FinTech
Opportunities and Challenges for securities companies

Lynn Kuo
CIO and Executive Vice President
Head of Innovation Technology Department
CAPITAL Securities Corp.
Lynn Biography

Position

- CIO and Executive Vice President of Capital Group
  In charge of the Innovation & Technology Department
- The Capital Group IT Governance management system Director
  (ISO27001, ISO 22301, ISO 20000, BS 10012)
- Taiwan Securities Association Deputy Convener of e-Commerce Business Committee
- Taiwan Securities Association Convener of FinTech Task Force
- Taiwan CIO Association Supervisors
- Taiwan Financial Services Roundtable FinTech Base Incubator Judge
- The Capital Group IT Governance management system Director

Award

- CHINA TOP CIO AWARD IT 2016
- BEST VALUE CIO AWARD IT VALUE 2011
- BEST MEMBER of E-Commerce Business Committee of Taiwan Securities Association 2017
- BEST MEMBER of E-Commerce Business Committee of Taiwan Securities Association 2016
AGENDA

- About Capital Group
- Opportunities
- Challenges
- Summary
THE CAPITAL GROUP since 1988 (Capital 30th)

Fintech

Innovation

Global Investment and Financial Services

7 core competencies

C: Commitment
A: Ambition
P: Passion / Professionalism / Performance / Planning
I: Integrity / Innovation
T: Teamwork
A: Assiduity
L: Leadership

- Headquarter in Taipei
- Subsidiaries in Hong Kong and Shanghai
- Branches located in the major cities of Taiwan

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Trend of globalization

Since 2010 ~

Stable and Low Latency Global Trading System

Direct Market Access

GLOBAL DMA

GLOBAL APIs Trading Strategies

MARKET DATA

API

Trading Strategies

Global Exchange
What is next?

- AI
- VR/AR/MR
- API
- Blockchain
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FinTech Opportunities

Strategy

Double B program

BIGDATA BLOCKCHAIN

Robot

Value chain

Robo-Advisor/ AI

BigData

SMART CONTRACT / DLT

BlockChain

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Good ideas make innovation happen

Robot

Deep Learning

BIGDATA

AI (Artificial Intelligence)

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Identify Customer Factors (DNA)

Customer Analysis
- Customer character factors
- Differential Equation of Customer
- Face Recognition System
- New customer credit rating

Product Analysis
- Product character factors
- Image recognition

Personalization Centered
- Multiple login methods
- Personalized setting
- Accounting center
- Quick menu
- Discovery center
- Message center

Robo-advisor
- Financial diagnosis
- Intelligent advice
- Automated Security selection

Chatbot
- Natural language processing (NLP)
- Data visualization
- Short version of the News
- Deep learning
Text Mining / Deep Learning / Visualization
Smart Robot Partner - GOODi

- **GOODi AI**
  - multivariate analysis and Integration

- **Investment allocation**
  - Ordinary order module
  - Smart order module
  - Social order module

- **Customizing push**
  - GOODi can customize push messages by every customer.

- **ChatBot** (NLP-Natural Language Processing)
  - Intelligent chat-bot
  - Online text customer service
Good ideas make innovation happen

- New business model and financial services
- Innovate Thinking
- Creative Designers
- Different Skill sets Coding
- Product Development

Top 100 Innovative Elite Award

The only financial player 2016

2017
Ecosystem

Blockchain

Smart Contract

T+0

Value Chain

Smart Contract

DLT
Distributed Ledger Technology

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Financial Product Settlement Process

- Investor Bank Account
- Bank A (BANK A)
- Bank B (BANK B)
- Bank C (BANK C)
- Bank D (BANK D)

The payments will be made through different banks.

Each financial product has its own settlement process.

- Stocks
- Bonds
- Derivatives
- Funds
- Futures & Options
- Insurances

Globalized Assets Allocation
Investment Diversification

Assets conversion T+0 Mission impossible
How it work?

T+0 Assets Conversion POC

SMART CONTRACT (DLTs)

- Authenticated
- Immutable
- Distributed
- Synchronized

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T+0
Assets Conversion

Value Chains
Ecosystem

Smart Contract
(DLTs)
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FinTech Challenges

Regulatory Compliance

REGTECH REG 2.0

Policy

Security Defense

Pro-Active Compliance

Cyber Threat

Security Defense

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IT Governance Management System

- **ISO 27001**
  - Since 2006~

- **ISO 22301**
  - Since 2008~

- **ISO 20000**
  - Since 2010~

- **BS 10012**
  - Since 2012~

**ISMS**, Information security management system

**ITSM**, IT Service Management

**PIMS**, Personal Information Management System

**BCM**, Business continuity management systems

Strengthen IT Governance Capabilities

PLAN

CHECK

ACT

DO
REGTECH – REG 2.0

 Efficient Regulatory Compliance

- Efficient
- Effective
- Cost Saving
- Reliability
- Credibility
- Reduce human error

SMART Regulation

Pro-Active Compliance

laws and regulations
AML/CFT
FATCA/CRS/GDPR...

KYC

KYD
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Summary
FinTech Opportunities and Challenges for securities companies

The key to success in transformation
✓ Innovative Corporate Culture
✓ Business Next & IT Strategy
✓ New generation Recruitment & Training
✓ Continuously improve