

After extremely successful events in Johannesburg, Athens and Muscat, The Network Forum (TNF) returned to New York for its Americas Meeting on October 19.

But what were the main talking points from TNF Americas?

Geopolitics takes centre stage

Geopolitics – given recent developments – were a major theme at this year’s TNF Americas.

A speaker said there are currently three existential threats facing the world today: an escalation of the conflict between Israel and Hamas, and the possibility of an Iranian intervention; the ongoing war in Ukraine; and worsening tensions in the Taiwan Strait.

While acknowledging that Iran could potentially attack Israel, the speaker said the risk was “constrained.” Even so, there was nervousness on the fringes at TNF Middle East one week earlier, with attendees warning privately that the crisis could lead to instability across the wider region.

On Ukraine, the speaker doubted there would be a negotiated settlement in the next 18 months, although said the chances of a coup happening in Russia are still very real. “We do not believe the Wagner insurrection was a one off event,” he said.

Even though the chances of a Chinese invasion of Taiwan remain high, the speaker doubted it would take place in 2024.

Reconciling geopolitical risk with network management

But, how is this all impacting network managers?

According to a survey conducted during TNF, 23% of firms said geopolitical risk was the area in which they had seen the biggest shift in risk management within their organisations as it relates to monitoring third parties, although this lags well behind cyber-security and data (54%).

Some network managers expressed surprise that geopolitics came in a distant second place though.

In addition to the various conflicts taking place, one network manager pointed out that we had lived through a pandemic, an era of unprecedented advances in technology and a banking crisis - and that was just in the last three years.

Having navigated the disruption unleashed by the pandemic, many network managers found themselves working overtime in early 2022 to reduce their exposures to Russia as sanctions took effect. Amid worsening US-China relations and rising volatility in the Middle East, network managers are bracing themselves once again for some bumpy times ahead.

However, network teams are arguably far more prepared for crises today than what they were in 2020.

Disruptive technologies shift the balance

It is seemingly impossible nowadays to hold a conference, and not talk about the implications of generative AI (artificial intelligence).

Within network management, experts believe Generative AI tools – if used properly – could transform the due diligence process, especially when populating due diligence questionnaires. While AI does have potential and its adoption is gathering momentum in post-trade, there are some sceptics who argue the technology is being over-hyped, just as Blockchain was all those years ago.

After a succession of expensive Blockchain failures (e.g. ASX's CHESSE overhaul, etc.), it is clear the industry's appetite for the technology is starting to diminish.

Digital assets were also a topic of conversation, but the reality is that without interoperability between the different Blockchain systems, secondary market liquidity will continue to be a lingering issue.

All change in LATAM

As things stand, Mexico is the only LATAM market to commit to adopting T+1, with implementation due to take place in unison with the US and Canada next year. A handful of LATAM countries are talking about T+1, not least because many of their economies are so heavily interconnected with the US.

Perhaps one of the biggest developments in the region is the stock exchange consolidation happening in Colombia, Chile and Peru.

After a series of unsuccessful regional capital market integration efforts, the industry appears quite bullish on this latest initiative. One of main reasons why schemes such as MILA, an integration project also involving Colombia, Chile, Peru plus Mexico, failed to gain fruition a decade ago, was because the framers did not pay enough attention to what was required on the post-trade side.

These errors have been onboarded, according to local financial market infrastructures. Under today's proposed set-up, a single holding company – which will incorporate all three exchanges – will also own the local CCPs and CSDs, thereby supporting harmonisation.

Whether this latest endeavour follows MILA into obscurity, or paves the way for further regional integration is yet to be seen.

Moving into 2023/4

TNF will conclude 2023 with its Asia Meeting in Mumbai on November 6-7, and will return in 2024 for its Africa Meeting – due to be held in London – on April 24, before its Annual Meeting in Warsaw on June 10-12.