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# Post-trade solutions for a post-pandemic world

How SmartStream is revolutionising banking through data

The world has changed in many ways since the start of the pandemic. Back then, the big question hanging in the air was how banks and businesses would respond to a zero-interest rate environment. Now, we are looking at the prospect of a recession with both inflation and interest rates rising at rates not seen in decades.

The war in Ukraine has brought further challenges, including the freezing of Russian assets. Additionally, banks are adjusting to the continuous waves of new regulations governing payments, all while settlement times are contracting and expectations from customers are for execution times to be reduced from days to hours and minutes.

This is happening while competition among the big banks continues to increase and new competition from challenger banks and fintechs has arisen. Data is the new currency and data management solutions are the new weapons.

All parties, from Tier 1 banks to the more agile fintechs, need access to high-quality data and lightning-fast reconciliation systems and streamlined exceptions management solutions.

Every single one of these challenges is firmly on the radar for SmartStream Technologies. SmartStream offers purpose-built solutions specifically designed for the challenges businesses are now facing as well as those they will face in the future.

Whether its their AI-enabled data reconciliation module SmartStream Air, the new Lightning product that automatically generates matching rules to speed the onboarding of data sources, the newly launched exceptions management system or the company's cash and liquidity management platform that helps banks maximise revenues in a world of rising interest rates. They have listened to what their customers asked for and delivered.

In an ever-changing world, innovation must be constant, and innovation is in SmartStream's DNA.

# A new kind of gold

Data is the new global currency in financial services – and it must flow freely. Jim Banks talks to Rocky Martinez, CTO of the **SmartStream** Reference Data Utility, about how banks can manage, store and access their data more quickly, more efficiently and at a much lower cost, all to derive tangible business benefits.

**S**martStream is a company with a long history in post-trade processing and the implementation of digital strategy for financial services companies – but its heritage and experience are combined with a forward-looking and innovative approach to meeting client needs. The company prides itself on helping customers to meet both today's and tomorrow's challenges head on.

Rocky Martinez, the chief technology officer, SmartStream Reference Data Utility, ensures that his employer leverages both its rich history and pushes product development forward.

"We have to make sure that we can deliver to existing customer demands, but at the same time keep innovation moving forward," he says. "There is an old saying, attributed to Henry Ford, who when asked why he didn't ask his customers what they wanted, replied 'because they would still want horses'. If you don't force change then your product

won't be viable in two or three years."

Certainly, the technology industry changes at an incredibly fast rate. While it took 75 years for the telephone to reach 50 million users, and 33 years for television to hit the same milestone, the internet reached that mark in just four years. The fundamental currency of today's digital technologies, meanwhile, is data. It makes sense, therefore, that a major part of SmartStream's work focuses on reconciling and providing access to large volumes of accurate data in the most efficient way possible.

"Today, financial institutions are basically technology companies, so we have to make sure that their data is always accurate," says Martinez. "The key here is that the data has to be right because that is the product, so we spend a lot of time building internal pools to ensure that data is accessible and we are constantly using new ways to get to the data, like Snowflake or AWS Data Exchange, so we have developed APIs to reduce the time it takes to get access to the data we manage."

"That way we don't need to break it up and put it in a database and then figure out how to get it to your customers," he adds. "APIs give you instant access and you don't have to worry about storage – if you need the data again you can just go and get it."

## A new paradigm for data

Many banks are stuck in the old habit of using file transfer protocol (FTP) and databases, which can slow down access to data and add to the cost of data management. In this model, data has to be transferred from one place to another and servers may be used inefficiently. Now, APIs can be used to bring together data from diverse systems faster and more efficiently.

Martinez sees banks moving towards data platforms such as Snowflake and AWS Data Exchange, which are designed to increase the speed to value for third-party data sets in the cloud.

"SmartStream now has a public portal so that clients can look at their data and get comfortable with it," he explains. "We are also seeing some large clients talk about wanting to move away from FTP, so we have started bringing data together through AWS

A data lake allows you to store structured and unstructured data in a centralised location, and is one of SmartStream's methods of managing data.





**Left: Rocky Martinez, CTO of the SmartStream Reference Data Utility.**

I can have these data lakes where customers can throw in all their data, it is a huge win.”

### Bridging the gap

The next generation of data management solutions for banks is likely to rely on AWS Data Exchange, Snowflake and other cloud-based platforms and Martinez expects to see that model deployed as early as next year. SmartStream has been ahead of the curve on that trend and is also preparing for other innovations that could have a seismic impact.

“We are also looking at providing machine-to-machine data, so we don’t have to build user interfaces to view the data,” he remarks. “The proliferation of no code/low code we might develop some interfaces (UI) because we work with customers of all sizes, not just the Tier 1 banks, and as you move down from Tier 1 to Tier 3 banks, there is a lower level of sophistication.”

“At the lower tiers we can help the techno-functional people in the bank to look at the data when they have issues,” he adds. “They may not yet be ready for APIs, which might be too complicated or take up too much time. But the UI helps to keep more fluid engagement with those customers and their data.”

This approach sums up some key elements of SmartStream’s philosophy. The first is that the company seeks an in-depth understanding of client needs, whether they’re big global banks or smaller players, notably including the new wave of challenger banks. The second is its focus on anticipating the challenges and opportunities that are coming over the horizon, rather than just focusing on point solutions for the here and now.

For instance, SmartStream is already looking past data lakes to find a way of working with vendors to become a more embedded part of its clients’ infrastructure and networks.

“Now, there is a clear delineation – we get data and process it and put it in a data lake, to which customers have to link to get to the data,” Martinez explains. “I would like to see us creating agents that act as the module through which our customers can interact with our solutions.”

“We could create virtual links and our code would be the entity that deals with their data,” he adds. “We would absorb one more step of the process, get closer to our customers and make their lives easier by taking on a time-consuming process that is on-going all the time.”

SmartStream strives to give customers what they want today, while working on what they need tomorrow, even though they don’t know it yet. For more than 30 years it has succeeded. ●

Data Exchange, which gives clients the ability to register and get access to the data, while AWS handles the security aspects.”

“Essentially they are sharing each other’s private cloud and this is a very streamlined process from our perspective,” Martinez continues. “Personally, I would be happy if we could shut down FTP and FTP ports. It takes time to ensure all the FTP stuff is accurate. The next step is definitely the use of the public cloud through AWS, Snowflake and others.”

For clients not yet willing to take this step, SmartStream can push data into so-called ‘lakes’, which can be easily updated and maintained. People accessing the data can get to what they need quickly and easily, and all SmartStream has to do to maintain the data quality is to update a single master file, and everything falls into place wherever the data comes from.

“In the old days, people would say you didn’t get fired for hiring IBM, but now you won’t get fired for using FTP,” Martinez explains. “The barrier to moving away from FTP is that people are familiar with it and don’t want to change. It may take a younger generation to be in charge of technology and have key leadership positions, if banks are to embrace the unknown more easily.”

“When one organisation asked us to look at AWS Data Exchange file protocol and get rid of FTP, they found that we had already started looking at it a year or two before,” he adds. “The next step is getting away from all of these files that generate terabytes of wasted disk space. When clients have to store data for some time, the volume of data grows and much of it is not immediately useful, so it just sits there. If