



Association of British and Irish Accountants  
in Luxembourg

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# **2017 Professional Practice Update**

## **“Investment Fund Industry”**

1 March 2017, Luxembourg

## Agenda

- 08:30 – 09:00**      *Registration & breakfast*
- 09:00 – 09:05**      **Chairperson's opening remarks**  
*Jason Rea, Chairperson, ABIAL*
- 09:05 – 09:30**      **State of the Luxembourg Investment Fund Industry**  
*Anouk Agnès, ALFI*
- 09:30 – 10:00**      **Fund distribution evolution**  
*Said Fihri, KPMG*
- 10:00 – 10:30**      **Legal & regulatory update**  
*Jérôme Wigny, Avocat, Elvinger Hoss Prussen*
- 10:30 – 11:00**      *Coffee Break*

## Agenda

**11:00 – 11:50**      *Panel discussion incl. Q&A*

**Brexit – practical implications and impact on fund industry**

*Moderator: Michael Ferguson, EY*

*Panel: Johan Terblanche, Dechert  
Johan Schreuder, Investec  
Revel Wood, FundRock  
Sandrine Leclercq, Deloitte*

**11:50 – 12:20**      **Tax Update**  
*Keith O'Donnell, ATOZ*

**12:20 – 12:30**      **Chairperson's concluding remarks**  
*Jason Rea, Chairperson, ABIAL*

**12:30 – 13:30**      *Buffet Lunch*

## **Fund distribution evolution**

FinTech – Making business more efficient? How Luxembourg addresses the arising challenges and opportunities?

*Said Fihri, KPMG*



## Fintech...?

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**Financial technology**, also known as **FinTech**, is an industry composed of companies that use **new technology** and innovation to leverage available resources **in order to compete** in the marketplace of traditional financial institutions and intermediaries in the delivery of financial services...

Wikipedia

# FinTechs: History tends to repeat itself

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**Threat or opportunity? It all depends on us...**

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Not acting is not an option



# FinTech can positively impact the fund industry

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## Advisory

Digital advise with **Robo Advisors** and **E distribution of funds** to reach the end investor



## Operations

Cost reduction with the **blockchain**



## Compliance

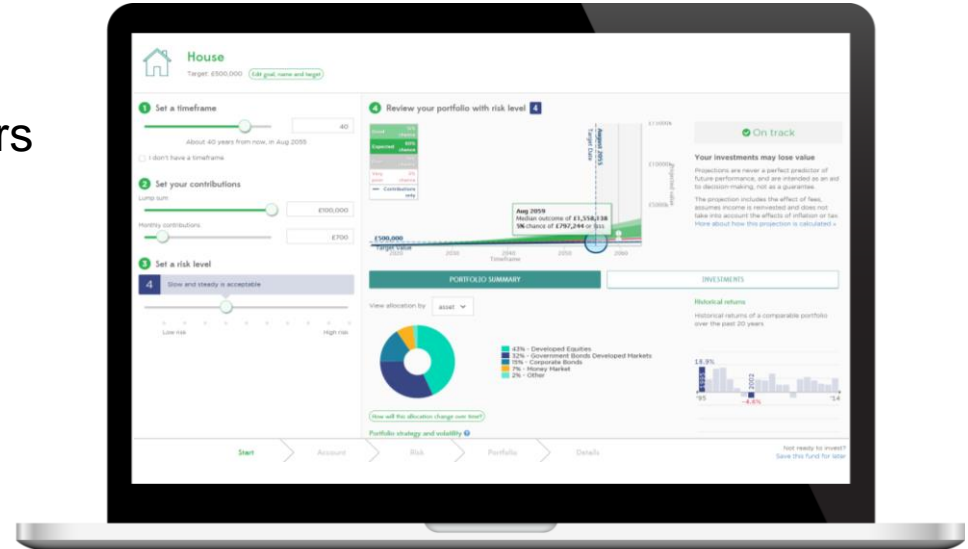
**Digital AML/KYC tools** to decrease costs



# Robo advisors/Edistribution offer digital investment advices

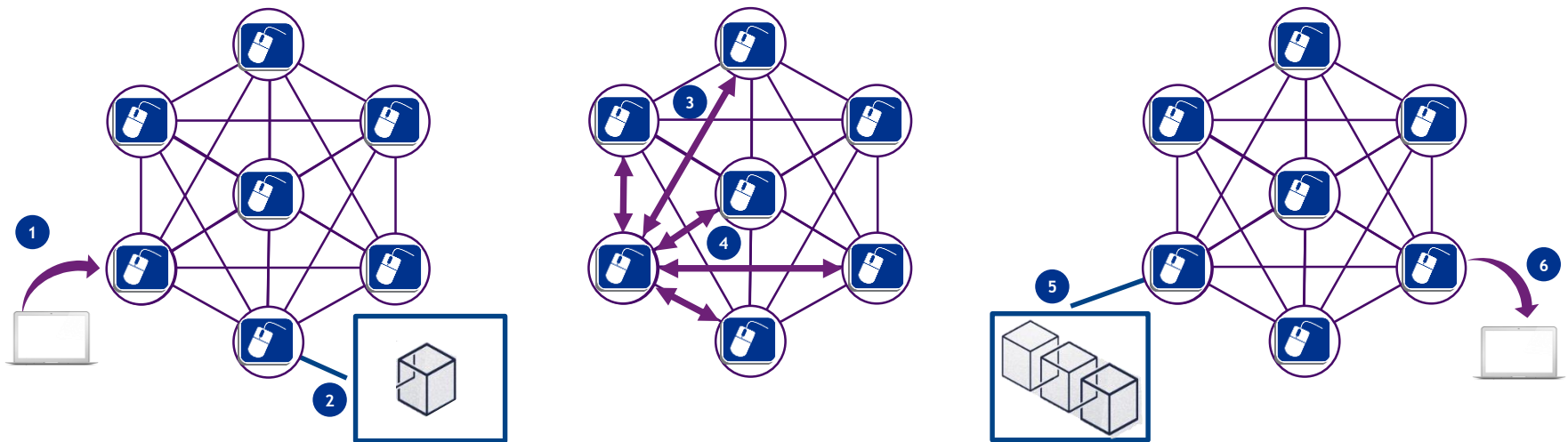


- Discretionary portfolio management based on goals (retirement, home, children education, etc.)
- Digital and user friendly interfaces
- ETF-based portfolios
- Low cost solution for investors



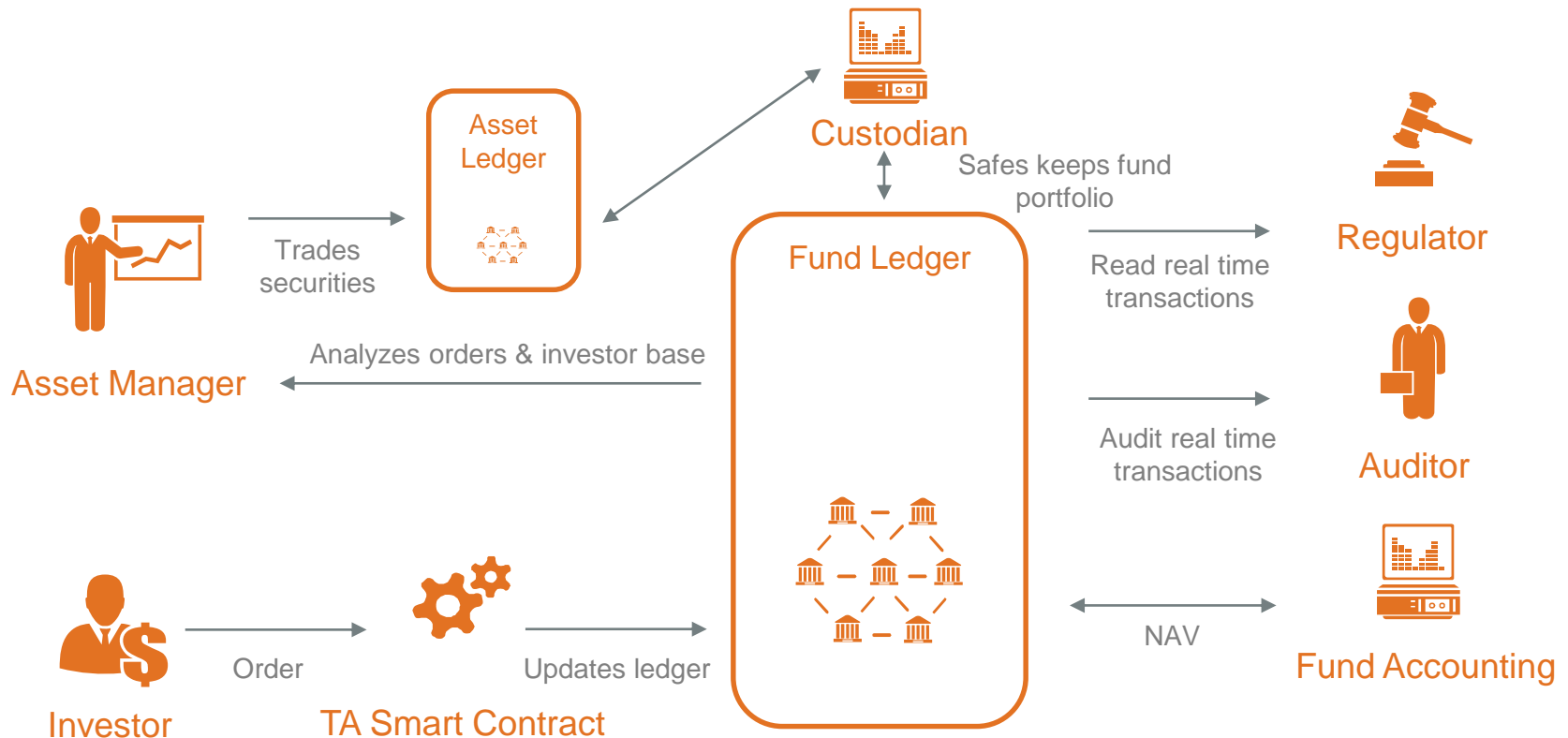
## Blockchain: concept

A way of ordering and verifying transactions in a persistent distributed ledger, maintained by a network of computers through smart contracts and a consensus algorithm.



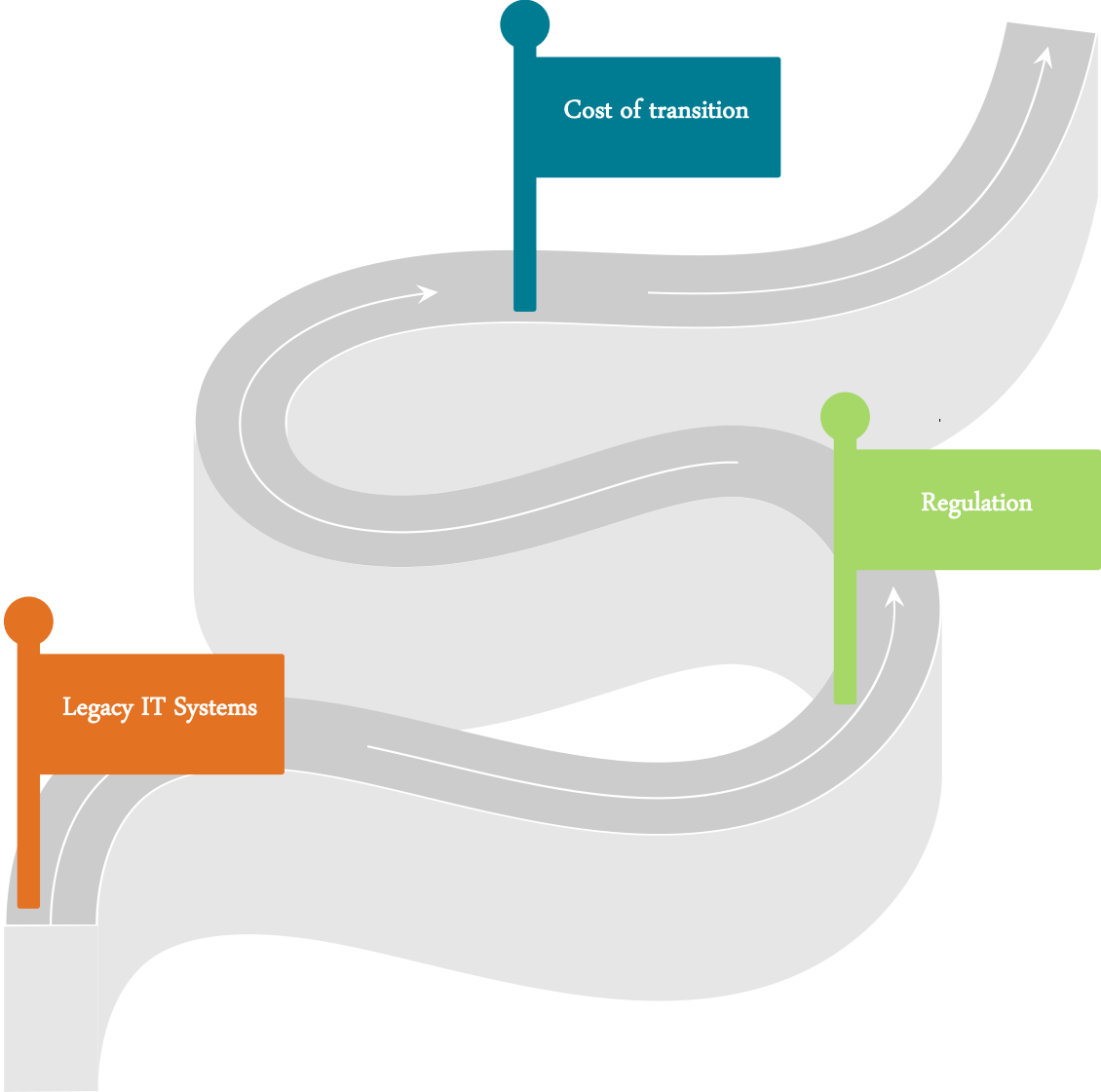
# Blockchain applied to the fund industry

If Blockchain is fully applied to the capital market, the fund ledger could store the fund's positions and the list of shareholders



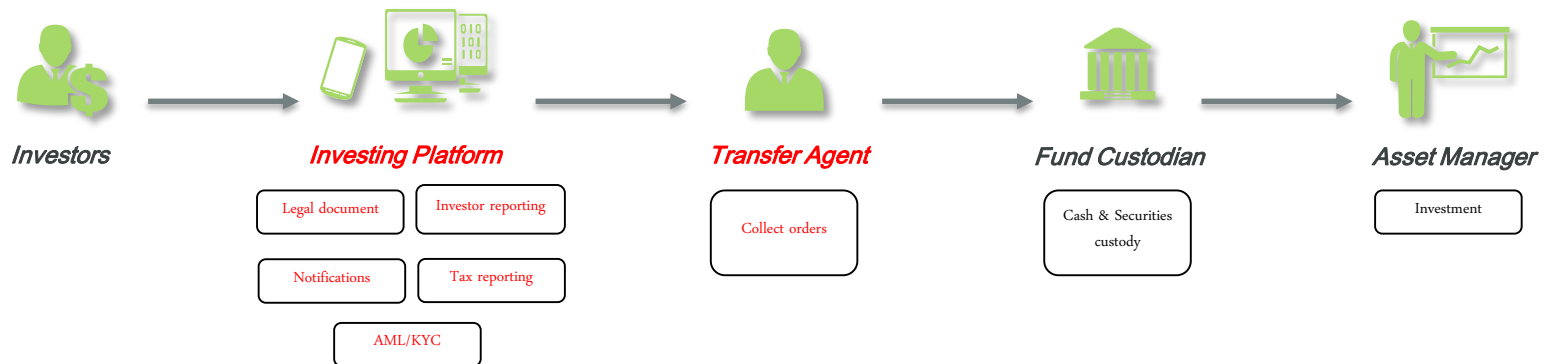


# Challenges ahead of the fund industry to adopt Fintechs



# Digital investing but...

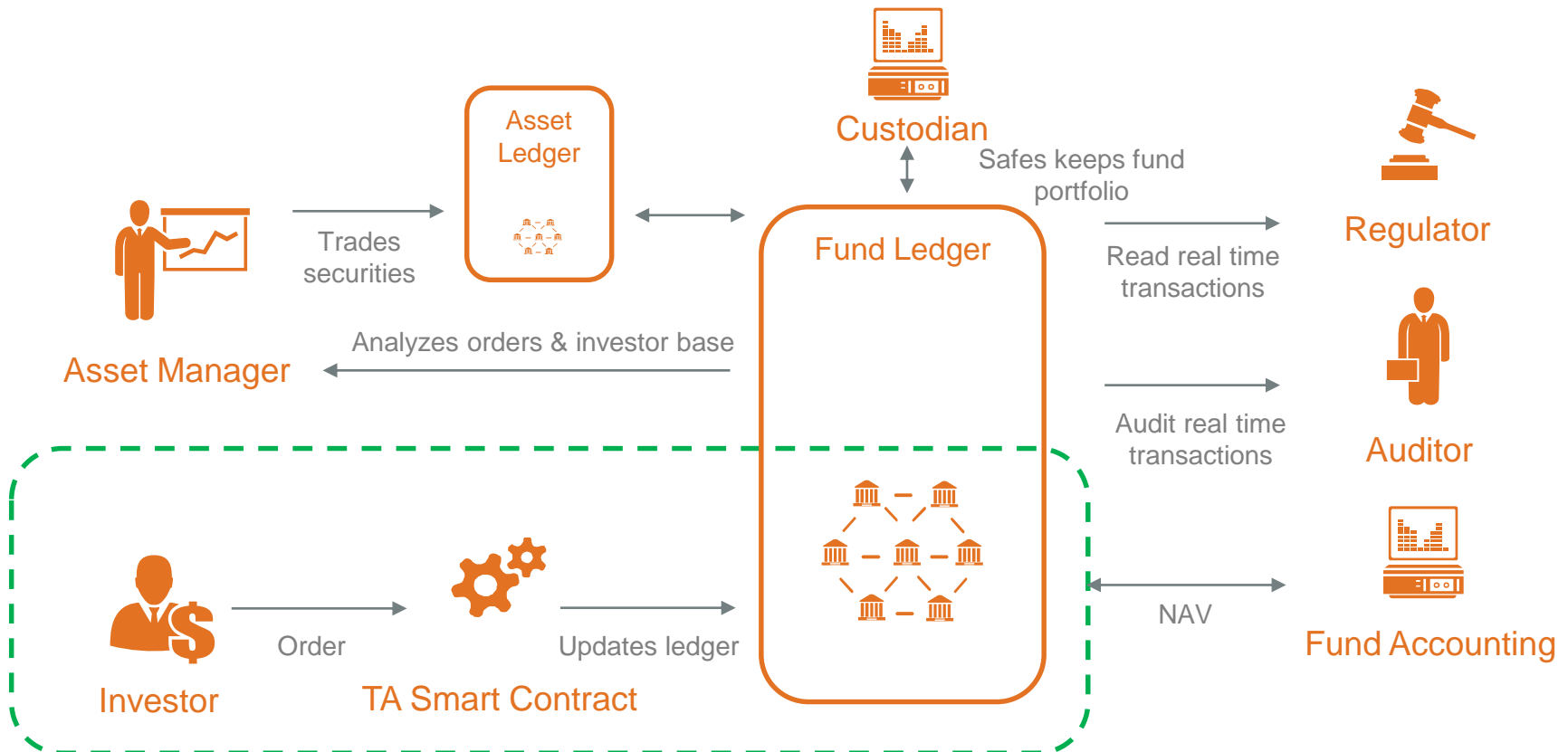
## Order process





# Blockchain applied to the fund industry

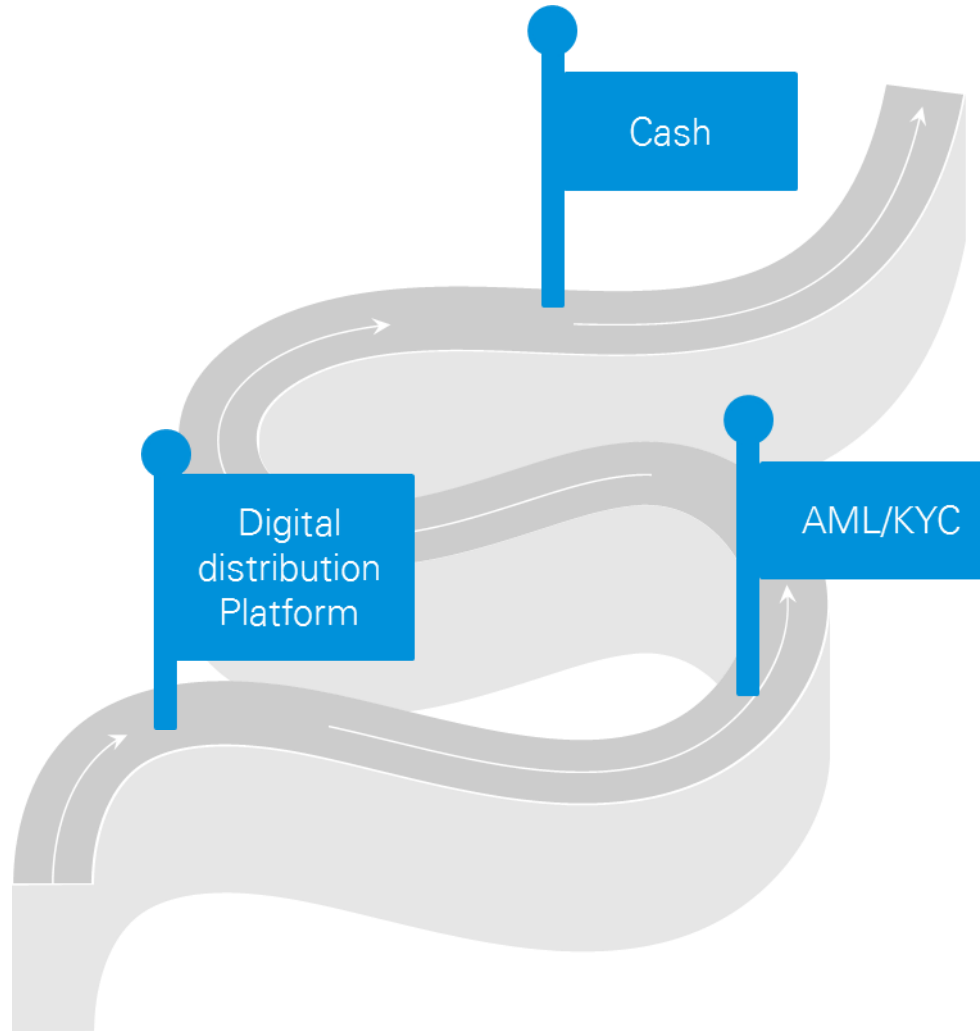
## Possible use case for blockchain: Investor's order





## Challenges to solve before the use of blockchain

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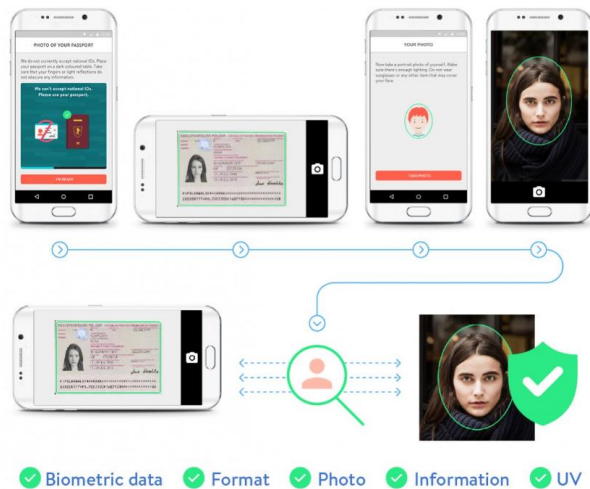


# The need of digital AML/KYC

Digital and automated AML/KYC processes are needed to decrease costs and absorb large volumes

Applications allow to perform remote KYC

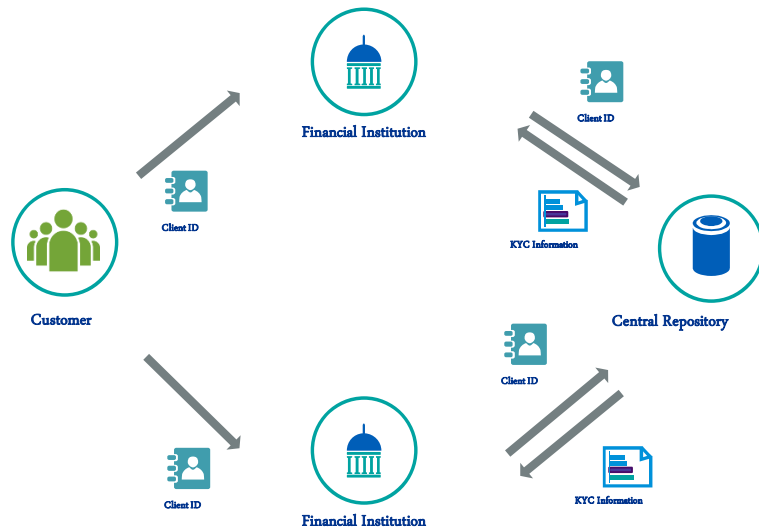
The issuance of Digital ID are essential to the growth of digital services in the financial industry



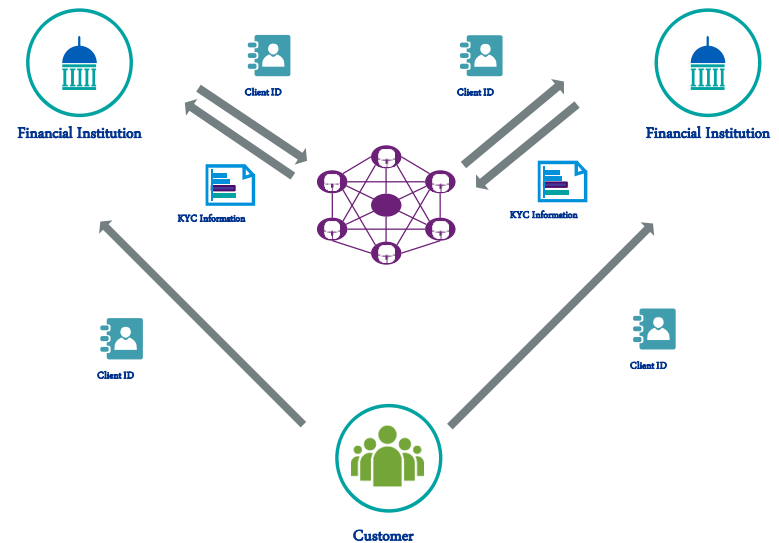
# The need of an AML/KYC utility

Central repository could lower the burden of processing

## 1 Central Repository



## 2 AML/KYC Blockchain



## The need of a “cash converter”

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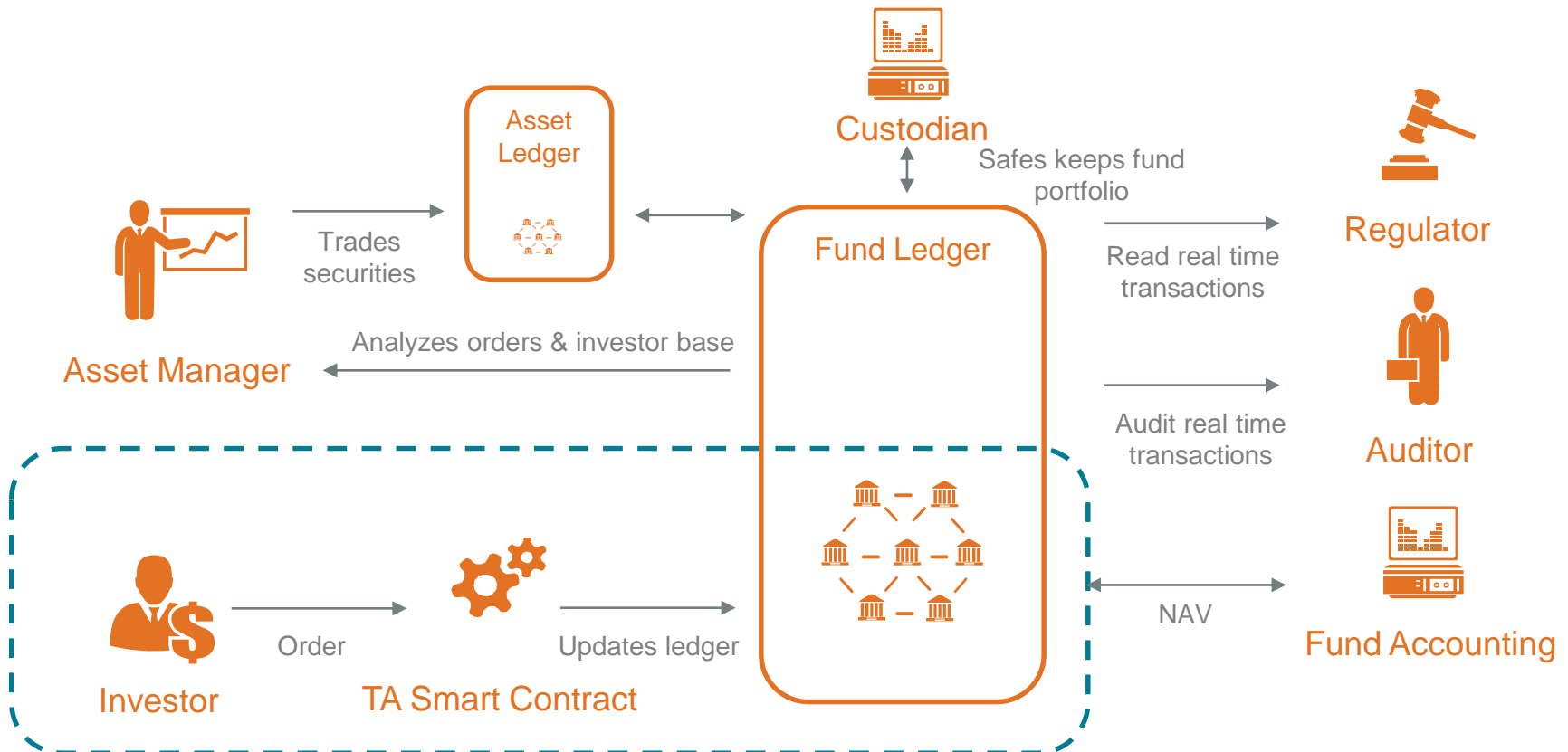
Payment settlement time will be decreased when banks are on the same blockchain network

As an intermediary step and in order to interface with the current payment system, fiat currency should be converted into tokens

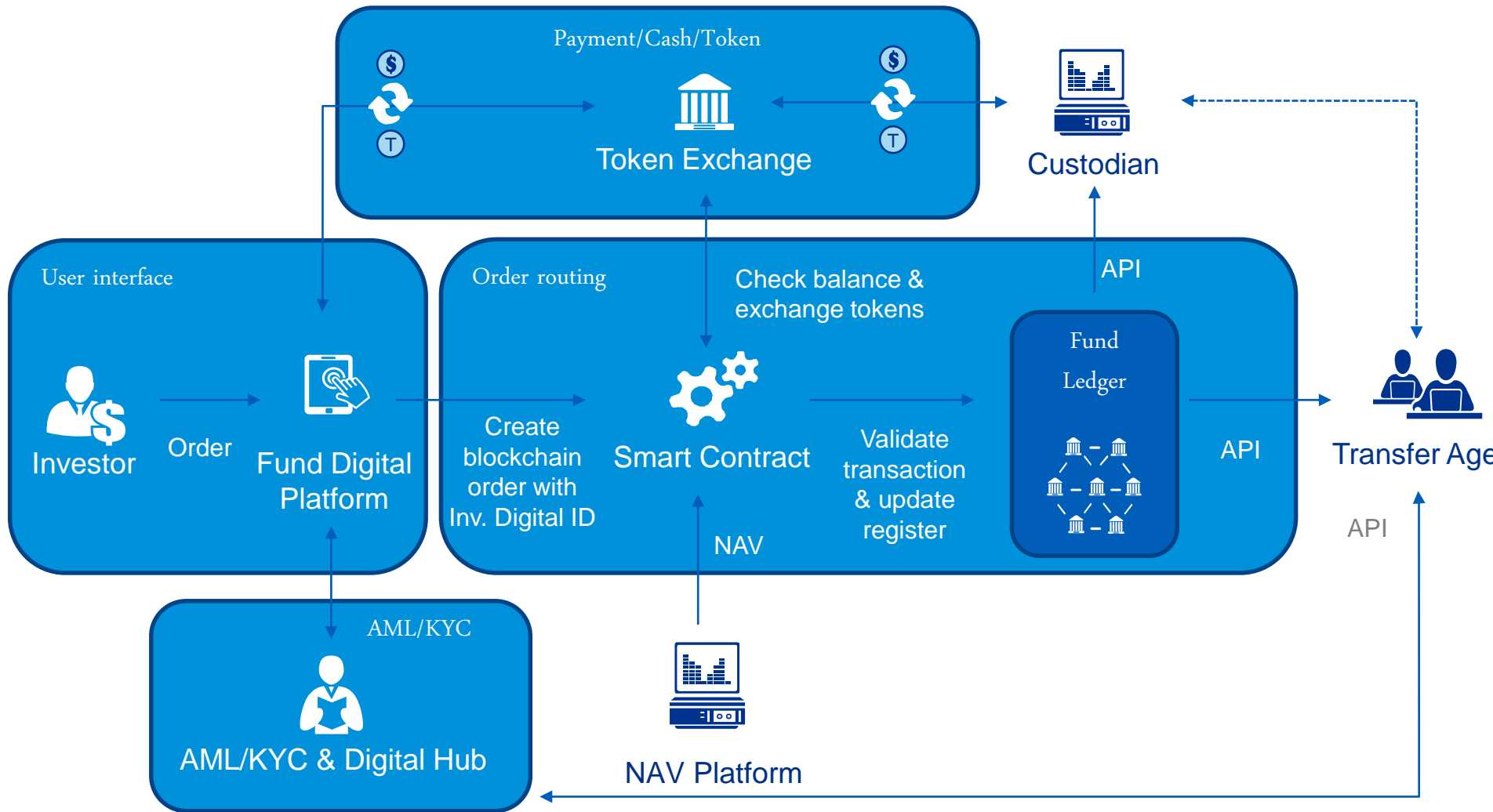


# Blockchain applied to the fund industry

## Possible use case for blockchain: Investor's order



# Blockchain applied to Fund order process



# The Luxembourg ecosystem has the right technology to distribute funds across the world

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- **AML/KYC utilities for institutional and retail investors to faster client onboarding**
- **Blockchain initiatives with concrete experimentations on fund orders**
- **Automation of account opening and management through TA smart contracts**
- **Extensive cross border regulation knowledge (investor reporting, tax,..)**





**Thank you.**