

Banking and Capital Markets bi-weekly news round-up

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Welcome to the DXC-curated news round-up.

A collection of technology-related articles for banking and capital markets (BCM). DXC Technology (NYSE: DXC) helps global companies run their mission-critical systems and operations while modernizing IT, optimizing data architectures, and ensuring security and scalability across public, private and hybrid clouds.

With this news round-up, published every 2 weeks, we highlight innovative and emerging news, regulation, and research, as well as including DXC Technology's thought leadership that explores new ideas, technologies and best practices.

To thrive in the complex and competitive financial market, banking and capital markets firms need products and services that work for twenty-first century customers and meet regulatory obligations. Modernise your IT and transform your business with [DXC Technology's IT services](#) and [robust partner ecosystem](#).

Should you have any comments or suggestions, please feel free to contact me.

Happy reading.



Jean-Paul Simoes

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Artificial Intelligence (AI)

So what's going on with AI this year?

Note: This article may require a subscription.

Sultan's Substack: 2023 AI Predictions - from NLP to Crime

I got asked this on one of the cable shows I do but thought it would be worth putting it here for posterity...so, what are my predictions for #AI in 2023? Speaking as someone who's been building AI on and off since 1992, I could not be more excited for AI this year - I think we'll see more this year than potentially in the last 20 years combined. If you only read 2 of my 5 points - #1 and #5.

1. Natural language processing (#NLP #naturallanguageprocessing): NLP is a subfield of AI that focuses on enabling computers to understand and generate human language. There has been significant progress in this area in recent years, and it is likely that we will see even more advanced NLP systems in the coming years, with the ability to understand context and nuance more accurately. #Poe, #ChatGPT #OpenAI, others are all making amazing strides.

DXC's Perspective

DXC's approach to minimise the risk of a potential predictive analysis crisis would be to factor in the analytical methodology, using the most modern prognostic models and as much of data as necessary to perform the most accurate predictive analysis. This should result in greater accuracy, with fewer analytical errors.

Predictive analysis can also be improved by using computerised modern information technologies, e.g., computing in the cloud of large data sets stored in Big Data database systems. Business Intelligence (BI) analytics and other innovative information technologies typical of the current fourth technological revolution, known as Industry 4.0, can also be used to minimise the predictive analytics crisis.

Murtuza Yusuf
Head of Intelligent Automation
Solution and Delivery
DXC Technology

SEC's Gary Gensler on how artificial intelligence is changing finance

MIT: AI has the ability to transform finance, but caution is needed, says the Securities and Exchange Commission chair. Here are four of Gensler's takeaways.

Artificial intelligence is giving finance a boost — through robo advising, its ability to improve fraud detection and claims processing, and more.

Despite the upsides, there are risks and public policy challenges that must be considered, said Gary Gensler, chair of the Securities and Exchange Commission and a former professor at MIT Sloan.

"I think that we're living in a truly transformational time," said Gensler, who spoke at the recent AI Policy Forum summit at MIT. Artificial intelligence is "every bit as transformational as the internet," especially when it comes to predictive data analytics, "but it comes with some risks."

During the conversation, Gensler shared his thoughts on how artificial intelligence is changing finance.

Bank Sector

Tech Trends 2023

Note: The full report requires a download.

Deloitte Insights: Deloitte's 14th annual *Tech Trends* report explores the impact of emerging technologies on groundbreaking innovations and foundational business areas. Stories of pioneering organizations show what's happening now, describe what's new, and project what could be coming next.

Eyes to the sky: Three enduring eternities

The history of IT has been a steady evolution of pioneering innovations in interaction, information, and computation, the three enduring eternities of modern computing.

Tech and Cybersec in 2023: a world that is virtually different

The Finanser: Technology markets in 2022 were decimated. Tesla share price collapsed. Netflix stock has dropped more than 50% in the last year. Facebook is in freefall. Even [TikTok might be in trouble](#). Oh, and cryptocurrencies lost 50%-80% in value.

Will 2023 be better? I believe it will be and, continuing a mop-up of the main prediction pieces I've stumbled across, these are the things that will make the 2023 tech world better.

Generally, it's all about where technology is going which is to the Metaverse ... good news for Meta?

DXC's Perspective

This article focuses on the drop in cloud growth in the last quarter results from Amazon and Microsoft, and relates this to pressure from customers to reduce costs. What's interesting is the acknowledgement that many large cloud, customers have faced rising spend as they move workloads to the cloud rather than the promised cost savings. The question is why cloud customers are not seeing the savings they anticipated when they set out on their cloud transformation journeys? We believe a key reason is a lack of an agreed strategic rationale for moving to the cloud. Getting [Cloud Right™](#) doesn't start with selecting a cloud provider, but rather with having a clear rationale and set of business goals.

Jay Hibbin
Customer executive
Cloud Practice
DXC Technology

Cloud

Big Tech under pressure from cost-conscious cloud customers

Note: This article requires a subscription.

FT.com: The headlong growth of cloud computing has reached a watershed, as increasingly cost-conscious customers and economic pressure combine to dampen one of Big Tech's hottest growth markets.

"There's huge pressure from customers to reduce their costs," said Barry Briggs, a former Microsoft executive and now an analyst at independent research firm Directions on Microsoft.

After seeing their cloud bills soar as they move larger parts of their computing on to the platforms run by companies such as Amazon, Microsoft and Google, he added, many customers are getting smarter at working out how to squeeze costs out of their cloud spending.

Amazon and Microsoft both pointed to efforts by customers to "optimise" their cloud spending for a surprising drop in cloud growth in the latest quarter.

Cyber Security

Happy 13th Birthday, KrebsOnSecurity!

KrebsOnSecurity: KrebsOnSecurity turns 13 years old. That's a crazy long time for an independent media outlet these days, but then again, I'm bound to keep doing this as long as they keep letting me. Heck, I've been doing this so long I briefly forgot which birthday this was!

Thanks to your readership and support, I was able to spend more time in 2022 on some deep, meaty investigative stories — the really satisfying kind with the potential to effect positive change. Some of that work is highlighted in the 2022 Year in Review below.

Until recently, I was fairly active on Twitter, regularly tweeting to more than 350,000 followers about important security news and stories here. For a variety of reasons, I will no longer be sharing these updates on Twitter.

I seem to be doing most of that activity now [on Mastodon](#), which appears to have absorbed most of the infosec refugees from Twitter, and in any case is proving to be a far more useful, civil and constructive place to post such things. I will also continue to [post on LinkedIn](#) about new stories in 2023. Here's a look at some of the more notable cybercrime stories from the past year, as covered by KrebsOnSecurity and elsewhere.

Several strong themes emerged from 2022's crop of breaches, including the targeting or impersonating of employees to gain access to internal company tools; multiple intrusions at the same victim company; and less-than-forthcoming statements from victim firms about what actually transpired.

DXC's Perspective

Open-Source intelligence is a vivid example of how organisations are increasingly turning to open-source data for insight. For banking, the range and depth of data that is open is steadily increasing and proving invaluable in areas such as ESG, KYC and client management. Open data is free to acquire but requires investment to derive value: much data is qualitative, data from countless sources must be modelled and combined, and limited resources have historically been allocated to open data. Let us know if you are struggling with open data – we have the tools and people to help.

David Rimmer
Technology Strategy Consultant
DXC Technology

Data

Rise of Open-Source Intelligence Tests U.S.

Spies

Note: This article requires a subscription.

WSJ: [China outpaces efforts by U.S. intelligence agencies to harness power of publicly available data](#)

As Russian troops surged toward Ukraine's border last fall, a small Western intelligence unit swung into action, tracking signs Moscow was preparing to invade. It drew up escape routes for its people and wrote twice-daily intelligence reports.

The unit drafted and sent to its leaders an assessment on Feb. 16, 2022, that would be eerily prescient: Russia, it said, [would likely invade Ukraine](#) on Feb. 23, U.S. East Coast time.

The intelligence shop had just eight analysts and used only publicly available information, not spy satellites and secret agents. It belonged to multinational chemicals company [Dow](#) Inc., not to any government.

DXC's Perspective

Whilst there is no shortage of industry sceptics challenging the very need for a CBDC, the truth is that the last quarter of 2022 suddenly saw a real push by the central banks in many western countries accelerating their efforts to determine what potential impact of a CBDC could be on traditional banking and payment systems. As such, we saw many commercial/central banks kicking off various experimentation projects to test out different use cases from both a retail and wholesale banking perspective. Like it or not, we expect these to continue in earnest in 2023, resulting in conclusions and, eventually culminating in large-scale CBDC build projects being commissioned in the next 18-24 months.

Rajesh Sadhwani
Managing Director
DXC Technology

Digital Assets

CBDC projects pick up the pace as 2023 kicks off

Note: This article requires a subscription.

American Banker: Progress on central bank digital currencies has been relatively slow. But a flurry of tests near the end of the year suggest CBDC initiatives are improving their pace, as central banks try to determine the impact on traditional banking and payment systems.

About a dozen CBDCs have launched, according to a tracker from the [Atlantic Council](#), which adds 17 are in pilot and 72 are in research and development. Eighty percent of central banks are considering a CBDC or have already launched one, according to [PwC](#).

There's a mix of motivating factors, such as improving cross-border payments, mitigating financial crimes and improving financial inclusion, reports PwC. Mounting risks from other forms of digital currency, such as volatility in cryptocurrency, are also pushing CBDC projects.

"A well-designed CBDC can help provide a real-time view of risks and currency outflows to help implement specific and targeted measures to prevent financial contagions from spreading further in the event of a crisis," said Gilbert Verdian, founder and CEO of Quant, a London-based blockchain firm.

Regulators tell banks to expect extra scrutiny on crypto exposures

Note: This article requires a subscription.

American Banker: Banks that want to handle crypto assets or do business with crypto-focused companies will have to clear a high bar; bank regulators warned.

In a joint statement, the Federal Reserve Board of Governors, the Federal Deposit Insurance Corp. and the Office of the Comptroller of the Currency said issuing or holding digital assets on open, public or decentralized networks is "highly likely to be inconsistent with safe and sound banking practices."

Similarly, the statement noted, the regulators have "significant safety and soundness concerns" about banks' lending or providing other services to companies heavily involved in crypto activities.

DXC

Building enterprise intelligence takes a team

DXC: [A blog about enabling faster and higher-quality data analysis](#)

Enterprise intelligence initiatives are becoming more purpose-built to drive specific business outcomes, focusing on enabling faster and higher-quality data analysis and decision support. Organizations can become more agile and resilient by arming their employees with the right insights at the right time to make the best possible decisions.

The Future of Intelligence

IDC defines enterprise intelligence as consisting of:

- The ability to synthesize information
- The capacity to learn from that information
- The ability to apply those insights at scale
- A strong data-driven culture that enables organizations to improve business outcomes

Five steps for improving customer loyalty in the banking industry

DXC: [A paper about what technology can do in the age of declining customer loyalty](#)

Fostering customer loyalty is a fundamental aspect of any banking strategy and is essential for retaining customers and delivering high-quality services that compel them to buy more. Improving the customer experience is a critical priority, yet banks today face many technological and cultural challenges that are holding them back.

With the emergence of digital-first startups, the business landscape in the banking and capital markets industry is more competitive than ever.

Fintech

Why Elon Musk's 'X App' could be an even bigger headache for D.C. than Twitter

Politico: [Twitter is crashing straight into politics — but Elon Musk's grandiose next idea could be a full pile-up with the federal government.](#)

Even before Elon Musk's dramatic and controversial takeover of Twitter, the restless mogul was pitching the social-media company as his key to realizing a much bigger dream.

Musk calls his next idea the "X App." And if Musk-owned Twitter has already been a challenge for [Washington's politicians](#) and [regulators](#), the disruption caused by the X App could easily dwarf it.

The idea is a Western version of WeChat, the Chinese super-app that more than a billion people use for messaging, payments, shopping, rideshares, gaming, news and other daily activities.

Payments

TikTok's Parent ByteDance Pushes Into Payments With Help From J.P. Morgan

Forbes: One of America's most powerful banks is quietly building financial tools for ByteDance products like TikTok, expanding China's grip on the high stakes payments space.

J.P. Morgan has been quietly working with TikTok parent ByteDance on payments technology that is helping the Chinese giant expand into more than two dozen markets and reach millions more users. The partnership is just one piece of ByteDance's broader push into the fintech space.

TikTok is a sprawling marketplace: An enormous amount of money moves across the platform each day as people buy coins to send virtual gifts (like diamonds and roses) to their favorite creators and others they meet through the app, who can then convert those items into cash. Users around the world spent \$3.4 billion on TikTok in 2022, up from \$2 billion the previous year, and spending in the U.S. alone more than tripled—to \$670 million—from the year before, according to data analytics firm Sensor Tower.

ByteDance enlisted J.P. Morgan to streamline these transactions, improve the way payments are sent and received and set up one centralized bank account for ByteDance's more than a dozen products, including TikTok and its Chinese counterpart Douyin. Notably, ByteDance has also scooped up several J.P. Morgan executives for the global payments team leading its larger fintech expansion.

Regulatory

Wells Fargo ordered to pay \$3.7 billion for 'illegal activity' including unjust foreclosures and vehicle repossessions

Note: The full article requires a download.

CNN: Federal regulators fined Wells Fargo a record \$1.7 billion for "[widespread mismanagement](#)" over multiple years that harmed over 16 million consumer accounts.

The Consumer Financial Protection Bureau said Wells Fargo's "illegal activity" included [repeatedly misapplying loan payments](#), wrongfully foreclosing on homes, illegally repossessing vehicles, [incorrectly](#) assessing fees and interest and charging surprise overdraft fees.

The CFPB ordered Wells Fargo ([WFC](#)) to pay the \$1.7 billion civil penalty in addition to more than \$2 billion to compensate consumers for a range of "illegal activity." CFPB officials say this is the largest penalty imposed by the agency.

The misconduct described by the CFPB echoes [previously reported revelations](#) that have emerged about Wells Fargo since 2016 when the bank's fake-accounts scandal created a national firestorm.

Fall 2022 Unified Agenda of Regulatory and Deregulatory Actions

Note: The full article requires a download.

OMD: The Biden Administration's Unified Agenda of Regulatory and Deregulatory Actions (Agenda) reports on the actions administrative agencies plan to issue in the near and long term. Released by the Office of Information and Regulatory Affairs, the Agenda provides important public notice and transparency about proposed regulatory and deregulatory actions within the Executive Branch.

The Regulatory Information Service Center (RISC) was created in June 1981. The Center undertakes projects that will facilitate development of and access to information about Federal regulatory and deregulatory activities. The Center's principal publication is the Unified Agenda in coordination with the Office of Information and Regulatory Affairs. Since 1978, Federal agencies have been required by Executive orders to publish agendas of regulatory and deregulatory activities. RegInfo.gov displays editions of the Unified Agenda of Federal Regulatory and Deregulatory Actions beginning with fall 1995.

Technology

Connect and extend: Mainframe modernization hits its stride

Deloitte: Instead of completely replacing mainframe systems, businesses have begun looking for ways to extend the functionality of mainframe systems by linking them to emerging technologies

The trusty old mainframe may seem synonymous with a bygone era of computing. Left behind by cloud computing and walled off from next-gen functionalities such as artificial intelligence and business process as a service, it once seemed destined for the dustbin of IT history.

But a funny thing happened on the road to obsolescence. People kept using mainframes. No matter how attractive cloud platforms become or how imperative modern features are to leading businesses, the mainframe continues to offer a compelling value proposition. Mainframes often host applications that can't be moved to the cloud because it would be either too cost-prohibitive due to the substantial work needed to refactor applications or too risky due to the possibility of breaking system dependencies.

Other DXC BCM News

Virtual event: Leveraging data-driven insights to drive growth in banking. January 26 at 1pm UK time

Many financial services companies are struggling to create a single customer view (SCV). How can we integrate data across multiple customer touchpoints and how can we use it to create personalized user experiences?

Join DXC Technology and Amazon Web Services (AWS) for an interactive online event about the importance of turning data into insight for financial services companies. [Click to register now.](#)

Cloud Right in Financial Services Marketing Campaign

Pressured by growing customer expectations and the need to modernize legacy systems, the BCM industry is at a critical juncture. Many banks are turning to cloud as a catalyst for rapid service delivery and increased agility, and those that execute a well-planned cloud strategy with the right skills in place will have tremendous opportunities to achieve competitive advantages and business success.

[Read our paper to learn how and why.](#)

[Watch the video](#)

[Like and share on LinkedIn](#)

ESG Data Marketing Campaign

Making the transition to a more environmentally and socially sustainable world has become an urgent business imperative for financial services institutions.

[Read our paper to learn how and why.](#)

[Read the blog](#)

[Watch the video](#)

DXC BCM Video Series: Future focus areas for Know Your Customer (KYC) in financial services

This video is first in a series of interviews with subject matter expert from DXC's Banking and Capital Markets (BCM) practice. In this video, Jeremy Donaldson, managing director of DXC Banking and Capital Markets, talks about how DXC is helping the financial services sector address the importance of KYC. [Watch and share this video.](#)

DXC BCM Video Series: Financial Services and ESG: rethink your strategy

This video is second in a series of interviews with subject matter expert from DXC's Banking and Capital Markets (BCM) practice. In this video David Rimmer discusses the importance customers are placing on sustainability compliance in their strategy and the targets they are setting. [Watch and share this video.](#)

DXC BCM Video Series: What's the bank of the future when it comes to true data-driven insights?

This video is third in a series of interviews with subject matter expert from DXC's Banking and Capital Markets (BCM) practice. Unstructured data is currently attracting a lot of interest among banking and capital market innovators. What exactly is it, and why is it important? More crucially, what does bank of the future look like? In this video, Andy Haigh provides his vision for the bank of the future. [Watch and share this video.](#)



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About DXC Technology

DXC Technology (NYSE: DXC) helps global companies run their mission-critical systems and operations while modernizing IT, optimizing data architectures, and ensuring security and scalability across public, private and hybrid clouds. The world's largest companies and public sector organizations trust DXC to deploy services to drive new levels of performance, competitiveness, and customer experience across their IT estates. Learn more about how we deliver excellence for our customers and colleagues at [DXC.com](https://dxc.com).

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