



GROWING COMPLIANCE REQUIREMENTS IN A INTERCONNECTED BANKING WORLD

MACD CONFERENCE 2023

INCENTAGE 

“I set out to become the greatest lover in Vienna, the greatest horseman in Austria, and the greatest economist in the world. Alas, for the illusions of youth: as a horseman, I was never really first-rate.”

Joseph Schumpeter



“Creative destruction is a process through which something new brings about the demise of whatever existed before it. ”

Schumpeter has thus described the word **innovation** well



Joseph Alois Julius Schumpeter
8 February 1883 – 8 Januar 1950

Austrian economist
Politician
Founding father of the modern theory of entrepreneurship





GROWING COMPLIANCE REQUIREMENTS IN A INTERCONNECTED BANKING WORLD

SHOWCASE:

SANCTIONS SCREENING FOR SIC5-CHF INSTANT PAYMENTS

OSCAR NEIRA
HEAD SALES & MARKETING

INCENTAGE AG

INCENTAGE 

Incentage Company

BITCOIN

THE BEGINNING OF A NEW ERA



- Whitepaper Satoshi Nakamoto in 2008 / Start of Bitcoin 2009
- Combining technology and collaboration -> Transfer value solving the double spend issue
- Evolved into 'digital Gold' means storage of value instead of transferring value

Unknown time for a transaction confirmation
(Instant? 10 Min? 20 Min?)

Two channels needed for data transfer

- Wallet-to-Wallet (pseudonymized)
- Send separately transaction data (e.g. SWIFT)



NEXT STAGE - CRYPTOCURRENCIES

| Rank | Name | Symbol | Market Cap | Price |
|------|------------------|--------|-------------------|--------------|
| 1 | Bitcoin | BTC | \$377,259,522,931 | \$19,695.89 |
| 2 | Ethereum | ETH | \$169,814,065,596 | \$1,387.12 |
| 3 | Tether | USDT | \$67,921,655,768 | \$1 |
| 4 | USD Coin | USDC | \$50,206,326,363 | \$1.00 |
| 5 | BNB | BNB | \$44,148,223,312 | \$273.64 |
| 6 | Binance USD | BUSD | \$20,533,204,539 | \$1.00 |
| 7 | XRP | XRP | \$19,414,350,978 | \$0.3896 |
| 8 | Cardano | ADA | \$15,932,202,316 | \$0.4661 |
| 9 | Solana | SOL | \$11,490,833,792 | \$32.45 |
| 10 | Dogecoin | DOGE | \$7,970,510,578 | \$0.06008 |
| 11 | Polkadot | DOT | \$7,737,273,629 | \$6.76 |
| 12 | Polygon | MATIC | \$6,940,532,136 | \$0.7946 |
| 13 | Dai | DAI | \$6,883,831,454 | \$0.9994 |
| 14 | Shiba Inu | SHIB | \$6,285,225,811 | \$0.00001145 |
| 15 | TRON | TRX | \$5,701,884,981 | \$0.06173 |
| 16 | Avalanche | AVAX | \$5,283,218,907 | \$17.87 |
| 17 | Wrapped Bitcoin | WBTC | \$4,897,312,180 | \$19,679.17 |
| 18 | UNUS SED LEO | LEO | \$4,440,468,922 | \$4.65 |
| 19 | Uniswap | UNI | \$4,398,828,831 | \$5.77 |
| 20 | Ethereum Classic | ETC | \$4,394,163,903 | \$32.09 |

| Rank | Name | Symbol | Market Cap | Price |
|------|-------------------|--------|-----------------|-------------|
| 21 | Cosmos | ATOM | \$4,387,068,103 | \$15.32 |
| 22 | Litecoin | LTC | \$3,989,200,913 | \$56.03 |
| 23 | Chainlink | LINK | \$3,838,435,375 | \$7.81 |
| 24 | NEAR Protocol | NEAR | \$3,283,086,203 | \$4.17 |
| 25 | FTX Token | FTT | \$3,209,475,254 | \$23.96 |
| 26 | Stellar | XLM | \$2,860,483,013 | \$0.1128 |
| 27 | Monero | XMR | \$2,675,819,271 | \$147.22 |
| 28 | Cronos | CRO | \$2,675,731,424 | \$0.1059 |
| 29 | Bitcoin Cash | BCH | \$2,231,626,829 | \$116.37 |
| 30 | Algorand | ALGO | \$2,117,265,127 | \$0.3059 |
| 31 | Flow | FLOW | \$1,810,205,326 | \$1.75 |
| 32 | Terra Classic | LUNC | \$1,738,573,578 | \$0.0002826 |
| 33 | VeChain | VET | \$1,693,406,735 | \$0.02335 |
| 34 | ApeCoin | APE | \$1,624,551,713 | \$5.29 |
| 35 | Filecoin | FIL | \$1,623,579,679 | \$5.70 |
| 36 | Internet Compu... | ICP | \$1,567,981,868 | \$6.02 |
| 37 | Chiliz | CHZ | \$1,375,840,728 | \$0.2293 |
| 38 | Tezos | XTZ | \$1,374,946,268 | \$1.51 |
| 39 | Hedera | HBAR | \$1,371,312,130 | \$0.0597 |
| 40 | EOS | EOS | \$1,371,291,735 | \$1.37 |
| 41 | Decentraland | MANA | \$1,353,629,232 | \$0.7297 |
| 42 | The Sandbox | SAND | \$1,315,049,182 | \$0.877 |
| 43 | Quant | QNT | \$1,256,512,395 | \$104.08 |
| 44 | Elrond | EGLD | \$1,141,481,760 | \$49.30 |
| 45 | Theta Network | THETA | \$1,090,110,491 | \$1.09 |
| 46 | Aave | AAVE | \$1,087,416,154 | \$77.16 |
| 47 | TrueUSD | TUSD | \$1,076,478,371 | \$1.00 |



Total
200 Currencies

STABLECOINS

SOLVING THE PROBLEM OF JUMPING IN AN OUT OF 'OLD WORLD' AND 'NEW WORLD'



Fiat Collateral Stablecoins

Stablecoins which got Fiat Currency as collateral. Mostly USD like

- USD Coin – USDC
- Tether - USDT

Crypto Collateral Stablecoins

Stablecoins who got other Cryptos as collateral. Example:

- MakerDAO - DAI
- Wrapped Bitcoin - WBTC

Commodity-backed Stablecoins

Stablecoins who are backed with a commodity like Gold. Example:

- PAX Gold - PAXG
- Tether Gold - XAUT

Algorithmic Stablecoins

There is no real collateral. Mostly they try to reply a Fiat Currency like USD making different transactions based on algorithms

After the UST – Terra (LUNA) meltdown this form of Stablecoin is mostly discredited

DIFFERENT STABLECOINS



CryptoFranc (XCHF) - the Swiss Franc Stablecoin

The CryptoFranc (XCHF) is a stablecoin bound to the Swiss Franc and classifies as a payment token in accordance with the FINMA ICO guidelines.

↻ Value: 1 XCHF = 1 CHF

🔒 Payment Token

🌐 3'100'000 XCHF in Circulation

📄 Fully backed token

| # | Name | Market Cap | Price | 24h Volume | Supply |
|----|----------------------|------------|-------------|------------|---------|
| 1 | Tether | \$67.1 B | \$1.00 | \$31.9 B | 67 B |
| 2 | USD Coin | \$53.8 B | \$0.9999699 | \$14.7 B | 53.8 B |
| 3 | Binance USD | \$17.7 B | \$1.00 | \$5.1 B | 17.6 B |
| 4 | TrueUSD | \$1.2 B | \$0.9997729 | \$58.2 M | 1.2 B |
| 5 | Pax Dollar | \$860.4 M | \$1.00 | \$3.4 M | 860.3 M |
| 6 | USDD | \$744.3 M | \$0.9985787 | \$16.6 M | 745.3 M |
| 7 | TerraUSD | \$330.5 M | \$0.0336758 | \$4.9 M | 9.8 B |
| 8 | Gemini Dollar | \$321.8 M | \$0.9848575 | \$142.4 K | 326.7 M |
| 9 | TerraClassicUSD | \$298.8 M | \$0.0304375 | \$20.3 M | 9.8 B |
| 10 | Paxos Standard Token | \$194.5 M | \$1.00 | \$686.9 K | 194.4 M |
| 11 | HUSD | \$80.7 M | \$0.9916824 | \$932.9 K | 81.3 M |
| 12 | Dai | \$78.2 M | \$0.9997733 | \$76.7 M | 78.3 M |
| 13 | STASIS Euro | \$31.7 M | \$0.9899600 | \$8.3 M | 32 M |
| 14 | Stably | \$4.9 M | \$0.8512492 | \$0 | 5.8 M |

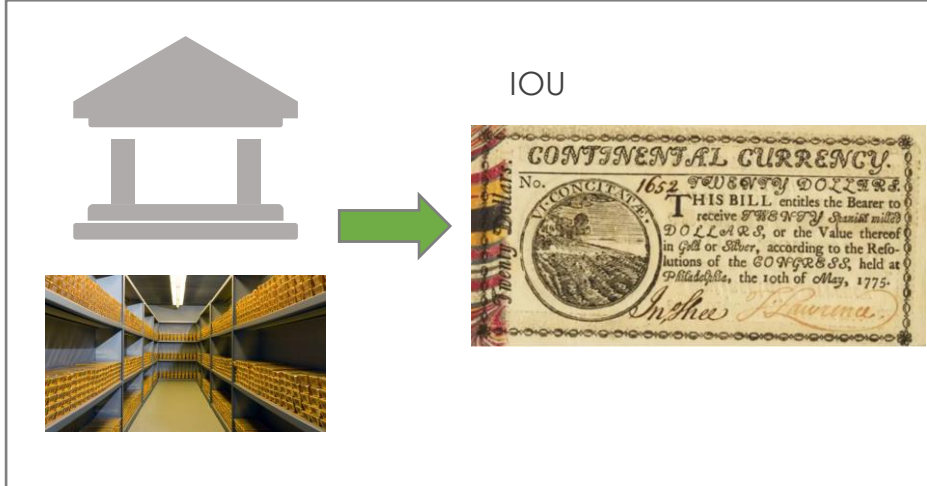


Sources:
coinlore.com/stablecoins

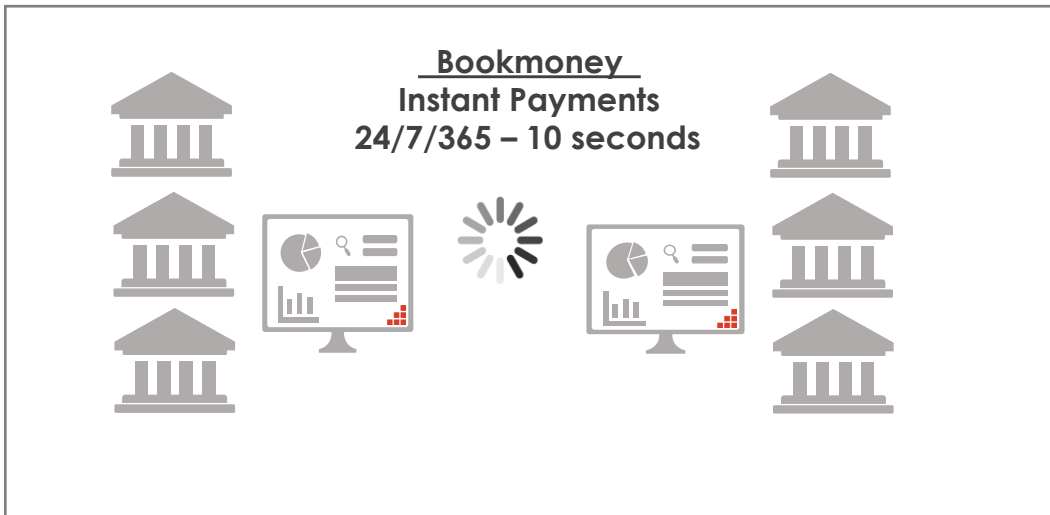
bitcoinsuisse.com/cryptofranc

VELOCITY IS IMPORTANT IN MONEY

PANDORA'S BOX IS OPENED



Bretton Woods Convention 1944 – 1973
 Dollar is the Reserve Currency
 Gold – USD parity. 1 Fine Ounce Gold = 35 USD



Project Helvetia I + II
 Project Jura+
 (adoption in currency)
 International X-bank

Project Dunbar
 (Multicurrency Platform)

ATOMIC SETTLEMENT

Key Global CBDC projects
 Figure 2. Bahamas becomes the first country to officially launch a CBDC

GLOBAL

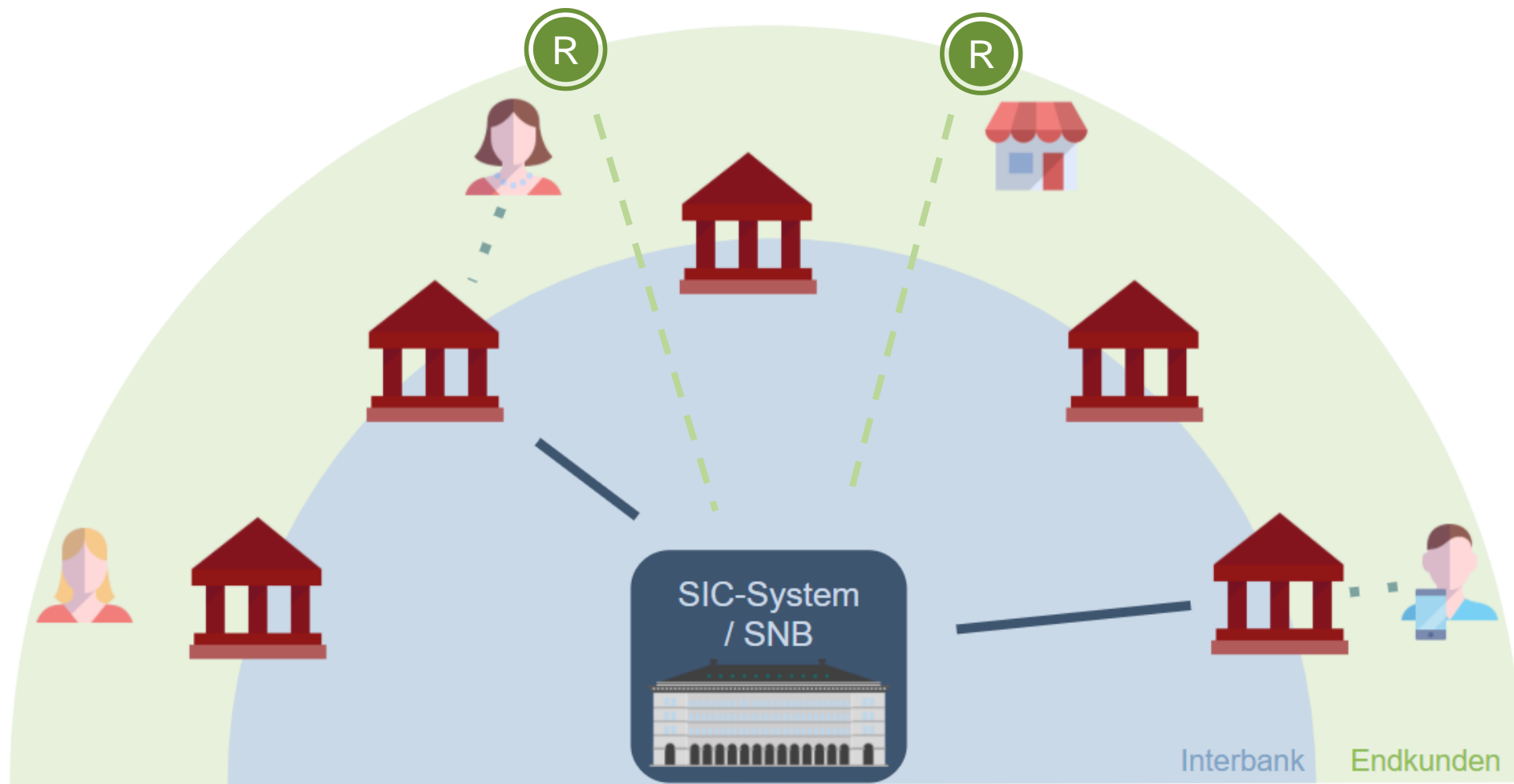
- BCE launches the electronic money system
- BCE includes CBDC in research agenda
- BCE launches Project Helvetia
- BMA launches Project Jura+ (adoption in currency)
- Finlabbank launches e-krona pilot
- Digital Dollar Project announced (CBDC pilots to be launched)

ASIA

- PBOC publishes research on CBDCs
- MAS launches Project Dunbar (Multicurrency Platform)
- BoJ launches Project Dunbar with EDO
- PBOC trials digital bank acceptance exchange
- BoI initiates CBDC project
- BoK explores CBDCs
- PBOC announces upcoming release of DCEP
- NBC launches first digital currency wallet, Bakin
- MAS announces multi-currency payment system for CBDCs

Source: Asian Banker Research

WHOLESALE VS RETAIL CBDC

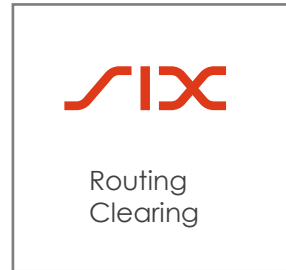


WHAT IS INSTANT PAYMENTS

DEFINITION



24 / 7 / 365
Within 10 seconds from Current Account at Bank ABC
to SIX to
Current Account at Bank XYZ



Balance Check - Backend Booking
Full Sanctions Screening
Update balance and show it in the E-Banking

Balance Check - Backend Booking
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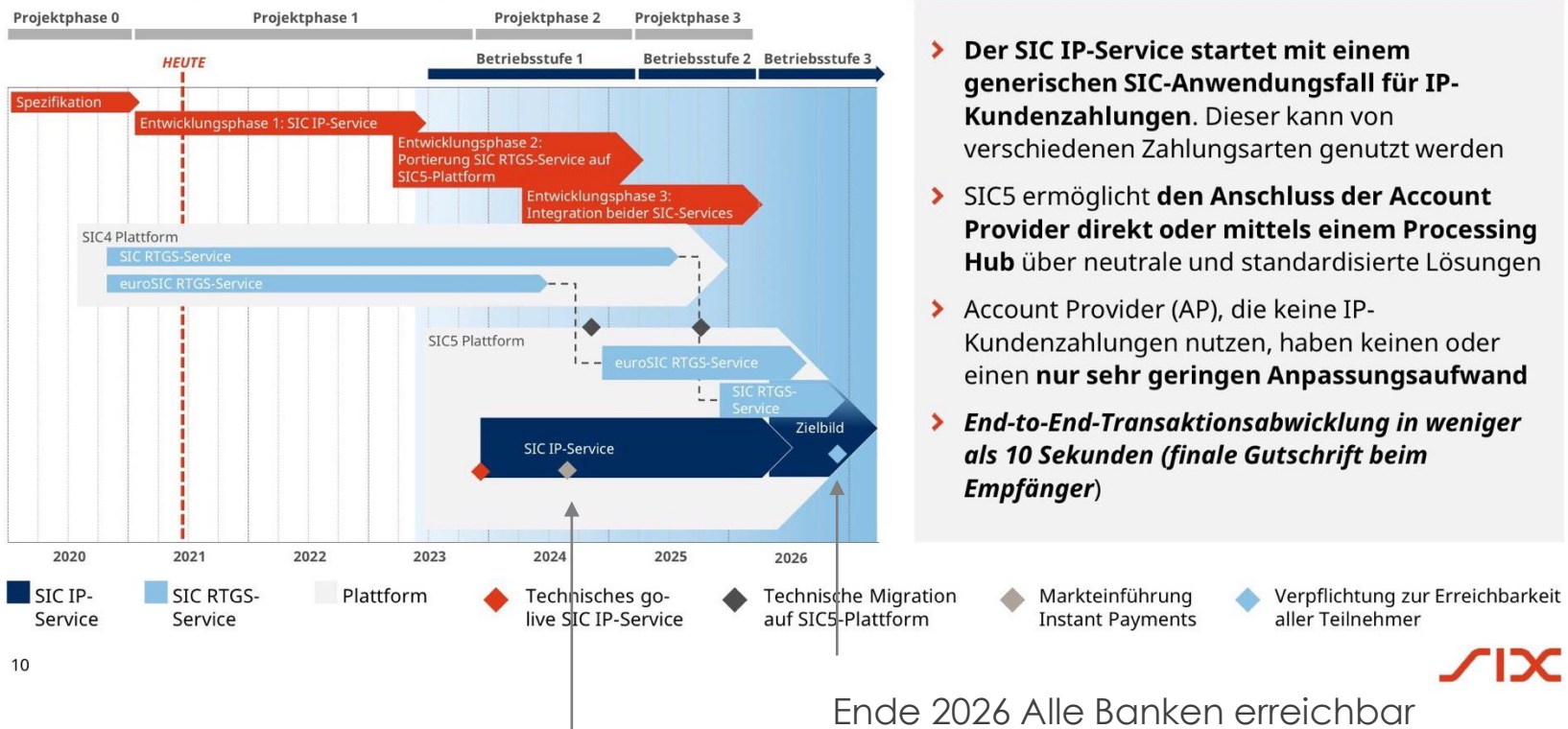
SIX INTERBANK CLEARING SIC5

ROADMAP



3. Die Schweiz plant 2023 den technischen Go-Live der IP-fähigen SIC5-Plattform

Parallelbetrieb der SIC4- und SIC5-Plattform bis mindestens Ende 2025



Mitte 2024 Markteinführung für ausgewählte Banken
Zwang: Instant Payment Fähigkeit für Empfangen



SEPA INSTANT PAYMENTS

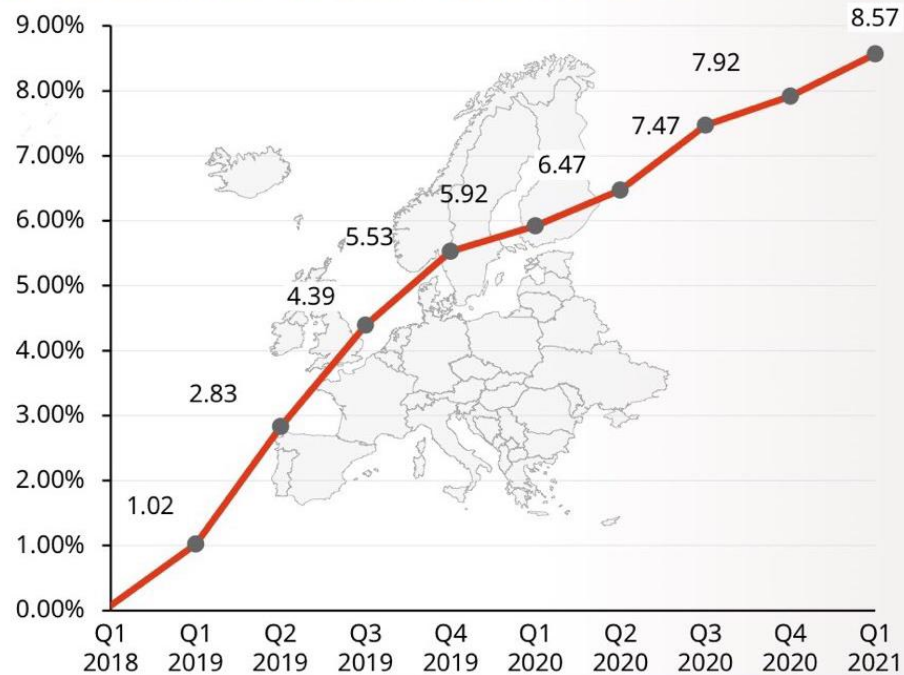
SINCE END OF 2017



1. In Europa sind Instant Payments bereits weit verbreitet

Seit 2017 haben 22 europäische Länder SCT Inst eingeführt

SCT Inst implementierung in Europa: Geschätzter Anteil des SCT Inst Volumens am CT¹ Gesamtvolumen



Beschreibung

- Mehrere europäische Länder planen ihre eigenen Lösungen für die **Herausforderung der schnellen Zahlung**
- Diese **Einzellösungen hätten die Harmonisierung des Zahlungsverkehrs** in Europa - einer der Bausteine des Binnenmarktes - **verlangsamt**
- Daher wurde das **SEPA Instant Credit Transfer (STC Inst) Verfahren** vorgeschlagen. Ergebnisse seit Einführung im **November 2017**:
 - Das SCT Inst-Verfahren **ermöglicht europaweite Überweisungen**, so dass Gelder **in weniger als zehn Sekunden** auf dem Konto verfügbar sind
 - Seit der Einführung **haben sich 2.272 PSPs dem Verfahren angeschlossen**, das heißt **56% der europäischen PSPs²**
- Die EU plant bereits, **APs³ zu verpflichten, Instant-Payment-Lösungen anzubieten**

1: SCT+SCT Inst. ; das SCT Inst. Schema listet größtenteils diejenigen auf, die das größte Volumen in ihren Ländern haben | 2: Payment Service Provider | 3: Account Provider

CONSTANTLY GROWING REGULATORY REQUIREMENTS AS WELL AS NEW UPCOMING TOPICS



AML and Terror Financing

Migratory waves all over the world

Drug trafficking undermines governments e.g. populist left narco-governments in LATAM

PEP- Politicians still get bribed or steal from the public-vaults

Cash, Hawala, Cryptos, Gaming-Currencies ...

Fraud and Cyberattacks

Social engineering

Ransomware

Data Kidnapping

All kind of Financial Crime

New battlefield for our Western Governments coming up

Environmental Crime

Dark Web

Illegal Gambling

Sanctions Designations

Tax Evasion

Crowdfunding for political protests

Paedophilia Groups and Childsex Tourism

SANCTIONS SCREENING

NOW WHAT?



What are Sanctions?

Sanctions are restrictive measures international organizations and national governments apply to influence or punish other states and non-state actors, such as terrorists or organized criminals.

Russian Sanctions elevate that to a new dimension

Still other hotspots like: North Korea, Cuba, Belarus, Afghanistan, China, Venezuela, Iran, Myanmar ...

There are regularly changing lists which need to be checked and applied – often different lists in different countries

Learnings

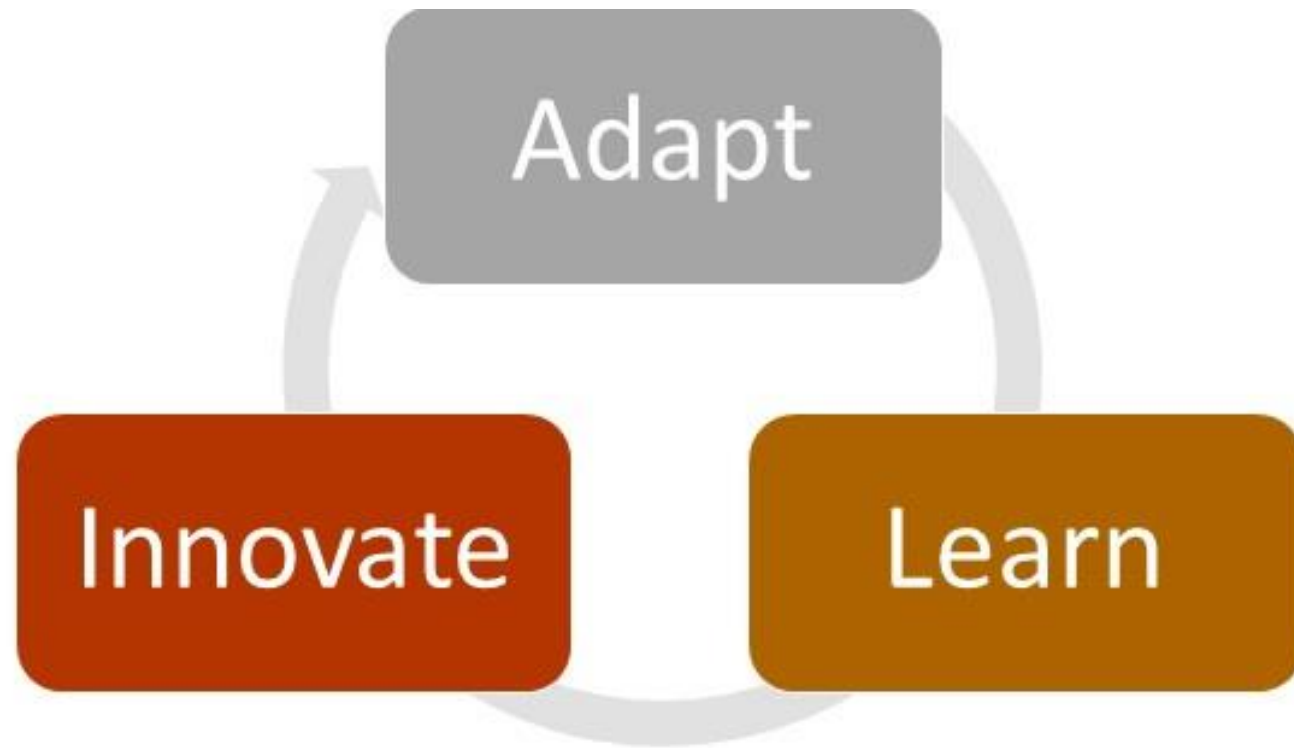
Good old sanctions lists are still there, but they are increasing fast

New ways of doing transactions

New 'crimes' coming up

Realtime Banking is a fact







KEYPOINTS OF A MODERN SANCTIONS FILTER

- The user of A-2-A payments are 'repeat offenders'. Most of the payments are regular or irregular recurring payments
- Start to check the IBAN while the client is introducing it in the E- / M- Banking App
- Ultra fast and high available technology
- Intelligent white listing as well as selection of just the needed list
- Thanks to ISO 20022 XML there is more consistent data
- Machine learning to solve the false positives

Built in Fraud detection

- Machine learning algos to find patterns
- Post analysis of the transactions

Financial Market level

- Obligation to scan the complete local clients

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LETS SEE THREE USE CASES

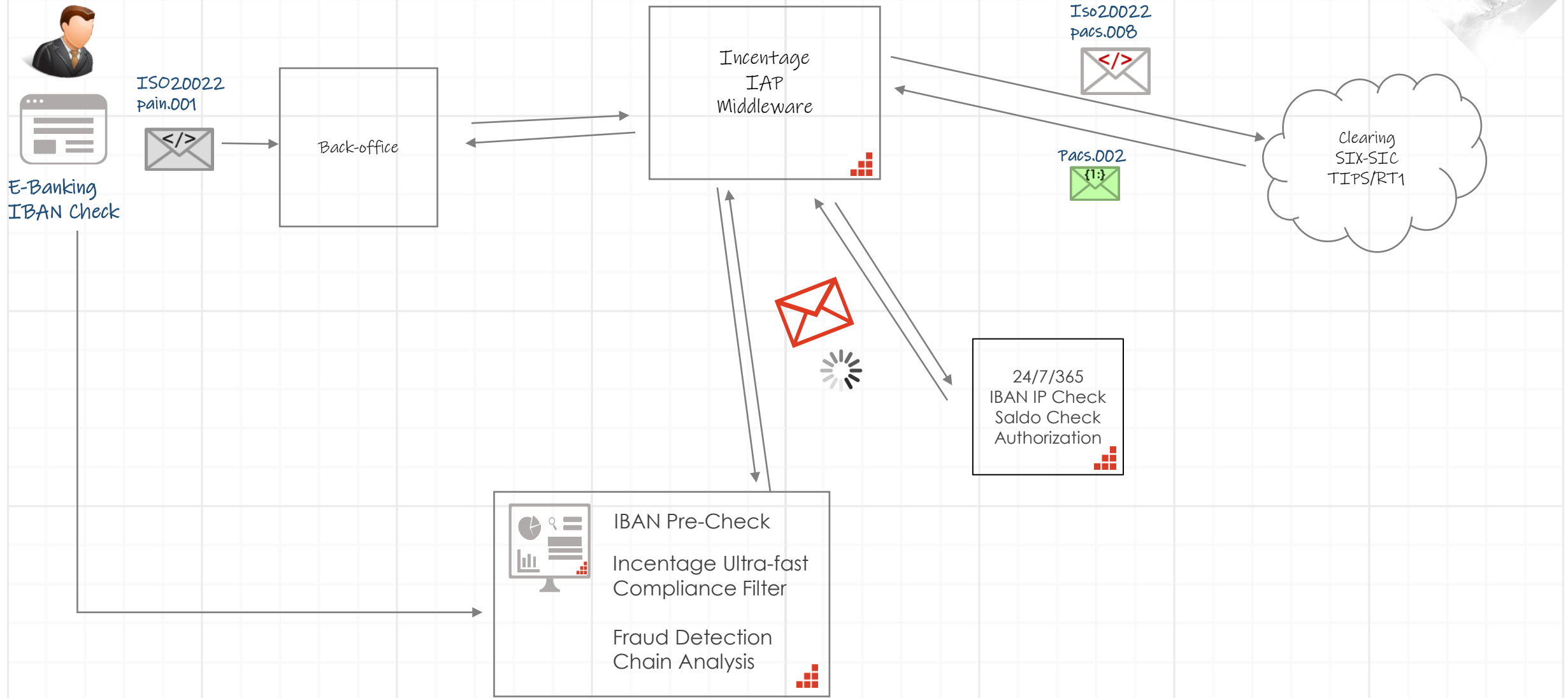
- I. Use Case 1 – Person-2-Person Instant Payments
- II. Use Case 2 – Private client pay fiat to crypto
- III. Use Case 3 – Company pay with stablecoin

PAYMENT USE CASE 1 - INSTANT PAYMENTS- WE ARE BANK A

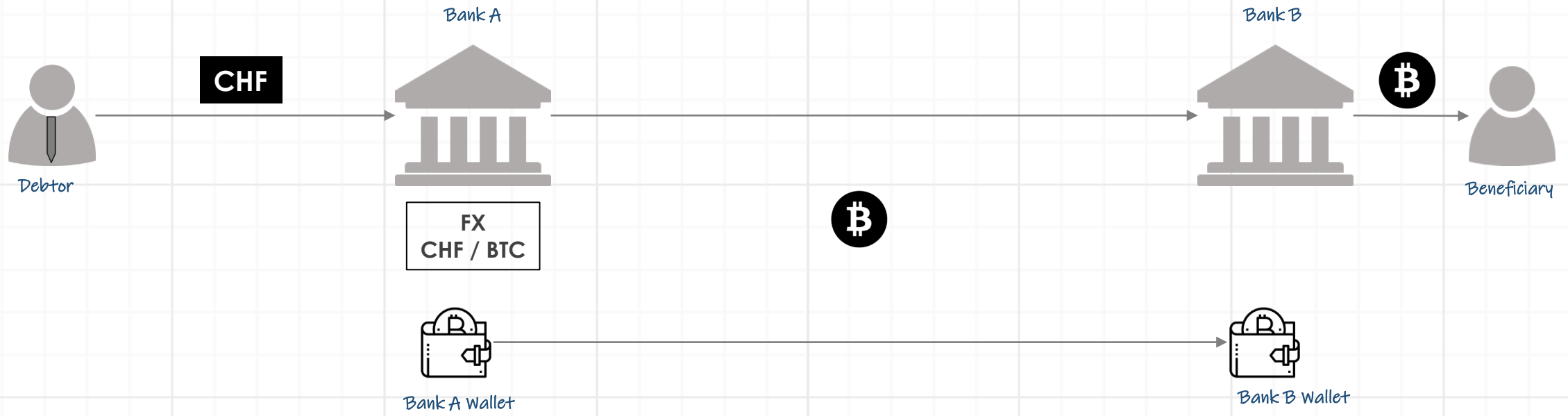


10 seconds – 24 / 7 / 365

PAYMENT USE CASE 1 - INSTANT PAYMENTS- WE ARE BANK A



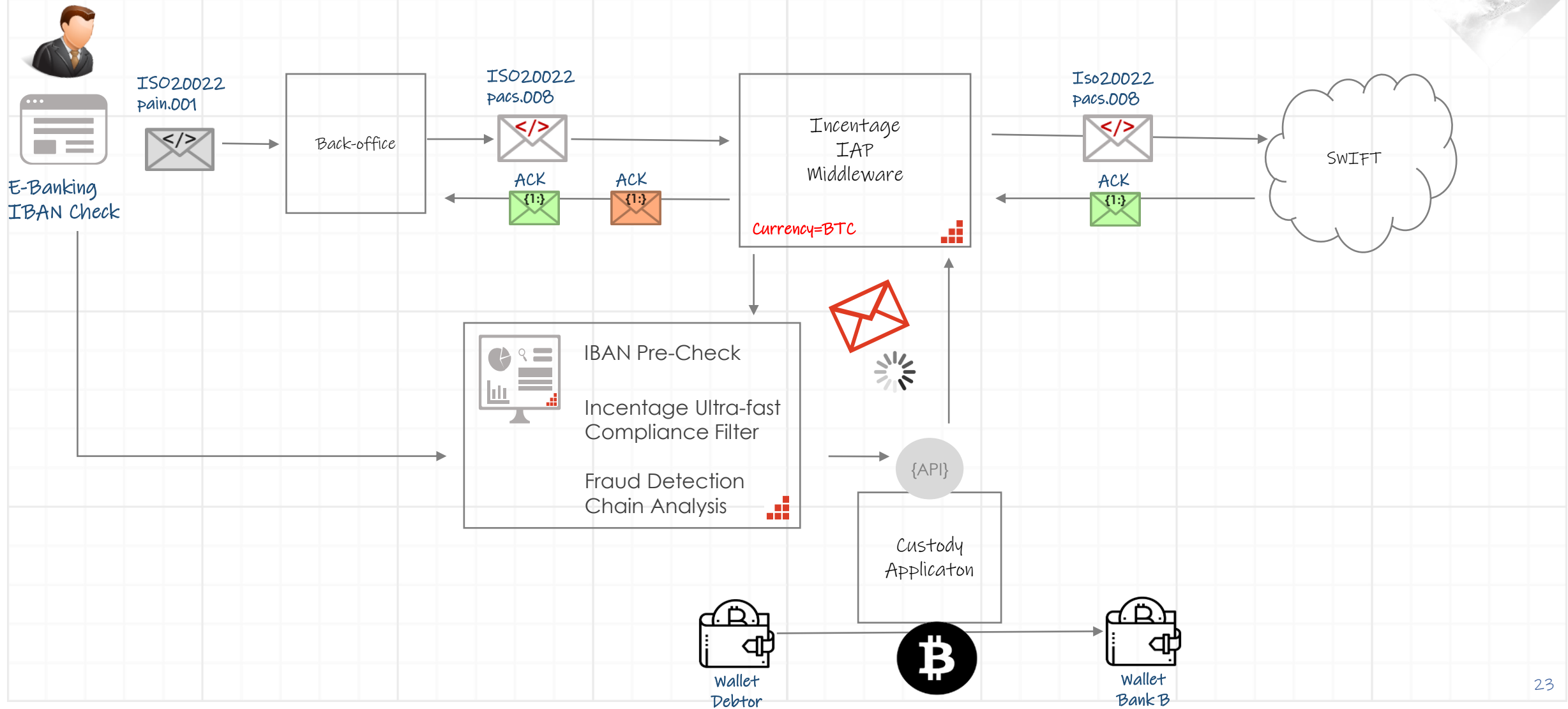
PAYMENT USE CASE 2 - PRIVATE CLIENT PAY FIAT TO CRYPTO - WE ARE BANK A



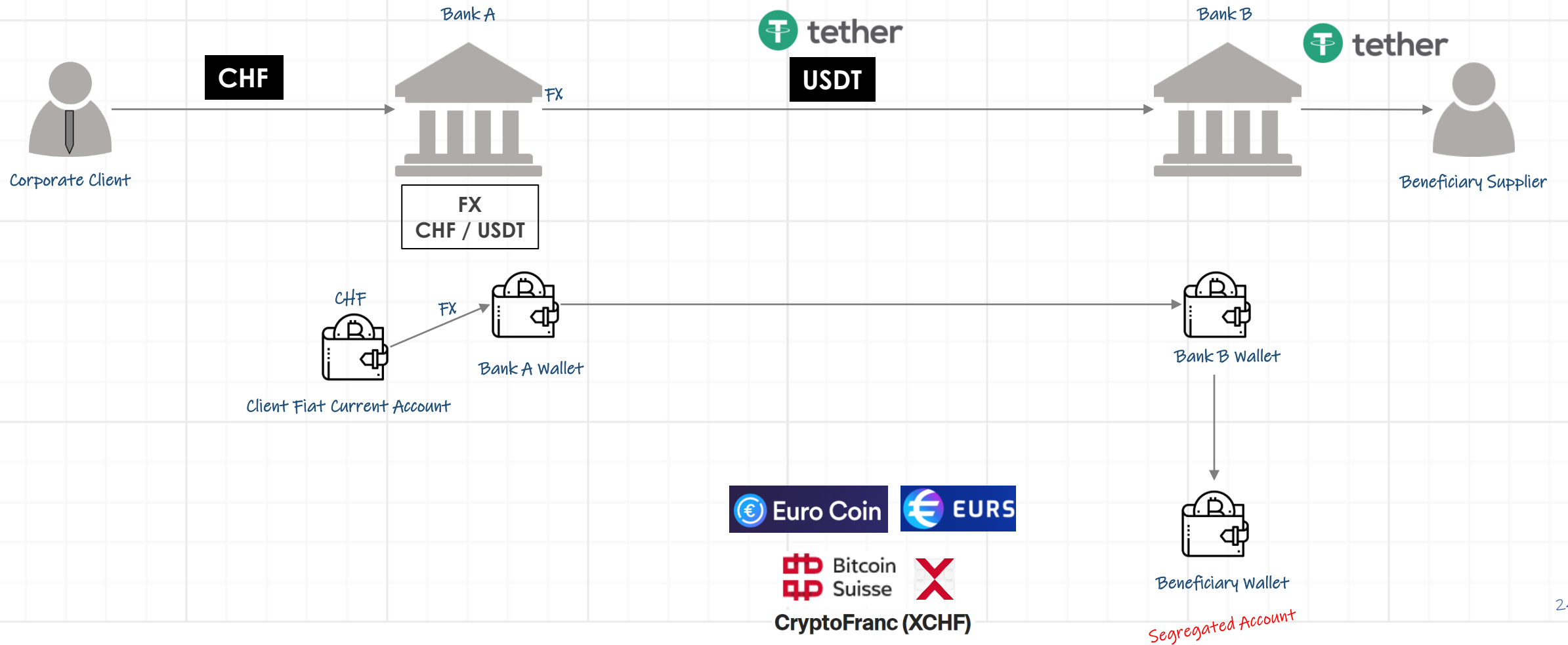
Broker Accounts (Omnibus Account)

Broker Accounts (Omnibus Account)

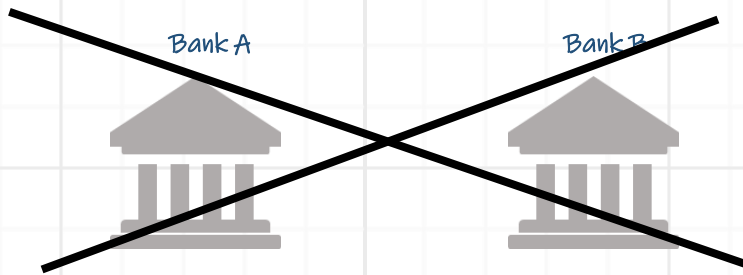
PAYMENT USE CASE 2 - PRIVATE CLIENT PAY FIAT TO CRYPTO - WE ARE BANK A



PAYMENT USE CASE 3 - COMPANY PAY WITH STABLECOIN - WE ARE BANK A




PAYMENT USE CASE 3 - COMPANY PAY WITH STABLECOIN - WE ARE BANK A




Corporate A Switzerland

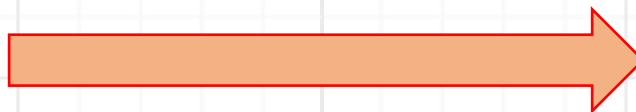
Corporate B South Korea



Treasury Department
Crypto Custody Application Management
Financial Messaging Platform



Treasury Department
Crypto Custody Application Management
Financial Messaging Platform



Direct transfer of any Stablecoin
In seconds, low fees, no FX
Without Banks



Corporate A Wallet



Corporate B Wallet



CONCLUSIONS

- ❖ Just start the process and learn
- ❖ Instant Payments are here, end-of-day batch will end
- ❖ CBDCs and Stablecoins are coming, learn how to handle it
- ❖ Build your own custody app - of course not in a fancy Crypto Marketplace
- ❖ There are innumerable use cases beside Bitcoin trading
- ❖ Collaborate in PoC's, make MVP's

JUST SOME FEW INSTANT PAYMENT SCHEMES



Crossborder Multicurrency
Arab Central Banks



South Africa



Thailand



SOME BANKS WHICH ALREADY BOUGHT CRYPTO CUSTODY APPS



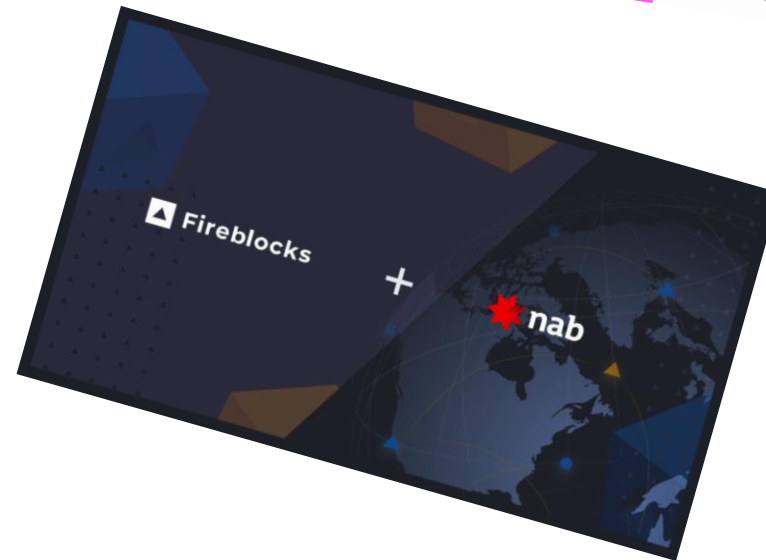
PRESS RELEASE
Metaco Harmonize Selected by DekaBank as Core Platform for Institutional Digital Asset Offering

TAURUS
Taurus raises USD 65 million Series B from strategic investors

ARAB BANK CREDIT SUISSE DEUTSCHE BANK INVESTIS PICTET CEDAR MUNDI VENTURES

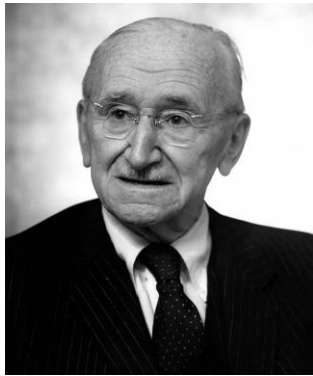
TAURUS
Credit-Suisse, Pictet, Vontobel issued, booked and managed tokenized structured products using Taurus platform and CMTA standard

T CREDIT SUISSE PICTET Vontobel cmta.



QUOTE: FRIEDRICH AUGUST VON HAYEK

1974 NOBELPRIZE IN ECONOMICS



Born 1899 in Vienna (AT)
Died 1992 in Freiburg im Breisgau (D)

Academic career:

London School of Economics

(which later influenced Margareth Thatcher)

University of Chicago

(Where Milton Friedman built his ideas influenced by Hayek)

Universität Freiburg

Besides Ludwig von Mises, Hayek was one of the most important representative of the **Austrian School of Economics**

Choice in Currency: A way to stop Inflation (F.A. Hayek 1 Feb. 1974)

In this short paper, Nobel Laureate Friedrich von Hayek suggests that **inflation can be stopped by introducing competition in currency**. The notion that it is a proper function of government to issue the national currency is false. Citizens should be free to use and refuse any currencies they wish: politicians and central banks would then have to limit their quantities.

Hayek provided more detailed support for his proposal in **Denationalisation of Money**, published by the IEA later in 1976. Choice in Currency combines a concise explanation of the essential theoretical issues with an incisive analysis of key historical developments in banking, such as the gold standard and the Bretton-Woods agreement.

Read his short paper:

<https://iea.org.uk/wp-content/uploads/2016/07/upldbook409.pdf>

Source: <https://iea.org.uk/publications/research/choice-in-currency-a-way-to-stop-inflation>

THANK YOU!



Oscar Neira
Head of Sales and Marketing

Direct:
+41 78 634 26 20
oscar.neira@incentage.com

Incentage AG

Reception:
+41 43 355 86 00
info@incentage.com

Q&A

INCENTAGE SOFTWARE COMPANY

COMPANY OVERVIEW

- I. Incentage History
- II. Customers and Partners
- III. Key People
- IV. Offering

20 YEARS EXPERIENCE IN THE FINANCIAL INDUSTRY

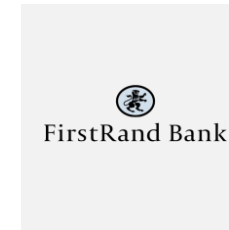
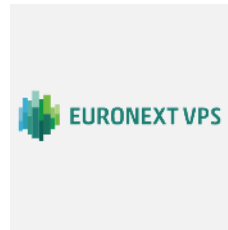
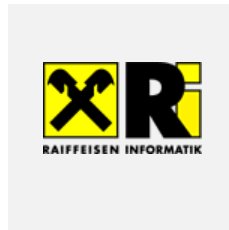
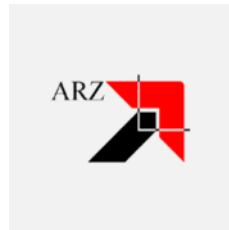
YOUR ROBUST PARTNER



-  Leading provider of payments, securities and financial messaging solutions for financial institutions, insurances and corporates worldwide
-  Established in 2002
-  Headquarters in Fehraltorf / Zurich, Switzerland
-  Strategic key partner for many clients
-  Majority owned by active founders
-   **swiss made software**  2019

MULTIPLE CUSTOMER TYPES TRUSTING INCENTAGE

SMALL TO LARGE ORGANISATIONS FROM AROUND THE WORLD



WE ARE HERE FOR YOU

EXCEEDING YOUR EXPECTATIONS IS WHAT EXCITES US



Felix Huber

CEO

- Co-Founder
- EMBA Business Engineering, University of St. Gallen
- Inventor of X-Gen at Computer Services Kaisha (CSK)



Christian Stillhard

CTO

- Co-Founder
- Master in Computer Science at ETH Zurich
- Working member Swiss Commission for Financial Standardisation (SCFS)



Marco Demarmels

Head of Professional Services

- EMBA Business Engineering, University of St. Gallen
- Open Systems & Standards Advocate
- 30* years cross-industry IT experience



Oscar Neira

Head of Sales & Marketing

- Since 2014 in ISO 20022 research, analysis, writing & consulting
- Advisory board member in Fintechs
- Public event speaker on ISO 20022, instant payments, Fintech and Wealthtech



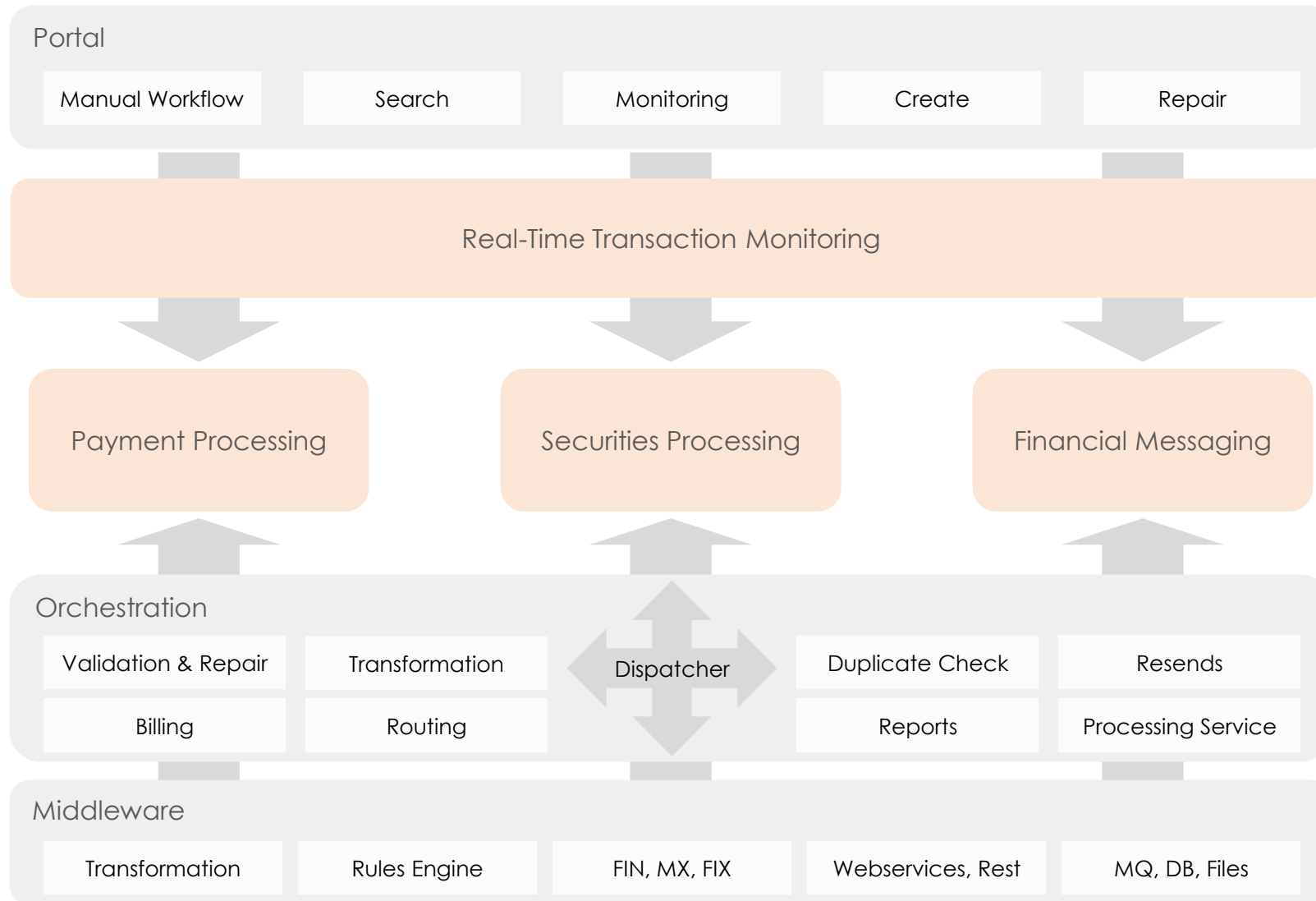
Marco Strimer

SME CSDs Board Member

- Joined 2020
- CEO SIX X-Clear (CCP), Member of the Executive Management SIS Group
- President London Metal Exchange Clearing
- Wide experience in the financial industry

INCENTAGE OFFERING

LIQUID FUNCTIONALITY



CUSTOMER SEGMENTS AND SOLUTIONS

CHALLENGE US WITH YOUR REQUIREMENTS!



| Fields of Application Segment | Payments | Securities | Business Monitoring | Security, Fraud and more | Open Banking Open Finance |
|----------------------------------|---------------------------------|----------------------------|---------------------------------|--------------------------------|----------------------------------|
| Banks | Payment Hub | Transaction Management Hub | Business Activity Monitoring | End2End Cyber Protection | API Orchestrator and API Manager |
| Asset Managers | Instant / Realtime Payments | TARGET2 Securities | Business Service Monitoring | ----- | Fintech / WealthTech Adapter |
| CSD | CBPR+ / HVPS+ / TARGET2 / SAMOS | SRD-II (SID) | Intraday Liquidity Optimization | Technical clients onboarding | Crypto-SWIFT Adapter |
| Central Banks | SWIFTgpi | Corporate Actions | | Test Services, test automation | |
| Corporates | | FIX Adapter | | | |
| Shared Service Centres | | | | | |

INCENTAGE OFFERS YOU A RICH SET OF BENEFITS

WE ARE COMMITTED TO YOUR SUCCESS



- Investment protection: start small – grow big
 - Payments and Securities
 - Message Transformation and Management
 - Message Hub and Business Activity Monitoring
 - Innovation Acceleration Platform
 - Etc.
- Custom solutions based on standard frameworks reduces complexity
- Liquid Functionality: Seamless integration of existing functionality
- Easy expansion and adaption of solutions – on your own or with our support
- Built-in SWIFT FIN, ISO 20022, FIX, national formats, API formats, etc.