulatory arbitrage can be avoided

Any future policy should be developed along the following principles:

- 1) Digitally friendly
- 2) Technology / platform neutral
- 3) Providing legal certainty
- 4) Ensuring a level-playing-field
- 5) Be proportionate
- 6) Product / service orientated

The end

“ The **future** enters into us...in order to **transform** itself in us long **before** it happens ”

Rainer Maria Rilke

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