



# Reasons for optimism: is this the start of a new technology revolution?

**By David Jesson, Managing Director, Loan Platforms, IHS Markit**

Well, what a year 2020 has been so far! Britain left the European Union at the beginning of what already seems like a long year and then the global pandemic took hold, impacting pretty much everyone on the planet and changing what we consider to be normal. As a result, we have seen economies shut down overnight, affecting every business from high street retailers and taxi drivers through to large corporates. This in turn has impacted the financial services industry to an extent not seen since the financial crisis. We have also witnessed significant levels of political and civil unrest. In short, an *annus horribilis*. But could 2020 also signal the start of a technology revolution? Being an eternal optimist, I like to think so. Here are some of the reasons why.

Let's start with the global pandemic, a truly awful event including loss and suffering on an enormous scale; a scenario in which our normal routines - work, school, shopping, dining out etc. – ground to a halt overnight. Humans by nature are creatures of habit, whose brains rely on routine, so the pandemic has disrupted us significantly on every level. But we did not lie down and passively accept the situation; instead we did what humans are remarkably good at doing: we adapted, we changed (it is too early to call it an evolution). So why haven't we seen this level of adaptation and change before?

If we look at the pandemic from a technology perspective, outside of the financial sector, you can see why some commentators view this as one of the most significant periods of accelerated adoption in history. Governments have had to rely on data to keep citizens informed about the virus, and track-and-trace technology has been created and adopted globally. Schools have switched from classroom education to delivering lessons via video conferencing applications. Restaurants that had never offered take-aways have embraced delivery technology in order to survive, and shops have followed suit.

Let's now focus on the financial services industry. Overnight offices were shut and people were asked to work from home. Some who had been opposed to hot desking in the office were now asked to work from a laptop on their dining room table. Firms that had previously frowned upon working from home now had to embrace it. In-person meetings were replaced by virtual meetings using video conferencing software, and even trade shows and events went virtual.

As office work became remote, it also became necessary to file and store remotely (depending on the source). Cloud storage during the pandemic has increased significantly, as remote workforces have adopted new ways of accessing, storing and sharing files.

In the loans space, teams can no longer access the trusted fax machine that has served them so well over the past 30 years, so they have moved to electronic mailboxes and platforms that support notice consolidation and workflow. We have even seen an increase in firms adopting

FpML and automating their notices into downstream systems of records. It is no coincidence that our notice platform, Notice Manager, is on course for a record year for volumes.

Firms have found signing documents a challenge: printing, signing, scanning and emailing are no longer easy tasks when working from home. They have therefore looked at ways to overcome some of the long-running challenges they have faced by embracing electronic signing and workflow platforms such as our own ClearPar. We have even seen new personas, such as borrowers, incorporate ClearPar into their workflows as they adapt to no longer being able to access their offices and sign and print. It is worth noting that most onboarded borrowers have chosen to execute documents in ClearPar via the mobile device version, so they can execute documents on the move.

Other firms have had to adapt to this new way of working during a period of record volumes. Repetitive tasks, such as data validation and position reconciliation, became an added operational burden that could easily be automated. Additionally, trade messaging and integration continue to grow at never-seen-before levels as people look to remove processes where dual keying is required.

Integration and automation of repetitive tasks have always been an important focus. However, since the beginning of the pandemic, adoption levels for tools such as Reference Data, Reconciliation, ADFlow and Notice Manager demonstrate a real change in mindset: firms are now using the automation of certain tasks as an opportunity to re-allocate their workforce to value-add processes, such as distressed trading, origination and KYC.

So where has all the tech come from to make this possible? Was there a massive push overnight by technology elves to build all of these tools and have them ready for lockdown in the morning? Obviously not. This tech has - in the main - been around for years. It is just that it is now being adopted more broadly. So what has changed? The answer is people.

Remember my opening statement about people being creatures of habit? As a general rule, we are comfortable with our routines and ways of working. Many of us live by the mantra "If it isn't broken, why fix it?". It therefore sometimes takes a seismic event, such as the pandemic, for people to challenge what is perceived to be the norm. It is maybe too early to call it a technology revolution, but we can say with some certainty that the firms that are embracing this shift to technology will be better positioned for not only future growth but also future change.

*David will be participating in the LMA Syndicated Loans Virtual Conference on 22-23 September where he will speak on the 'FinTech: embracing a digital future' panel at midday on 23 September. [Find the full details here.](#)*