

ECB Operations Managers Group

Thursday, 28 November 2024

13:45 – 16:50 CET

MS Teams meeting

Summary

1. Introduction

Welcome of new members and adoption of the agenda of the meeting.

2. Update on the BIS Innovation Hub

Stephanie Haffner, Massimiliano Cologgi, and Daniel Eidan (BIS) gave an update on the BIS Innovation Hub's recent three projects focusing on improving cross-border payments and foreign exchange (FX) transactions.

Project Rialto aims to enhance instant cross-border payments using wholesale central bank money settlement. The project explores integrating interlinked instant payment systems with an automatic FX conversion layer, and a secure and efficient payment processing method. It aims to address FX-related risks like liquidity, credit, and settlement risks by leveraging central bank money for payment versus payment (PvP) settlement. Project Agora investigates the application of a unified ledger in cross-border payments with a programmable platform that retains the correspondent banking model. The project seeks to improve efficiency, reduce costs, and mitigate risks in cross-border transactions. It involves collaboration between public and private sectors, including seven central banks and various private sector participants, to test the technical feasibility of such a platform. The third project, Meridian FX, focuses on synchronizing FX transactions through central bank money in Real-Time Gross Settlement (RTGS) systems. It experiments with connecting different RTGS systems, including through the use of Distributed Ledger Technology (DLT), to achieve PvP settlement. The project tests connections between the Bank of England's CHAPS RTGS system and the Eurosystem's TARGET2 RTGS system, aiming for successful GBP-EUR transactions.

Overall, the presenters highlighted that these projects are collectively designed to innovate and streamline cross-border payment processes by experimenting with new technologies and collaborative frameworks.

3. Trade Confirmations/Trade Matching: Practices & Possibilities

Jack R. Marsh (JP Morgan) outlined best practices for trade confirmation processes, emphasizing the importance of confirming trades promptly and securely to mitigate risk and establish legal certainty. Jack contrasted paper-based and electronic confirmation processes, highlighting the efficiency, and reduced manual intervention of electronic confirmations. Best practices include utilizing electronic or automated solutions, employing industry-standard language for manual confirmations, minimizing long-form confirmations, and leveraging mandatory fields in electronic messages to enhance automation and accuracy.

4. Talent Development & Retention in Operations Financial Markets

Kristin Claessens and Charles Luycx (Belfius) focused on talent development and retention in Operations Financial Markets. They highlighted the evolving expectations and challenges in the financial industry across three generations: Generation X (1965-1980), Generation Y (1981-1996, Millennials) and Generation Z. These generations have distinct motivating and demotivating factors and expectations shaped by the realities they experience in market structure, technological impact, product innovation, regulatory changes and customer experience. To meet these evolving expectations, Belfius aims to create a dynamic and inclusive work environment by fostering adaptation to change, promoting operational excellence and addressing HR challenges such as increasing youth presence, leveraging tech skills and managing challenges linked to age pyramid. Key aspects are leadership development, internal mobility, transparent communication and a focus on employee wellbeing. The significance of talent development and retention is underscored by the high demand for specialized skills in financial instruments, trading, compliance and tech expertise. Belfius aims to provide a supportive and inclusive workplace culture that attracts, develops and retains talent. The presentation concluded by encouraging companies to view departing employees as potential ambassadors, emphasizing the importance of leaving a positive last impression.

5. Tour de table questions and Work Programme

Participants provided additional insights and discussed the presented topics. Looking at the trade confirmation practices the members emphasised the need for electronic confirmation matching platforms for efficient trade confirmations, contrasting with traditional email and PDF methods. As concerns talent development, the participants noted rapid rotation for new joiners, addressing salary challenges, and fostering an inclusive work environment. The generational shift is evident, with younger employees seeking collaboration, agile workflows, and work-life balance.

An additional challenge identified is the need to cultivate a culture of continuous learning by adapting to technological advancements such as AI and blockchain. In light of the changes in the ECB OMG chairmanship, the members expressed their gratitude to Emily, emphasising the high quality of the meeting content and encouragement for active participation under her leadership.

6. AOB

Following the tour de table item, the final Work Programme for 2025 was presented. The next online meeting is scheduled for 20 March 2025.