

SHAPING A SINGLE VERSION OF TRUTH

Zoya Malik of *The Fintech Times* and SmartStream CEO Haytham Kaddoura explore how AI and blockchain can improve data quality and reduce cost

ZOYA MALIK: Can you give us the backstory to SmartStream?

HAYTHAM KADDOURA: We started as a processing platform provider, primarily addressing reconciliation. Over the years, we have branched out into ancillary areas, such as cash and liquidity management, corporate actions and expense management, which handles chargebacks between brokers and other counterparties.

Since 2015, we have formed a joint venture with JPMorgan, Goldman Sachs and Morgan Stanley to develop a Reference Data Utility (RDU) that picks up data from various financial exchanges, along with data feeds from digital financial news and information providers, such as Bloomberg and Reuters, in order to deliver a greater level of accuracy. RDU is about delivering clean and rich data to financial institutions via more developed data sets than banks can access individually. At the moment, we are focussed on Exchange Traded Derivatives (ETDs) and expanding into equities. In 2019, we will be looking at fixed income as an asset class.

ZM: What are the problems you are addressing for your bank partners?

HK: The data that is being pumped into banks' various operations is not necessarily consistent; inaccuracies creep in from individual exchanges and financial news agencies. These discrepancies can be time-consuming and costly for the banks, who end up spending significant resources on addressing the shortcomings, i.e. filling in the blanks. We do that on their behalf while making that data available to a whole host of financial institutions.

This eliminates duplication of banks' individual efforts and improves speed, accuracy and cost effectiveness in the processing of reconciliations.

ZM: How has SmartStream invested in AI and blockchain over the past year?

HK: Towards the end of 2018, we announced that we would set up SmartLabs Innovation Centres in Vienna, the objective being to build a team to look at implementing AI within our existing solution sets. A Cambridge Lab will also concentrate on blockchain.

Prioritising AI as a strategy is a critical investment for us and it's proving a great success. SmartLabs invites banks to sit within the organisation and, with the appropriate Chinese walls in place, these institutions can share their anomalous data so that we can make it more intelligible, enabling them to better understand why they have breakdowns in processes.

SmartStream has almost 30 years of market expertise within the industry and our solutions are running at 70 of the world's top 100 partner institutions. So, we are able to test our blockchain technology while increasing our understanding in tandem with our partners to evolve strategic solutions.

In 2019, these solutions will become commercially available to smaller partner institutions who may not have the data volumes of a Tier 1 organisation. Designed to be plug and play and modular, these solutions can sit on both our own existing platforms and directly on the client's system.

One of the solutions that we are developing is communication of verification and reconciliation of orders, which is happening at around 20 banks



AT A GLANCE

Haytham Kaddoura is CEO of SmartStream Technologies, one of the most influential global fintechs, providing solutions to more than 1,500 clients, including more than 70 of the world's top 100 banks, eight of the top 10 asset managers and eight of the top 10 custodians.

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as an on-premise offering. We can put this solution onto a blockchain environment so that clients can then see the data online, as a single version of truth and thus discrepancies can be reduced between organisations.

We will have a major announcement on AI and I am confident we will have a major impact in the blockchain space.

ZM: In which are of your service are you seeing most growth?

HK: Corporate action is one of our fastest growing business lines. Let's say an organisation announces an action globally across multiple financial jurisdictions where it must communicate, for example, a stock strip or a M&A. The data needs to be acquired by financial institutions to understand the implications for client portfolios. Historically, that's been a massively labourious undertaking by banks because very few institutions are able to afford automated processing. We are creating solutions for smaller institutions that hold securities and are subject to corporate actions that permit them to keep pace.