

ADRIA FINTECH JOURNAL

ADRIA FINTECH JOURNAL | No 3 | 2024
ALL ABOUT FINANCE TECH.



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INCEPTION

Interview:

Aleksandar
Makaj

EY

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All about finance tech.

Welcome to the third edition of the Adria Fintech Journal

We are thrilled to announce that our magazine's outreach has now expanded to encompass the entirety of Southeast Europe, including Turkey, Greece, and Cyprus. Furthermore, we are honored to extend our reach to the Gulf Cooperation Council (GCC) countries, bringing the latest developments in financial technology to a broader audience of key decision-makers and stakeholders in these regions.

In this edition, we delve into a variety of critical topics and feature insightful interviews with industry leaders who are shaping the future of fintech. Our cover story highlights EY's efforts in strengthening the digital front by converting banking back-office operations to digital, an essential read for anyone interested in the transformation of banking infrastructure. We also feature an exclusive interview with Aleksandar Makaj, CEO of Inception, offering his perspective on the evolving fintech landscape.

We are excited to introduce ADORSYS Germany, pioneers in digital transformation, and IT ORIENT's itoTrader is revolutionizing realtime trading with cutting-edge technology, and our interview with Karsten Kührlings from GLS Investment Germany provides deep insights into investment strategies.

Further, we present MKJ's innovative approach to achieving 10x efficiency with AUTON8. Mission Fintech Zambia's bold steps towards financial inclusion are highlighted, underlining their commitment to ensuring that no one is left behind in the fintech revolution. AGYT's focus on cross-border payments for SMEs and insights from the CEO of Hyperrisk Solutions, Mr. Aleksa Jorga, complete our compelling lineup.

We are eager to hear your feedback and are delighted that you find Adria Fintech Journal useful in staying abreast of new developments in financial technology. Your engagement is invaluable in our mission to bring cutting-edge fintech insights to leaders and innovators in Southeast Europe and the GCC.

Thank you for your continued support.

Sincerely,
The Editorial Board of Adria Fintech Journal



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Strengthening the Digital Front: Converting Banking Back- Office to Digital

Immediate gains vs. long-term efficiency: a digitalization dilemma/Front-office digitalization takes priority: what's at stake?

The digitalization of banks' front and back-offices has progressed at different rates over the last years due to varying priorities and challenges inherent in each domain. Front-office digitalization focuses on enhancing customer interactions, revenue generation, and client relationship management. Banks have prioritized digital transformation in the front-office to meet the rising expectations of customers for real-time services and personalized experiences. Key advancements include the implementation of digital customer interfaces, mobile banking apps, and automated customer service solutions such as chatbots. This transformation aims to provide seamless, efficient, and accessible banking experiences, driven by the need to stay competitive with fintech companies that excel in customer-centric innovations.

Back-office digitalization generally lags behind the front-office due to the complexity and cost associated with overhauling legacy systems. The back-office includes operations like transaction processing, regulatory compliance, and risk management, which often rely on older, fragmented IT systems. Despite this, there has been a growing recognition of the need to modernize these systems to improve operational efficiency, reduce errors, and lower costs. Innovations in cloud computing and automation have started to make inroads, allowing for more streamlined and efficient processes. For instance, some banks have

successfully automated end-to-end processes, significantly reducing processing times and improving accuracy.

While both front and back-office digital transformations are crucial, front-office initiatives have generally seen faster adoption and more visible progress. This is largely because customer-facing improvements directly impact revenue and customer satisfaction, providing immediate returns on investment. In contrast, back-office improvements, though essential for long-term operational efficiency and compliance, often require more substantial investment and longer timelines to realize benefits.

Technical debt: a growing challenge for back-office operations/Competition exposes weaknesses in banking legacy systems

Banks have long relied on outdated systems, which are increasingly unfit for purpose. Nearly 50% of banks delay upgrading or retiring old IT systems, resulting in a complex, risk-laden technology stack, especially in the back-office. Core banking systems often run in non-real time, limiting their ability to meet customer demands for instant services. Standard solution many banks have adopted to avoid replacing legacy systems is to build additional applications that provide customer interface, automated payment processes, and other functionalities around the legacy systems. Frequent M&A activity and consolidation in the banking sector have also contributed to the complexity and overlapping of multiple systems. Additionally, few personnel understand these fragmented



Marko Stanković | Senior Manager | EY

systems due to outsourcing and historical layering of new services on old infrastructures. This has led to the accumulation of "technical debt", representing the implied cost of additional rework caused by choosing an easy or limited solution now, instead of using a better approach that would take longer.

Competition from technology-driven fintech companies and the need for agility and innovation are pushing banks to reconsider their approaches to digital transformation. Even though the front-end of the business is approaching the customer environment that fintech companies provide, the back-end of the banking business is having trouble of keeping pace. Advances in computing and telecom technologies are lowering upgrade costs, encouraging banks to modernize. The urgency to upgrade has increased, with banks recognizing that maintaining legacy systems threatens their future commercial viability.

Expanding regulatory reporting: a call for back-office optimization/Compliance demands push banks to optimize back-office operations

Besides market pressures, the need for back-office optimization and investment comes from ever increasing complexity of scope of regulation with which banks need to comply. The banking industry is experiencing an era of heightened regulatory scrutiny and evolving compliance requirements, driven by several factors including technological advancements, increased consumer protection measures, and systemic risk management.

The Digital Operational Resilience Act (DORA) represents a significant regulatory requirement which will be in force as of January 2025. DORA aims to enhance the digital operational resilience of financial entities, including

banks, insurance companies, and investment firms. This regulation addresses the increasing dependency of financial institutions on information and communication technology (ICT) and aims to protect them from cyber threats and operational disruptions. DORA establishes comprehensive requirements for ICT risk management, incident reporting, and digital operational resilience testing. It also includes an oversight framework for critical third-party providers.

Another regulation which will force banks to make considerable investments in the IT infrastructure is the Third Payment Services Directive (PSD3). PSD3 builds upon the foundation of PSD2, with key changes designed to enhance consumer protection, increase the security of payment services, and foster innovation. The directive includes enhanced requirements for informing consumers and aligns payment services with GDPR by clarifying the processing of personal data. PSD3 also aims to enhance open banking by introducing new requirements for dedicated

data access interfaces and improve access to banks' payment systems for non-bank payment service providers.

In addition to this new legislation, there are also other regulatory requirements that will require back-office sectors to manage risks and issue reports more frequently and with more accuracy, such as Basel 4, ESG etc. Finally, the ECB's Single Supervisory Mechanism lists the deficiencies in digital transformation strategies and operational resilience frameworks as one of the main supervisory priorities for 2024-2026.

Transforming back-office operations: what can banks do?/Practical steps for banks to enhance back-office efficiency

As mentioned before, digitalizing the back-office of banks is essential for achieving greater efficiency, reducing costs, anticipating future regulatory developments and enhancing overall customer satisfaction. Below are

several ways in which banks can innovate in this part of their business:

Automation and Process Optimization

Automating back-office processes can significantly reduce manual workloads, minimize errors, and speed up transaction processing. Implementing business-process-management software and electronic forms can streamline workflows and reduce reliance on paper-based systems, improving overall efficiency.

Cloud Adoption

Transitioning back-office systems to the cloud offers scalability, flexibility, and improved disaster recovery capabilities. A hybrid cloud approach allows banks to maintain critical on-premises systems while leveraging cloud-based solutions for other operations. This strategy can optimize workload placement, ensuring high-volume transactions and make sure that data-intensive applications run efficiently.

Standardization and Integration

Standardizing back-office operations around a set of architectural principles can reduce complexity and improve consistency. Integrating disparate systems through APIs and other technologies can facilitate seamless data flow and enhance the ability to generate actionable insights from back-office data. This approach helps unlock the value of mainframe data, driving better employee and customer experiences.

Agile Development and Collaboration

Adopting agile development methodologies can accelerate the implementation of digital initiatives. This involves building cross-functional teams that include IT, operations, and business experts to ensure modernization efforts are aligned with business goals. Continuous feedback loops and iterative development cycles can help

banks adapt quickly to changing market conditions and regulatory requirements.

Enhanced Data Management

Improving data management is also crucial for back-office digitalization. Addressing issues such as data sprawl, consistency, and latency can enhance the performance of back-office systems. Implementing robust data governance frameworks and ensuring data encryption and sovereignty compliance are essential for maintaining data integrity and security.

Leveraging AI and Machine Learning

AI and machine learning can automate complex tasks, improve decision-making, and enhance risk management. For example, AI can analyze transaction patterns, detect anomalies, and streamline compliance processes. By incorporating AI and ML, banks can increase the accuracy and efficiency of back-office operations.

By implementing these strategies, banks can transform their back-office operations, making them more agile, efficient, and capable of supporting the demands of a digital-first banking environment. This holistic approach ensures that improvements in customer experience are supported by efficient and robust back-end operations, ultimately enhancing overall service delivery and operational resilience.

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Marko Stanković | Senior Manager | EY



Interview:

Aleksandar Makaj

Photo: Inception

Inception was founded in 2010. Can you share with us the story behind the inception of Inception? What motivated you to start this company?

Inception started in 2010, right when digitalization was booming in Serbia. We were driven by a passion for technology and a desire to be a part of this digital shift. We saw a gap in the market for high-quality, innovative digital solutions tailored to Serbian businesses. The name “Inception” represents the start of a new era, not just for us but for the whole digital scene in Serbia. Our mission was clear: to use digital technology to help businesses grow, offering services like web development, digital marketing, and data analytics.

The digital archive system is a crucial aspect of Inception’s services. What inspired the development of this system, and how has it evolved since the company’s start?

Our digital archive system was born from the need for a better way to manage and store information. Back in 2010, traditional paper-based methods were becoming obsolete. We aimed to create a system that offered better accessibility, organization, and security, plus features like searchability and data analytics. Inception became Serbia’s first trust service provider for document preservation, highlighting our commitment to high standards. Over the years, we’ve added features like automated metadata tagging, enhanced security, real-time collaboration tools, and mobile access. Today, our system helps businesses not only preserve information but also use it to improve efficiency and innovation.

How do you see the future of the banking sector concerning digital archiving? What role does Inception play in shaping this future?

The banking sector’s future is closely tied to digital transformation, and digital archiving is a key part of this. Banks need secure, efficient systems for managing documents, especially with regulatory compliance in mind. Inception, as Serbia’s first trust service provider for document preservation, plays a vital role here. We provide banks with secure systems for storing electronically signed documents, ensuring their integrity and compliance. We’re dedicated to innovation, helping banks stay ahead with the latest in digital archiving technology. Looking forward, we see a more agile, secure, and data-driven banking sector, with Inception leading the way.

What are some other services that Inception can offer to banks to further enhance their operations?



e-pismonoša

In addition to our core expertise in digital archiving, Inception offers a comprehensive suite of trust services that are essential for optimizing banking operations. These services include electronic delivery for secure distribution of digital documents, qualified timestamp (TSA) for ensuring document integrity and compliance, validation of digital signatures and seals to verify authenticity, e-invoicing solutions for streamlined electronic transactions, remote signing for secure document execution from any location, and e-seal for additional security layers on sensitive documents.

All our services are provided by a trusted service provider and are fully compliant with the latest legal and regulatory standards, ensuring that banks meet stringent requirements and maintain the highest levels of security and integrity. These trust services collectively empower banks to improve efficiency, bolster security measures, and meet stringent regulatory standards effectively. At Inception, we are committed to continually advancing our trust service offerings to support banks in navigating digital transformation with confidence.

Addressing Banking Archive Challenges:

The banking sector often faces challenges with document management and archiving. How does Inception address these challenges for its banking clients?

Banks often struggle with securing sensitive data, staying compliant, and handling vast amounts of information. At Inception, we tackle these issues with tailored digital archiving solutions. We offer enhanced security with encryption and access controls, ensuring data is protected and meets regulatory standards. Our system also securely stores electronically signed documents, preserving their validity. We automate routine tasks like data entry and



retrieval, which boosts efficiency and reduces errors. Plus, our analytics tools help banks monitor compliance, track document usage, and gain insights from archived data, all of which streamline operations.

Electronic timestamping is a critical aspect of document security. How does Inception's qualified timestamp (TSA) service provide added security and compliance for banking documents?

Our qualified timestamp (TSA) service provides essential security and compliance for banking documents by proving their existence and integrity at a specific time. This is crucial for maintaining the legal validity of documents, especially in the banking sector. We use cryptographic methods and secure servers to ensure each timestamp is authentic

and reliable, supporting regulatory compliance like the EU's eIDAS regulation. Our TSA service also integrates seamlessly with our digital archiving solutions, ensuring that banks can store and manage their documents securely and efficiently, with added proof of the authenticity and timing of digital signatures.

With the rise of AI and automation, how is Inception preparing to meet the evolving needs of banks in terms of digital document security and archiving?

At Inception, we recognize the transformative impact of AI and automation on digital document security and archiving in the banking sector. As technology continues to advance, we are actively preparing to meet the evolving needs of banks through strategic innovation and integration.

AI-powered tools are revolutionizing how we approach document security. At Inception, we are leveraging AI algorithms to bolster our existing security measures, ensuring robust protection against cyber threats and unauthorized access. These technologies enable us to proactively identify potential risks and swiftly mitigate them, safeguarding sensitive banking documents and data.

Innovation and Future Plans:

Inception is known for its innovative solutions. Could you share with us a recent innovation or project that you're particularly excited about?

One of our recent projects that we're really excited about is our AI-enhanced document classification and retrieval system. This innovation uses artificial intelligence to make it easier for banks to manage and access their digital documents. Traditionally, sorting and finding documents has been a labor-intensive process. But with our AI-driven system, we can automatically analyze and classify documents, making the whole process faster and more accurate. This helps banks streamline workflows, reduce manual errors, and improve response times to client inquiries and regulatory requests.

Looking ahead, what are some upcoming projects or developments that we can expect from Inception in the near future?

We're working on some exciting developments, especially in the area of trust services. We're introducing new services to enhance the digital ecosystem for our clients, building on our strengths in electronic archiving, digital signature validation, and electronic delivery. We're also focusing on improving the user experience, with better interfaces, intuitive workflows, and personalized support to make our services even more accessible and useful. As we move forward, we aim to set new standards in digital document management, helping businesses thrive in a digital-first economy.

Industry Insights and Expertise

Key trends in digital archiving and electronic delivery in banking? How is Inception staying ahead?

The banking industry is increasingly adopting paperless operations, driven by efficiency and environmental compliance. AI and automation are revolutionizing document management, enhancing workflows and decision-making. Security and compliance are crucial, with a growing demand for robust solutions. Inception

leads with AI-powered tools, advanced security measures, and cloud-based solutions for flexibility. We stay ahead by innovating trust services and leveraging technologies like blockchain for authenticity and security.

Importance of a strong and secure digital archive system in banking?

A secure digital archive system is vital for managing critical documents, ensuring integrity, and complying with regulations. It enhances operational efficiency, streamlines workflows, and supports faster decision-making. In banking, it safeguards sensitive data, maintaining customer and stakeholder trust. Inception's trust services, including electronic archiving and timestamping, ensure document integrity and compliance. Our solutions use advanced security and blockchain technology for enhanced protection and transparency.

Personal and Professional Journey

As the owner of Inception, what has been your personal growth journey throughout the years of leading this company?

My journey as the owner of Inception has been deeply rewarding and transformative, shaped by both challenges and milestones that have defined my leadership and personal growth.

When I founded Inception, my vision was to create a company that not only excelled in providing innovative digital archiving solutions but also set new standards in trust services for businesses, particularly in the banking sector. Over the years, I have had the privilege of leading a team of dedicated professionals who share a passion for technology and a commitment to delivering exceptional value to our clients.

One of the most significant aspects of my personal growth journey has been navigating the dynamic landscape of technological advancements and regulatory changes. As the digital ecosystem evolves, staying ahead of industry trends and anticipating future demands has been a constant challenge. However, each challenge has presented an opportunity for learning and innovation, fostering a culture of continuous improvement within Inception.

In essence, leading Inception has been a journey of growth, resilience, and passion. It has taught me the importance of agility in a fast-paced industry, the value of teamwork and collaboration, and the satisfaction of making a meaningful impact in the digital transformation of businesses.



Photo: E-Pismonosa by Inception

Inception has also been involved in humanitarian work. Can you tell us more about these initiatives and how they align with the company's values?

At Inception, we firmly believe in the importance of corporate social responsibility and making a positive impact in our community. Our involvement in humanitarian initiatives reflects our commitment to leveraging our resources and expertise for the greater good.

One of our notable initiatives has been supporting local educational programs aimed at empowering underserved communities. We have partnered with schools and educational institutions to provide access to technology and digital resources, enabling students to gain essential skills for the future workforce. By promoting education, we aim to foster economic empowerment and create opportunities for socio-economic advancement.

In addition to education, Inception is dedicated to environmental sustainability. We have implemented initiatives to reduce our carbon footprint, promote recycling programs, and advocate for eco-friendly practices within our operations. These efforts align with our values of environmental stewardship and preserving natural resources for future generations.

Our humanitarian initiatives are deeply rooted in the core values of integrity, empathy, and community engagement. We believe that businesses have a responsibility to contribute positively to society and empower individuals to thrive. By aligning our corporate values with our actions, we aim to inspire others within our industry and beyond to prioritize social responsibility and ethical leadership.

www.inception.rs

Conclusion
Advice for banks about digital services, especially in archiving and document management?

Understand market needs and offer solutions that address specific challenges, like compliance and security. Embrace technological innovation, prioritize data protection, and offer scalable solutions. Build strategic partnerships and continually adapt to industry changes. Stay focused on customer needs and provide flexible, user-friendly services.

Additional thoughts on Inception's mission, values, or future direction?

Inception is committed to pioneering trusted digital archiving and document management solutions, driven by integrity, innovation, and customer-centricity. Our mission includes advancing trust services, embracing new technologies, and supporting sustainability initiatives. We aim to empower businesses in a digital-first world, ensuring security, compliance, and operational efficiency.

IBAN-Name Check Regulation Pitfalls

Financial scams like Authorized Push Payment (APP) fraud cost Europeans billions and became a growing threat to individuals and corporations alike. We'll explore the EU's push for mandatory Verification of Payee (VoP) solutions to safeguard against fraud. The challenges of cross-border implementation, scheme participation, and customer experience are explored, alongside with innovative solutions. With new regulations fast approaching in 2025, how can banks not only comply but also innovate to enhance customer trust and security?



APP fraud accounts for 75% of digital fraud globally



EU APP fraud losses reached €1.8 billion in 2022



>£4bn APP fraud losses across UK, US and India in 2026

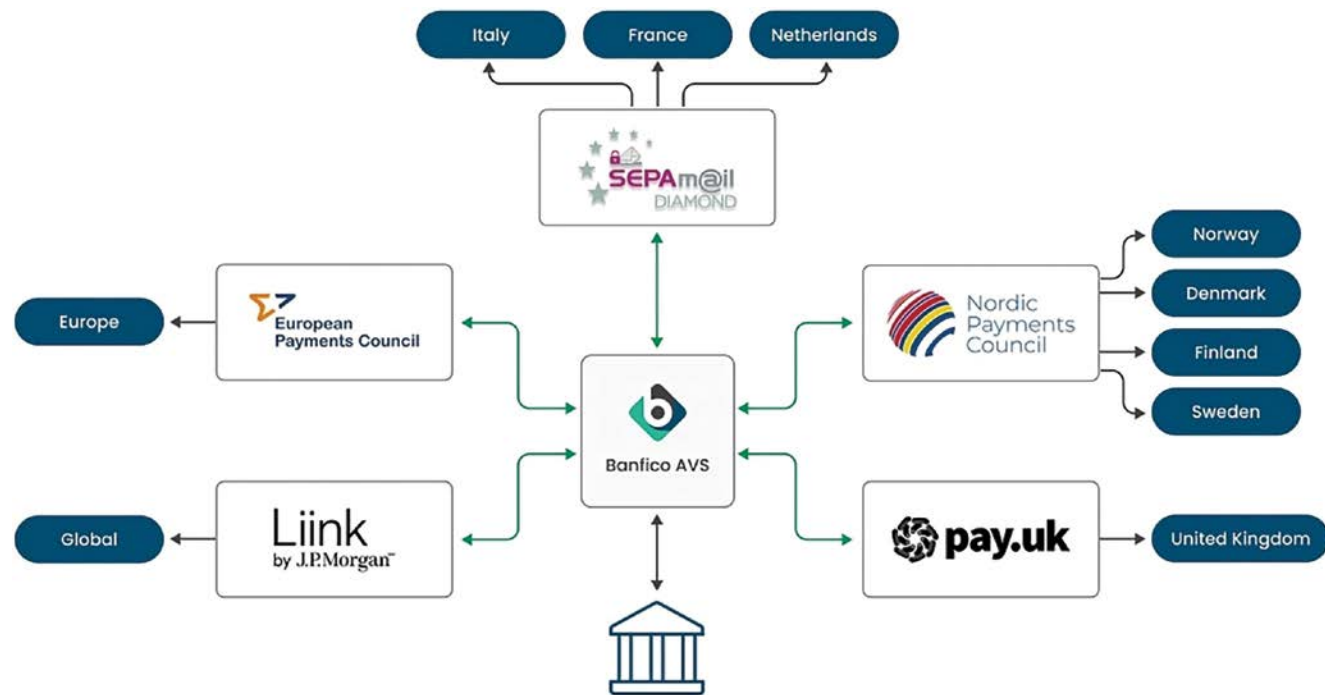
Authorized Push Payment (APP) fraud has become a significant issue across Europe.

A Costly Mistake: The Rising Threat of Financial Scams

When Maria sent the 5,000 Euros to her sister's new bank account, she made sure that everything was correct: the amount, her sister's new IBAN, the name. She took it right from the message her sister had sent her earlier that day. A week later she found out that while the name was her sister's, the bank account behind the IBAN was not, and the money was taken by a scammer. What happened to

Maria happens to countless people every month in private and corporate context, where the damage of "CEO fraud" sometimes runs into the millions.

One easy way to fight this cyber-crime is IBAN/name checking, a mechanism that ensures that the account identifier and the account owner of the payment beneficiary match. Also known as **Verification of Payee (VoP)**. As instant payment becomes the standard, this issue grows even more critical because the timeframe to stop a fraudulent transaction shrink from hours to mere seconds.



Banfico AVS provides access to a growing number of payment schemes for CoP and other payment services.

Fast-Tracked Mandate: Urgent Deadlines for Cross-Border Payment Verification

The example above highlights why the EU has chosen to enforce the use of SEPA SCT Inst on payment institutions but also to make IBAN/name checking mandatory. The regulation is progressing rapidly, with a challenging timeline: Eurozone Payment Service Providers (PSPs) must implement these changes by October 2025, Non-Eurozone PSPs have until July 2027.

Several challenges must be tackled at the bank level, as well as at both national and pan-European levels. It is crucial that both SEPA payments and Verification of Payee (VoP) work instantly, even for cross-border transactions. This is particularly important for payment institutions in smaller countries.

Routing and Connection

To perform real-time VoP checks, PSPs should be able to connect with all the other PSPs in the EU market. Although some PSPs can be reached through existing schemes (e.g., SEPAmail), most cannot. Additionally, many countries lack schemes or directories that enable them to quickly connect the sending institution with the receiving institution to check and verify payment details. Unlike in the UK, the EU mainland has only just begun to establish central directories, most notably the European

Payment Council (EPC). Onboarding of PSPs on to other PSP after the directory lookup can be challenging too. Most PSPs may require manual onboarding & some advanced directories can support Dynamic Client Registrations (DCR) protocols, which is likely to be a scalable approach.

Scheme Participation and API Standards

When it comes to cross-border payments in Europe, it is often necessary for the PSP to be part of the many regional schemes.. However, not every PSP will be able to join every other scheme. In addition to direct membership in schemes, PSPs can also obtain indirect membership or sponsored membership using Routing & Verification Mechanism (RVM) players.

Sending VoP requests between different schemes will involve scheme fees that need to be paid by the requesting PSP. We see different commercial models in the market, where the sponsored PSP or aggregator PSP (RVM) charges a portion of scheme membership and transaction fees to PSPs from other schemes.

To make matters worse, each scheme has its own API standards, which further complicates access. Commercial providers like adorsys partner Banfico are stepping in to fill the gaps, acting as Routing and Verification Mechanism (RVM) with unified connections to schemes and scheme sponsors.

Matching Algorithms and End User Experience

Customer-focused banks are likely aware that IBAN/name checking is not a black-and-white decision. The user experience largely depends on how mismatches are handled and communicated to the user. A simple match/no-match algorithm would not be effective, as small typos or a missing apostrophe could result in denials and frustration. A smart, learning algorithm considers multiple name fields and data interpretation to accommodate small deviations or regional peculiarities. In these cases, the sending user is interactively informed and guided, while unmistakable warnings are issued if real fraudulent activity is detected. Designing and building a user experience like this requires experience and reference data from as many connected markets as possible. Generally, schemes define matching rules but they are not exhaustive and may require fine-tuning where technical service providers are likely to extend the support.

Compliance, International Connectivity and Customer Satisfaction as a Service

To provide a one-stop full-service solution to European banks, Banfico and adorsys decided to partner. Banfico, the Banking as a Service provider with over 50 customers, supplies the platform. While, adorsys, the IT-solution provider with more than 18 years of experience, rapidly integrates the solution with the PSP's core systems. Banfico's Account Verification Service (AVS) reduces fraud and misdirected payments, resulting in significant savings on liability costs and administrative overhead – and, most importantly, increased customer satisfaction. In addition, AVS offers connectivity to European and Global schemes,

effectively reducing cross-border payment complexity and addressing all the challenges in a highly flexible manner. Adorsys has helped dozens of banks in Europe build, integrate, secure and operate new businesses processes. They are the leading provider of open-source frameworks for open banking and identity management (e.g., Keycloak), used by hundreds of financial institutions worldwide. Experienced consultants, IT-architects and developers sourced from their own global delivery centers in Germany, Romania and Cameroon provide guidance and service with highest quality standards at competitive rates. This makes adorsys a trusted and reliable partner for any integration project, including operational support for building for long-term relationships.



Stefan Weiß
Director Banking and Open Finance
Photo: Adorsys

Business Opportunities Beyond Regulatory Requirements

Given the rapid pace of development, there remains ample room for innovation, creativity, and business opportunities. Many regions are in the process of defining and building schemes or joining existing ones. Central banks and competent authorities are considering the establishment of central financial hubs, and PSPs may become scheme sponsors. In the light of this, and with new waves of regulation for Open Finance (e.g. FIDA) and Digital Identities (EU DI), there are numerous opportunities for both incumbent players and start-ups to provide value-added services to national and international customers.

Soon, Verification of Payee will help prevent dramas like Maria's misdirected payment or small and medium size enterprises (SMEs) going bankrupt because the owners have fallen prey to fraudsters. Whether for basic compliance or ambitious visions for future business, adorsys offers excellent expertise and affordable resources. Please contact our SEE sales representative, *Stefan Weiß*, MBA, for a non-binding informational conversation. You can reach him at stefan.weiss@adorsys.com or by calling +49 160 9585 5796.

Leading the future of open and digital finance



Transform your institution with efficient open finance strategies that reduce costs and improve the customer experience.



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+ 18 years of experience

+ 50 organizations have used our open banking services

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We have a proven track record of helping our clients navigate the complexities of regulatory compliance, open finance and digitisation to stay ahead of the curve in the rapidly evolving financial industry.



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ESG Training for Banks

ESG seminar for financial institutions



Invitation to ESG Training

Do you want your bank to become a leader in sustainable business? Do you want to understand how ESG (Environmental, Social and Governance) principles can improve your business and contribute to sustainable future growth? We have a solution for you!

ESG Training for Banks

Our exclusive ESG training for banks will provide you with deep insight into ESG principles, their impact on the banking industry and concrete steps you can take to make a positive impact on society and the planet.



Why sign up for our ESG training:

- **Increase Reputation:** Understanding ESG principles and applying them in business helps to build a positive reputation among clients, investors and the community.
- **Reduce Risk:** ESG analysis helps in identifying potential risks and avoiding negative impacts on business.
- **Increase Profitability:** Integrating ESG factors into the strategy can lead to positive effects on profitability with more efficient operations.
- **Achieve Sustainable Growth:** ESG principles are the key to sustainable growth and long-term success in today's banking world.

What you will learn at the training:

- Basics of ESG principles and their significance for the banking industry.
- Practical examples of how ESG can improve business.
- How to integrate ESG into banking strategy.
- Contemporary trends in ESG investments



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AGYT: Revolutionizing Cross-Border Payments for global SMEs

In today's fast-paced global economy, small and medium-sized enterprises (SMEs) face significant challenges when navigating the complexities of cross-border payments. From fluctuating currency exchange rates to hidden fees and lengthy transaction times, traditional banking solutions often fall short of meeting the needs of businesses operating on an international scale. Enter AGYT, a fintech company dedicated to simplifying and streamlining the cross-border payment process for SMEs. With a focus on transparency, efficiency, and security, AGYT offers a unified payments account that makes international transactions as simple as one, two, three.

Step 1: Open a Unified Payments Account

The journey with AGYT begins with the creation of a unified payments account. This account serves as a central hub for all your cross-border payment activities, from receiving deposits to making payments and currency conversions. The account setup process is straightforward yet thorough, ensuring compliance and security. AGYT employs a risk-based customer due diligence process, requiring comprehensive information about your company, tax details, directors, controllers, and ultimate beneficial owners (UBOs). This meticulous approach not only safeguards your business but also ensures smooth and compliant operations across international borders.

AGYT's commitment to transparency is evident from the start. The platform clearly outlines the types of payment services offered, including account issuance, collection, payments, and foreign exchange (FX) transactions, both spot and forward contracts. This clarity allows businesses to fully understand the services they are engaging with, ensuring that they can make informed decisions tailored to their specific needs.

Step 2: Add Beneficiaries or Run Bulk Uploads

Once your account is set up and activated, AGYT offers powerful tools to manage your payment workflows efficiently. One of the standout features is the bulk upload

functionality, which allows businesses to handle multiple transactions simultaneously. Whether you're converting currencies or making payments, the bulk upload feature simplifies the process, saving you time and reducing the risk of errors.

The platform supports bulk uploads through a simple.csv file containing all necessary details for conversions and payments. This feature is particularly valuable for businesses with high transaction volumes or those managing payments to multiple beneficiaries. By automating these processes, AGYT enables businesses to focus on growth and strategic initiatives rather than being bogged down by administrative tasks.

Moreover, AGYT's support for SWIFT and local payments in over 180 countries, combined with its conversion capabilities across the world's major currencies, positions it as a versatile and comprehensive solution for global SMEs. This extensive reach ensures that businesses can operate seamlessly across borders, accessing local payment networks and benefiting from competitive exchange rates.

Step 3: Create Payments or Make Conversions

AGYT's platform is designed to offer an end-to-end payment process, handling all banking integration, compliance, and payment requirements on behalf of its clients. This level of automation and integration is crucial for businesses seeking to optimize their financial operations. The platform supports a wide range of payment methods, including SWIFT, SEPA, and ACH, enabling businesses to choose the most suitable option for their specific needs.

AGYT's conversion functionality is another key feature, allowing businesses to convert funds held in one currency to another with ease. The platform supports a wide array of currencies, including major global currencies and those from emerging markets. This versatility is particularly beneficial for businesses dealing with international suppliers, partners, or customers, as it provides flexibility and helps mitigate the risks associated with currency fluctuations.



Benedikt Hoffman | Co-Founder | Photo: AGYT



The platform's commitment to transparency extends to its pricing model. AGYT offers fixed FX fee pricing for all payment corridors, regardless of currency fluctuations or liquidity. This competitive pricing structure not only saves businesses money but also provides certainty and predictability in their financial planning.

Why Choose AGYT?

AGYT stands out in the crowded fintech landscape for several reasons:

- Focus on mid-market to large companies: AGYT caters specifically to global SMEs, offering a low barrier to entry and access to international payment options without the need for local bank accounts.
- Send funds: The unified AGYT payments account grants you access to more than 180 countries to make payments on time and securely in 27+ currencies. Achieve direct access to local currency payouts in 37 countries and settle multiple currencies locally. Local payment schemes like SEPA Credit Transfer (SCT), Faster Payments (FPS), Electronics Funds Transfer (EFT), or FedACH allow you to pay as if you were based domestically and offer convenient settlement cycles.

- Collect funds: Make international business easy and receive funds from 180+ countries via the SWIFT network in 23+ currencies with your AGYT account number. Leverage your local accounts in the EU, UK, USA and Canada to collect money without the headaches of international banking. Collect EUR, GBP, USD and CAD locally without losing money to hidden fees or unfair corresponding banking deductions.

- Maximum Transparency: AGYT ensures full visibility of exchange rates and fees, eliminating hidden charges and providing a straightforward, honest service. This transparency builds trust and allows businesses to plan their finances with confidence.
- Regulated and Secure: AGYT is partnering with regulated EU e-money institutions and banks, ensuring that all clients' funds are fully protected and held in safeguarded accounts. This regulatory oversight provides peace of mind and security for businesses, knowing that their funds are handled with the utmost care and compliance.

Written by:
Benedikt Hoffmann, Co-Founder
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Conclusion

AGYT is more than just a payment platform; it's a strategic partner for SMEs navigating the complexities of global trade. By offering a unified, transparent, and secure solution for cross-border payments, AGYT empowers businesses to operate efficiently and confidently on the international stage. Whether you're an SME looking to simplify your payment processes, reduce costs, or expand your global reach, AGYT provides the tools and expertise to help you achieve your goals. Get started with AGYT today and experience the future of cross-border payments.

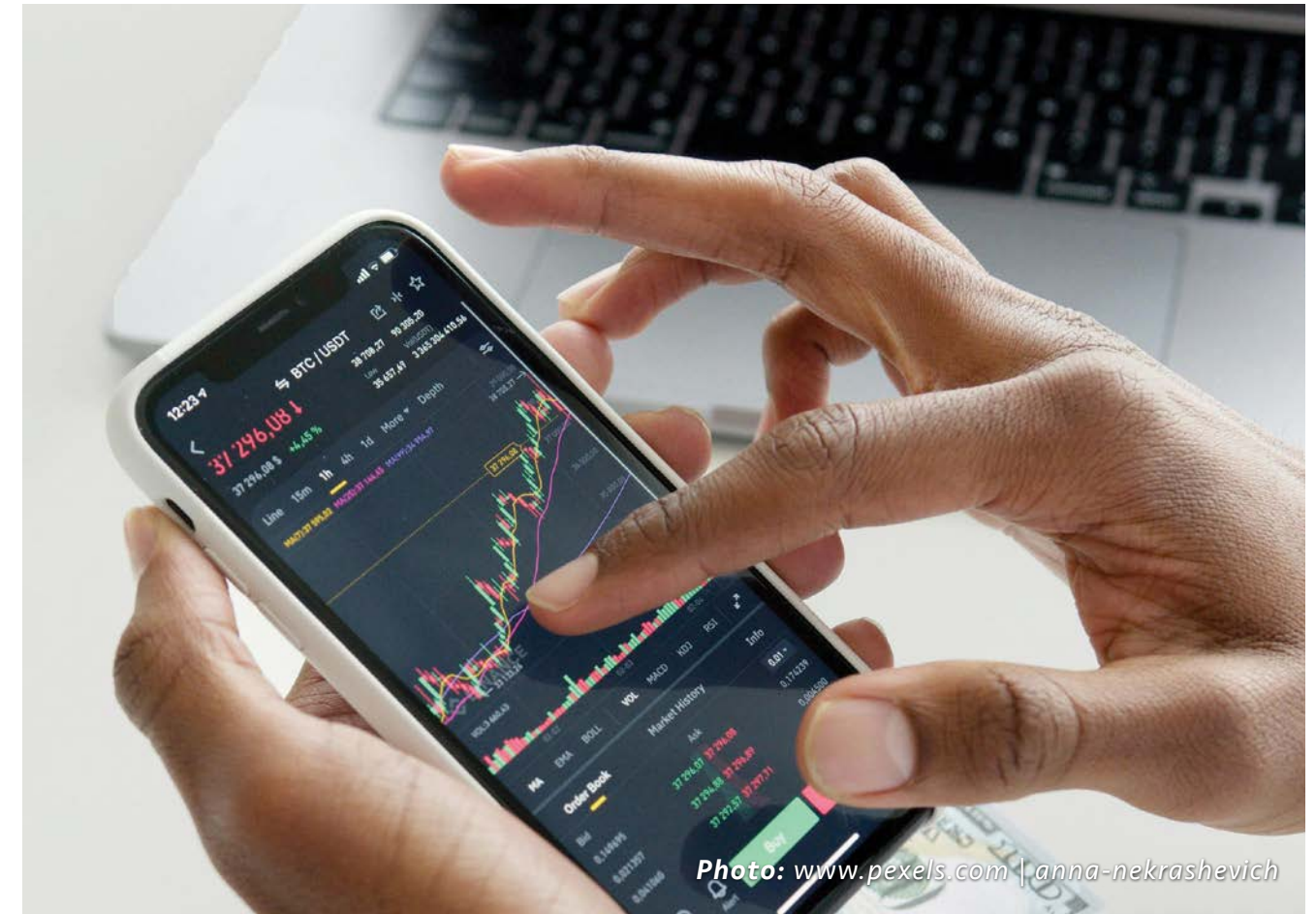


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ito Trader: Revolutionizing Real-Time Trading with Cutting-Edge Technology

In the dynamic world of financial markets, where precision and efficiency are paramount, itoTrader is making waves with its innovative approach to real-time trading. This article delves into the journey of itoTrader, highlighting its founders' vision, the unique value proposition of their platform, and how they are reshaping the landscape of trading technology.

The Genesis of itoTrader

The story of itoTrader began with a clear vision: to fill a significant gap in the market for advanced trading solutions. One of the co-founders, drawing on his extensive experience working with top Canadian banks, noticed a persistent demand for companies capable of optimizing

trading processes. "We saw that the market was really starving for good companies and people who knew how to do things right," he recalls. This realization sparked the idea to create a platform that could outperform existing solutions by addressing common inefficiencies and offering a superior trading experience.



Nikola Kaludjerovic and Marko Krstovic Photo: IT ORIENT

A Unique Blend of Expertise

The strength of itoTrader lies in the diverse backgrounds of its founders. While one co-founder brought deep expertise in the financial domain, the other had a rich history in the technology sector, particularly in developing election systems and health industry solutions. This blend of skills proved to be a perfect match, enabling them to envision and build a platform that could seamlessly integrate into the trading workflow while providing robust support for complex financial instruments.

The Core Innovation: Automation and Real-Time Efficiency

At the heart of itoTrader's offering is its focus on automating the trading workflow. The platform allows traders to automate routine tasks, thereby freeing them up to concentrate on more strategic aspects of their work. "Traders often juggle multiple screens and tools, which can lead to inefficiencies," explains one of the founders. "Our platform streamlines these processes, allowing for real-time pricing, automated hedging, and improved risk management."



Photo: www.pexels.com | pixabay

The system's design also emphasizes flexibility and scalability. By employing a modular architecture, itoTrader can easily integrate new asset classes and products, ensuring that clients can quickly adapt to market changes. This capability is crucial for staying competitive in a rapidly evolving financial landscape.

A Competitive Edge: Multi-Platform Integration and Advanced Features

One of the standout features of itoTrader is its ability to support multiple types of derivatives, including fixed income, interest rate derivatives, FX options, and equity options. This versatility sets it apart from other platforms that typically specialize in a narrower range of products. "No platform in the market covers all these derivatives in the way we do," the team proudly notes.

Moreover, itoTrader's integrated sales module offers clients a unique advantage. It allows traders to streamline the management of more complex structured products, providing up-to-date pricing and facilitating seamless interactions with clients. This feature not only enhances the efficiency of the trading process but also boosts client confidence and satisfaction.

Embracing Human Expertise in an Automated World

While itoTrader's automation capabilities are impressive, the platform does not overlook the importance of human oversight. The system includes features that allow traders

to intervene manually when necessary, ensuring they retain control over critical decisions. "Traders want to own the process and the price," emphasizes the team. "Our system supports this by providing alerts and allowing for manual overrides, especially in volatile market conditions."

Looking Ahead: The Future of itoTrader

As the financial industry increasingly embraces automation and digital solutions, itoTrader is well-positioned to lead the change. The founders encourage market participants to "make your moves early," highlighting the competitive advantage of adopting cutting-edge technology. They emphasize the importance of building trust in the system, allowing traders to focus on complex, value-added tasks while the platform handles routine operations.

In conclusion, itoTrader represents a significant advancement in trading technology. Its combination of automation, scalability, and human oversight offers a compelling solution for traders looking to optimize their operations. As the platform continues to evolve, it promises to remain at the forefront of the industry's technological innovation, helping clients navigate the complexities of modern trading with ease and confidence.

Written by:
Marko Krstović and Nikola Kaluđerović
IT Orient

www.itorient.com



Photo: www.pexels.com | souvenirpixels



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corporation

future of trading starts here

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Karsten Kührlings | Managing Director | Photo: GLS Investments

Interview:

Karsten Kührlings, GLS Investment Germany

Career Journey: Mr. Kührlings, can you share with us your career journey and what motivated you to enter the field of sustainable finance and investment?

After school and military service, I started my career in the financial sector in 1997. Customarily as a trainee at a local savings bank. I also studied economics at a University of

Applied Sciences. Very early on, I specialized in the areas of capital markets, securities business and investment management. One focus has always been on business development - the development of new offers, new services and entire business models and corporate units. When I joined GLS Bank -the first and leading sustainable bank in Germany- in 2013, one of my tasks was to develop the

bank's own funds and set up the corresponding structures. This was the first time I was confronted with topics such as sustainable finance, impact and mission investing. In contrast to traditional banking, where the "risk-return approach" dominates, sustainable finance requires much more perspective, and a wide range of stakeholder interests must be taken into account. This makes it much more exciting, but also more challenging. I am particularly motivated by the development of impact investing solutions to make a real difference and create added value to tackle the important problems of our time.

Since 2021, we have spun off the investment fund unit and sustainability research from the bank into GLS Investment Management GmbH. I was able to lead this spin-off and am now one of the managing directors. We are now managing EUR 1.7 billion assets in our funds.

Leadership Philosophy: As the Managing Director of GLS Investment Management, what is your leadership philosophy and how do you inspire your team to align with the company's sustainability goals?

As managers, we are faced with the challenge of creating highly efficient organizations and processes to generate success while conserving resources. This requires, in

particular, modern management skills. On the other hand, we need to create organizations that are highly innovative and flexible to adapt to ever faster changing conditions. This calls for leadership skills that promote innovation, agility and multi-perspectivity rather than efficiency. I am convinced that we cannot solve current and future problems with the methods and answers of the past.

I achieve creativity, multidimensionality and a holistic view of problems and solutions with diverse teams in open structures and societies. However, diverse teams can also be challenging to work with, as many people tend to strive for homogeneity and harmony. As a manager, one of my tasks is to create an "emotionally safe space" while at the same time facilitate creative discourse and diversity of opinion. I also want to promote commitment, professionalism, curiosity and shared learning within the team

Influential Experiences: What experiences or mentors have had the most significant impact on your professional development and your approach to sustainable investment?

My participation in the Leadership Program of the Global Alliance for Banking on Values in 2018 has been a deeply inspiring experience for me. Starting with the

impressions and learning journeys in Arequipa / Peru and ending with the last module at the MIT in Boston / US with groundbreaking lectures on developments in politics, technology, management and entrepreneurship. The coaching from Katrin Käufer and Martin Kalunga-Banda has been of enormous value to me and both remain important mentors on my leadership journey today.

Sustainable Investments: Could you elaborate on the "Planetary Health" concept mentioned in your recent interviews? How does this concept shape your investment decisions?

The concept of Planetary Health addresses the interrelationships between human health and the political, economic, social and natural systems of our planet on which the existence of human civilization depends. We are currently in the Anthropocene, the age in which humans have become one of the most important factors influencing our Planet Earth. The impacts of humans - particularly the intensive use of fossil fuels and other natural resources - are rapidly exceeding planetary boundaries (including biodiversity, climate change, biogeochemical fluxes) and, with many of the planetary boundaries currently being exceeded, these systems are at risk and are no longer in a healthy balance. We are convinced that existing risk management systems do not adequately capture the nature of these risks and underestimate the interdependence and dynamics of development.

With a Planetary Health investment concept, we want to invest in business models, services and projects that enable economic activity within the planetary boundaries.

What would be relevant investment themes and how are they implemented in the first corresponding investment solution?

All sensible business models and innovations in the transformation fields of energy, transportation, mobility and food. Furthermore, nature-based solutions, sustainable infrastructure and the circular economy. Finally, investments in healthcare and education also contribute to increased resilience to environmental and climate change.

Our first offering based on the Planetary Health concept is an impact private markets solution (PE - fund of funds). For this we are cooperating with EBG Environmental Business Group from Zurich. EBG specializes in the selection of appropriate target funds and has many years of experience, an excellent track record and the relevant networks.

Future Trends: What do you see as the most significant trends in sustainable finance over the next decade,

and how is GLS Investment Management positioning itself to take advantage of these trends?

I see two aspects here. Firstly, sustainable finance was strongly influenced by regulation in the last years, especially in the EU. In my view, too strongly. Regulation has become too dominant and has been misguided in parts. Too much was expected and led to conflicts of objectives. In fact, we need more room for innovation again. Especially in the financial sector. I am not referring to the use of new technologies, but to the core of the financial system itself i.e. other mechanisms and instruments to make finance more sustainable.

Secondly, I see an urgent need for stronger partnerships to achieve the Global Goals and solve the most pressing problems. On the one hand fairer international partnerships between different stakeholders and stronger cooperation between the public and private sectors on the other.

Technological Innovation: How do you see technology transforming the sustainable finance sector, and how is GLS Investment Management leveraging technology to enhance its sustainability and investment outcomes?

I am convinced that the influence of technical innovations will be massive. In operational business, the opportunities are in further digitalization and the use of artificial intelligence. This is about increasing efficiency. However, I see even more potential in the use of distributed ledger technologies and innovative applications based on them. These have the potential to fundamentally change elements of value creation and can therefore have a particular distributive effect on existing business models. We are researching investment solutions where, on the one hand, we can meaningfully use the technology itself in our value creation and, on the other hand, invest in new business models based on the new technologies.

Advice for Aspiring Leaders: What advice would you give to young professionals and aspiring leaders who are interested in pursuing a career in sustainable finance?

Train yourself to look at everything from multiple, different perspectives. The world is not black and white. There are no absolute truths or just "right" and "wrong." Decisions must always be made in an environment of uncertainty and ambiguity. Therefore, a holistic view of the problem and solution is an essential skill for a leader.



Karsten Kührlings | Managing Director | Photo: GLS Investments



Karsten Kührlings | Managing Director | Photo: GLS Investments

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Gain 10x efficiency with AUTON8

Founded in 2022 MKJ Solutions Consulting has rapidly established itself as a prominent player in the banking and information technology sectors. With a focus on delivering cutting-edge services, MKJ Solutions has gained recognition for its expertise in addressing the complex needs of financial institutions, particularly those operating within the highly competitive European and Middle East market.

Empower Your Banking with Tailored Consultancy Solutions

MKJ Solutions brings wealth of knowledge and experience to the table, particularly in the implementation, and support of the Temenos T24 core banking system. Their commitment to delivering both technical and functional consulting services is unwavering, ensuring that financial institutions receive the tailored IT solutions they need to remain competitive and efficient.

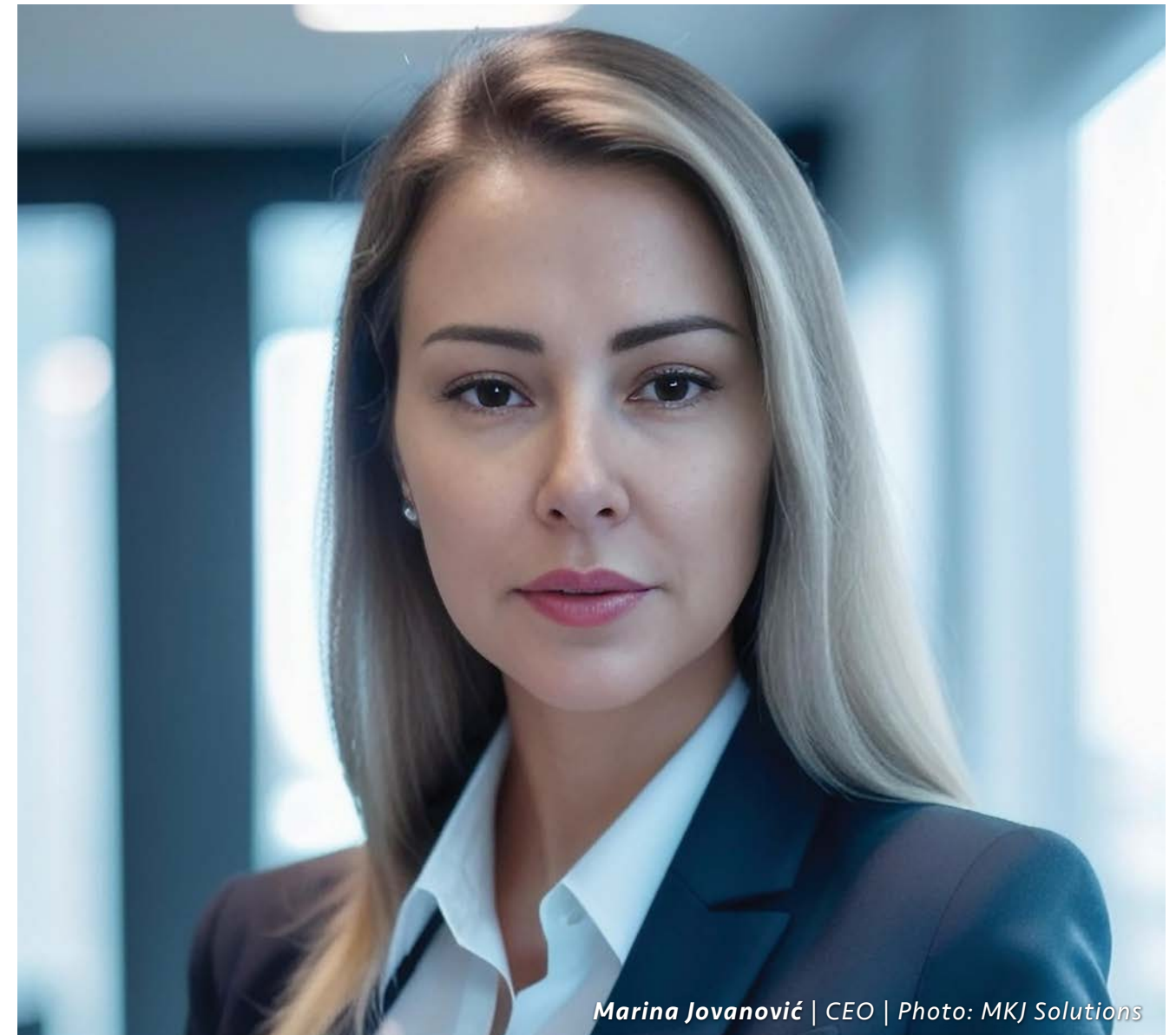
Unified System Integration and Business Process Optimization for Maximum Efficiency

The mission of MKJ Solutions extends beyond mere service delivery; they are dedicated to empowering financial institutions to offer their customers a seamless integration and practical banking experience, leveraging

omni-channel capabilities. By focusing on efficiency, reliability, and customization, MKJ Solutions ensures that their clients can meet the ever-evolving demands of the modern banking landscape, providing services that are not only robust but also adaptable to future technological advancements. By leveraging Temenos Core Banking, they refine business workflows, remove inefficiencies, and boost overall productivity. Through process reengineering and automation, they foster operational excellence, resulting in an enhanced customer experience.

Professional Guidance in Data Migration Processes

Data migration, a critical component of digital transformation, is often fraught with challenges, especially when it involves the transfer of historical transaction data across complex IT environments. Our expertise in data



Marina Jovanović | CEO | Photo: MKJ Solutions

migration is particularly invaluable for financial institutions looking to integrate seamlessly with sophisticated core banking systems like Temenos Transact. Migrating data from legacy systems to Temenos Core Banking demands careful planning and execution. MKJ Solutions, with extensive experience in data migration and conversion, ensure a seamless transition while preserving data integrity by following industry best practices to minimize risks and ensure successful transition.

A Synergistic Partnership with MKJ Solutions and Auton8

About Auton8

An unrivalled and uncompetitive AI-Powered Automation suite for the banking sector.

In the dynamic landscape of artificial intelligence and digital transformation, Auton8, as a company stands at

the forefront, delivering cutting-edge IT solutions tailored specifically for the banking sector. AUTON8 was formed in 2019 and developed the automation suite for testing, monitoring, data migration, change management, process automation including both operational and business processes over three years before releasing it to the market.

Upgrade Your Banking Experience with Cutting-Edge IT Solutions

Auton8 provides extensive solutions for automating functional, non-functional testing, Process automation including operational processes such as COB and business processes. It offers a complete monitoring solution along with variety of testing types, for instance; API testing, loading testing, stress testing, performance testing etc. With our expertise, banks can achieve faster time-to-market, reduced costs, and robust security, all while maintaining the highest standards of service excellence.

Seamlessly Integrate and Automate: Banking with Auton8

Auton8 also provides capabilities for data migration particularly useful in the financial sector for integrating with core banking systems like Temenos Transact. It enables seamless access to historical transaction data and supports enterprise-wide automation processes. With their expertise, banks can achieve faster time-to-market, reduced costs, and robust security, all while maintaining the highest standards of service excellence

Auton8's robust capabilities in this area ensure that banks can overcome these challenges with ease. By facilitating the smooth migration of data, they enable financial institutions to retain full access to their historical transaction records, thereby ensuring continuity, compliance, and operational efficiency

Auton8's offerings extend beyond data migration. They are dedicated to enabling enterprise-wide automation processes that streamline operations, reduce manual intervention, and enhance the overall agility of banking institutions. Their solutions empower banks to achieve a faster time-to-market for new products and services, allowing them to stay ahead of the competition in an increasingly crowded marketplace.

Cost efficiency is another cornerstone of Auton8's value proposition. By automating critical processes and optimizing the use of resources, their solutions help banks significantly reduce operational costs without compromising on quality or security. In fact, security is at the heart of everything they do. Their solutions are designed with robust security protocols to safeguard sensitive financial data, ensuring that banks maintain the highest standards of service excellence while protecting their customers' trust.

As the banking industry continues to evolve, embracing the future means adopting innovative and reliable IT

solutions that are designed to propel institutions into the next era of digital banking. Auton8 is committed to being a trusted partner on this journey, providing the tools and expertise necessary to navigate the complexities of digital transformation. By integrating and automating key banking processes, we help financial institutions not only survive but thrive in a rapidly changing digital landscape.

Comprehensive All-in-one Solutions for Banking IT Needs

Auton8 boasts different features designed to enhance test automation and software development.

Here are the key features:

- RPA (Robotics Process Automation) with AUTON8 Smart Recorder
- Web, API & Mobile Automation
- Regression Suite builder
- Function and Non-Functional Testing
- End to End Data Migration and Management (Extraction to Reconciliation)
- Process Automation including both Operational and Business Processes
- Scheduling Engine
- Change Management collateral creation
- Scenario builder
- Capture and Visualize Test Snapshots
- Analytical Dashboards
- Complete Monitoring solution powered by AI (Artificial Intelligence) and ML (Machine Learning)
- Reports (csv, pdf, xlsx)
- Sequential, Concurrent and Data driven Executions
- 3rd Party Integrations

Written by:
Marina Jovanović
CEO MKJ Solutions

Conclusion

Together, MKJ Solutions and Auton8 are well-positioned to address the challenges faced by financial institutions today, driving innovation and excellence in the realm of banking and IT services. This partnership reflects a shared vision of creating value through technology, optimizing processes, and ensuring that clients can offer the best possible service to their end customers. Auton8 is proud to collaborate with MKJ Solutions in a strategic partnership that aims to deliver comprehensive solutions to a wide range of clients across Europe. This partnership is designed to meet the growing demand for automation testing, process optimization, Robotic Process Automation (RPA), and data migration, which are increasingly critical in today's fast-paced financial environment.



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Dr Miodrag Džodžo | Regional director at ANOA | Photo: ANOA, Belgrade

AI in Lending: Transforming Credit Assessment and Loan Origination

Artificial Intelligence (AI) has emerged as a powerful tool in the banking sector, particularly in credit assessment and loan origination processes. As banks strive to improve accuracy and efficiency, AI offers solutions that traditional methods cannot match. By analyzing vast amounts of data with precision, AI enhances decision-making, reduces risk, and improves customer experiences. This article explores how AI is influencing these key aspects of lending, while also addressing the ethical and regulatory challenges that accompany its adoption.

The Role of AI in Credit Assessment

Traditional credit assessment methods rely heavily on historical financial data, such as credit scores and income history, to evaluate a borrower's creditworthiness. However, these methods have limitations, particularly in capturing the nuanced financial behaviors of borrowers. AI changes the landscape by incorporating big data and machine learning algorithms to analyze a broader range of information, including non-traditional data sources like social media activity and transaction history.

As highlighted by Sadok, Sakka, and El Maknoui (2022), AI-driven models can detect weak signals and non-linear relationships among variables that traditional models might miss. This capability leads to more accurate predictions of credit risk, allowing banks to identify potential defaults or delinquencies earlier in the lending process. By leveraging AI, banks can not only reduce their risk exposure but also make credit available to previously underserved populations, thereby promoting financial inclusion.

Furthermore, the integration of AI in credit risk assessment enhances the transparency and interpretability of the decision-making process. As discussed by Brown (2024), the adoption of explainable AI techniques has become

crucial in ensuring that the outputs of AI models are understandable to stakeholders, including regulators and customers. This transparency is essential in maintaining trust and ensuring that the use of AI does not lead to discriminatory lending practices.

AI in Loan Origination Processes

AI's impact extends beyond credit assessment to the entire loan origination process. Traditional loan origination involves multiple steps, including data collection, application processing, and risk assessment—all of which can be time-consuming and prone to errors. AI automates many of these tasks, streamlining the process and significantly reducing the time required to approve loans.

The automation of routine tasks such as data verification and initial risk assessment not only accelerates the loan origination process but also enhances accuracy. According to the review by Sadok et al., AI systems can process large volumes of applications quickly and consistently, ensuring that decisions are made based on objective criteria. This efficiency benefits both the lender and the borrower, as it leads to faster loan approvals and a better overall customer experience.

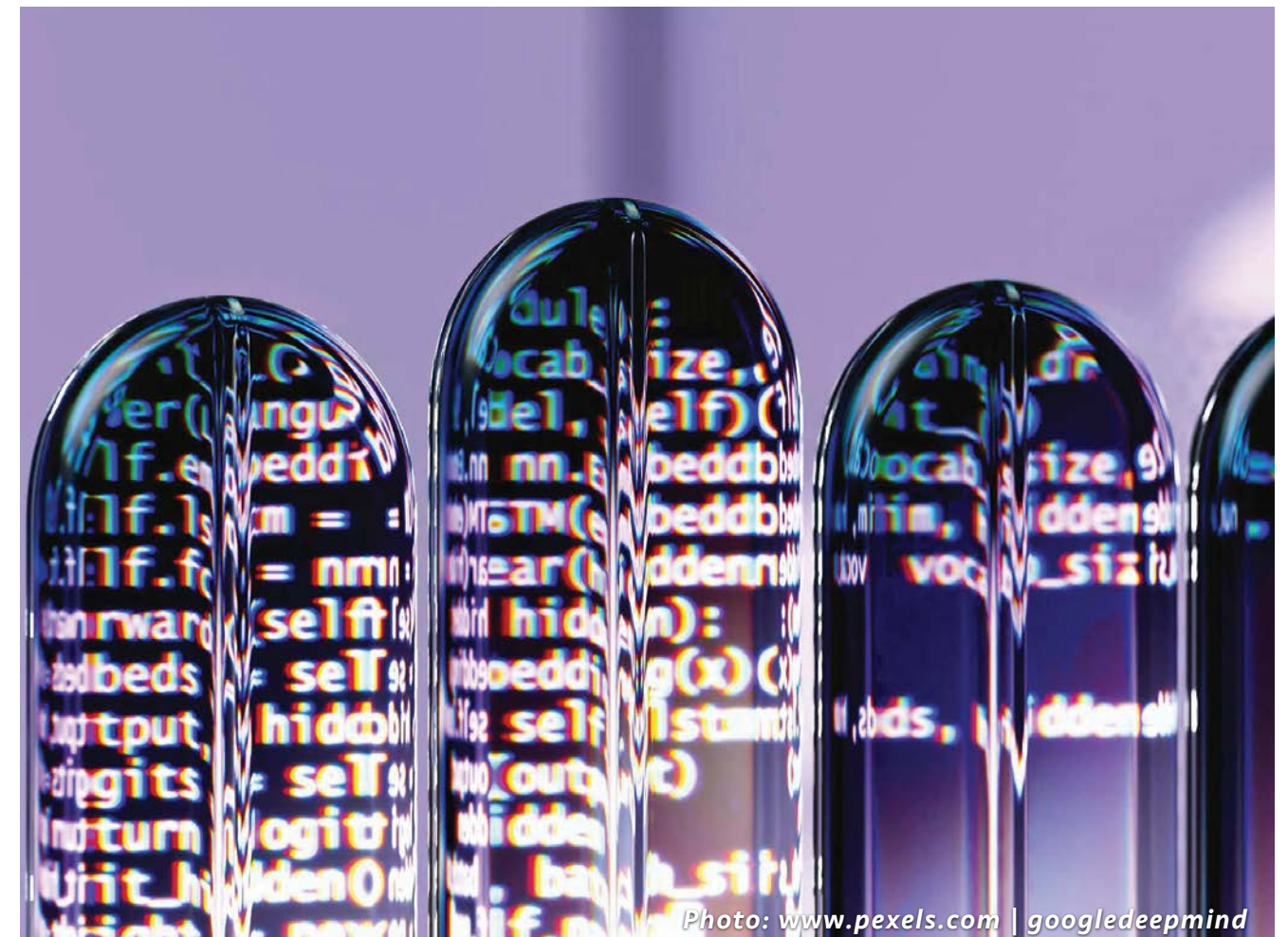


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Moreover, AI's ability to continuously learn from new data enables banks to refine their lending criteria over time. This dynamic approach allows for more adaptive risk management, where AI systems can adjust to changes in the market or in borrower behavior, thereby improving the overall quality of loan portfolios.

Ethical and Regulatory Considerations

While AI offers numerous benefits in lending, it also raises important ethical and regulatory concerns. One of the primary issues is the potential for bias in AI algorithms. If not properly managed, AI models may inadvertently reinforce existing biases present in the data, leading to unfair lending decisions. This concern is particularly relevant in credit scoring, where biased algorithms could result in discriminatory outcomes against certain groups of borrowers.

To address these challenges, it is essential to implement explainable AI models that allow stakeholders to understand how decisions are made. As Brown (2024) emphasizes, transparency in AI-driven credit assessment is crucial for maintaining the integrity of lending practices.

Additionally, regulatory frameworks must evolve to keep pace with technological advancements. New guidelines are needed to ensure that AI is used responsibly in lending, with strict standards for data privacy, model validation, and fairness in decision-making.

Regulatory bodies and financial institutions must work together to establish comprehensive standards that govern the use of AI in lending. This includes developing robust model governance frameworks that can mitigate risks such as algorithmic bias and data privacy violations. By fostering collaboration between industry stakeholders, regulators can create an environment where innovation thrives while consumer interests and financial stability are safeguarded.

Challenges and Future Directions

Despite its many advantages, the adoption of AI in lending is not without challenges. Data quality remains a critical issue, as the effectiveness of AI models depends on the accuracy and completeness of the data they are trained on. Additionally, integrating AI systems with existing legacy infrastructure can be complex and costly, requiring significant investments in technology and training.



Photo: www.pexels.com | [tara-winstead](https://www.pexels.com/photo/futuristic-digital-network)

Looking ahead, the future of AI in lending will likely involve a greater focus on enhancing the interpretability of AI models and improving collaboration between humans and machines. By combining the strengths of AI with human expertise, banks can develop more robust risk management strategies that are both innovative and responsible. Moreover, ongoing research and development will be crucial in addressing the ethical and regulatory challenges associated with AI, ensuring that its adoption in lending is both sustainable and equitable.

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Written by:
Dr Miodrag Džodžo

Regional director at ANOA

Conclusion

AI is transforming the lending landscape by enhancing credit assessment and streamlining loan origination processes. Its ability to analyze vast amounts of data with precision offers significant benefits, including improved predictive accuracy, faster loan approvals, and greater financial inclusion. However, these advancements must be balanced with careful consideration of ethical and regulatory concerns. As the use of AI in lending continues to grow, it will be essential for financial institutions to adopt responsible practices that ensure fairness, transparency, and accountability in their decision-making processes.

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- Overview of ESG principles and their significance.
- Historical perspective and regulatory framework.

ESG Basics

- ESG goals and value systems.
- Application of ESG principles.
- Environmental aspects of ESG.

Social and governance aspects of ESG

- Social aspects in ESG.
- Management aspects in ESG.
- Product design considerations.

Supply chain and ESG

- Supply chain considerations.
- Emission of greenhouse gases (GHG).
- Energy management and sustainability.

Client welfare and business practices

- Client welfare and ESG
- Ethical sales practices
- Impact of digitization and ESG

Employee engagement and business ethics

- Involvement and engagement of employees.
- Business ethics in ESG.
- Characteristics of an active ESG implementer
- Knowledge areas for ESG implementers

ESG Organization and reporting

- ESG organization.
- ESG reporting and transparency.
- Sustainable development goals that are particularly relevant to banking
- Measurable ESG/SDG goals

Group discussions and case studies

- Case studies
- Interactive group discussions on ESG case studies.

ESG Knowledge Test

- Participants take a written test to assess their understanding of ESG principles.
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Level	Training hours	Certificate
1) Basic	12	👍
2) Advanced	12	👍



MISSION FINTECH



No One Should Be Left Behind: Mission Fintech Zambia's Bold Step Towards Financial Inclusion

In the heart of Lusaka, a transformative initiative is taking shape, promising to bridge the financial divide that has long hindered economic progress in Zambia. The Impact Hub Lusaka, under the leadership of Mr. Martin Kalungu-Banda, is spearheading the establishment of Mission Fintech Zambia, a platform poised to revolutionize access to financial services in the country.

Mr. Banda, co-founder of Impact Hub Lusaka and a proud Zambian, encapsulates the ethos of the initiative with a simple yet powerful statement: “No one should be left behind.” This sentiment drives Mission Fintech Zambia’s mission to create an inclusive financial ecosystem that serves all Zambians, particularly the underserved and marginalized communities.

Dr. Miodrag Džodžo, an international fintech expert and project manager of Mission Fintech Zambia, highlights the unique needs of the Zambian population. “Our platform is designed to address these needs through features that promote financial literacy and inclusion,” he says. The platform includes a responsive web application with multilingual support, ensuring accessibility for users across different linguistic backgrounds. Key features of Mission Fintech Zambia include financial literacy tools, home and business budgeting applications, and access to microloans. These tools are not just about providing financial services but also about fostering a culture of responsible financial behavior through gamification and community-oriented offerings.

Mission Fintech Zambia’s commitment extends beyond the individual. It seeks to empower communities, catalyzing economic growth and prosperity. The initiative aligns with the United Nations Sustainable Development Goals (SDGs), particularly those focused on reducing inequalities and promoting sustainable economic growth.

The project’s financial plan reflects a strategic approach to resource allocation, with a significant investment

in software in the first year to establish the platform’s foundation. Subsequent years focus on scaling operations, expanding the agent network, and enhancing marketing efforts to ensure widespread adoption.

The risks associated with such a transformative project are not overlooked. Mission Fintech Zambia has a comprehensive risk management plan addressing cyber risks, regulatory compliance, and fraud prevention. By staying ahead of regulatory changes and employing robust security measures, the platform aims to safeguard its users and maintain trust.

In Mr. Kalungu-Banda’s words, “Mission Fintech Zambia is more than just a project; it is a movement.” This movement aims to uplift users across Zambia and, eventually, the Africa itself. By supporting Mission Fintech Zambia, funds, investors and stakeholders are not only investing in a financial platform but also in the potential of a wider region to achieve financial freedom and economic empowerment.

As Mission Fintech Zambia prepares to next steps, the hope is that it will set a precedent for similar initiatives across Africa. The project’s success could help financial inclusion, ensuring that indeed, no one is left behind.

Written by:
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 Co-Founder Impact Hub Lusaka
 Mission Fintech Zambia | Impact Hub Lusaka



Photo: Impact Hub Lusaka



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Martin Kalungu-Banda
 Photo: Impact Hub Lusaka



Aggie Kalungu-Banda
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About Impact Hub Lusaka

Impact Hub Lusaka (IHL) stands as a beacon of innovation and entrepreneurship in Zambia, dedicated to supporting the country's growing community of social innovators and business leaders. As an integral part of the Global Impact Hub Network, which operates in over 100 cities worldwide, IHL brings a wealth of international experience and best practices to Zambia, adapting them to meet the unique needs and challenges of the local context. Founded with the mission to inspire, connect, and enable individuals and communities, IHL focuses on creating an environment where entrepreneurship thrives and where sustainable development is a priority. The hub provides a variety of resources designed to foster innovation and growth, including state-of-the-art co-working spaces that encourage collaboration, mentorship programs that connect emerging entrepreneurs with experienced business leaders, and comprehensive financial literacy programs that equip individuals with the skills needed to navigate the complexities of the modern economy.

IHL's approach is deeply rooted in the belief that positive, values-driven change can transform communities. By promoting inclusive and sustainable business practices, IHL ensures that no one is left behind in the journey toward economic empowerment. Their initiatives are designed not only to support individual entrepreneurs but also to create ripple effects that benefit entire communities, contributing to broader social and economic development across Zambia.

With its connection to a global network, IHL is uniquely positioned to bridge the gap between local needs and global opportunities. By utilizing international tools and expertise, IHL tailors its programs to address local challenges with innovative solutions, ensuring that entrepreneurs in Zambia are not only equipped to succeed but also to lead the charge in creating a more equitable and prosperous future for all. Through its efforts, Impact Hub Lusaka is helping to shape the next generation of Zambian leaders, innovators, and change-makers, fostering a culture of entrepreneurship that is both impactful and sustainable.

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Our mission is to provide access to financial services, financial education and support.

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ESG, Sustainability, and Talent Management from the Lens of New Generations

ESG considerations have to be embedded into business scenarios now more than ever before. This shift is pushed by a growing realization concerning the environmental challenges lying ahead and the shifting expectations that new generations entering the workforce are coming with. ESG is not an issue of merely meeting regulatory requirements but of strategic necessity for any business seeking market competitiveness, the best talents of employees and loyal consumers, notably from the emerging Generation Z and Alpha. This analysis discusses the strategic relevance of ESG in contemporary business operations with respect to talent management and retention.

ESG is an Imperative

The issue of environmental sustainability is very urgent. Businesses are pressured by regulators, consumers, and employees who are getting sensitive to the environment. The 'E' in ESG refers to the environmental component, which emphasizes carbon footprint and emissions reduction, energy efficiency, and waste reduction.

Companies at the forefront of these sustainable practices reduce risks while also building brand, employees' satisfaction, and customer loyalty.

The environmental imperative is more about leadership in sustainability than a necessary requirement. Companies are increasingly viewing the health of their business as intrinsically tied to the health of the planet. If companies



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Nikola Božić
Director Photo: Faculty of Applied Ecology "Futura", Belgrade

New Generations and Their Role

Generation Zs and the Alphas are being reared in a world where issues are gaining the front row: issues, social, and environmental in nature. Not just tech-savvy, naturally digital, but particularly concerned about environmental sustainability and social justice, they are into meaning-making and prefer answering to ethical values.

Environmental sustainability is one of those things that the Generation Z and Alpha do not see to beg to differ on. They would want as consumers green and sustainable products and services, while as employees, they would want their employers to be enterprises that are very considerate and sensitive to issues of both sustainability and social responsibility. This generational shift in values has posed a challenge but also placed an opportunity before businesses. Those that do not rise to the occasion stand to lose a sizable proportion of their future workforce and consumer base.

ESG as a Talent Management Tool

Talent management is deeply raised by the ESG principles. Firms that are seen to be responsible acquire, motivate, and retain the best talent. One increasingly looks to workplaces that provide not simply a job but a platform to contribute for the betterment of the world. Companies focusing on ESG are likely to foster an innovative culture and provide challenges to their employees to find sustainable solutions to business problems.

Influence of ESG factors transcends the level of employees' attraction and retention; it strongly determines employees' engagement and productivity. If an employee feels like he is working for a purposeful and meaning-winged cause, it definitely brings in more motivation and dedication to work for his respective organization. This, in turn, can drive innovation, collaboration, and overall business performance.

* * *

In the 21st century, ESG will no longer be an added module to business operations but an imperative, in itself. This will resolve the first-rate focus on saving the environment that is in dire need of preservation and strategically position any business to access the upcoming pool of talent. Additional findings further affirm the sustainability business notion as going beyond feeling good; rather, it is a factor intrinsic to long-term success and resilience.

ESG embrace is about contributing to the sustainable future that the world demands today, but also laying down a great base for continuous growth and innovation. It is

invest in renewable energy, adopt circular economy principles, and commit to carbon neutrality, they promote leadership in fighting against climate change. Doing so meets not just the pressing need to conserve the environment, but also it paves a resilient, solid foundation for future growth.

ESG can only be successfully integrated if one has a holistic approach to it. This is about infusing issues such as these at the very heart of business strategies. It would be to come up with clear policies on the issues, engage stakeholders on them, and adopt transparent practices. For example, businesses could integrate the use of sustainable materials in production, invest in projects on renewable energy, and support sustainable supply chain practices. Such strategic steps in mitigating environmental impacts not only help the company's image as a responsible business but also improve its reputation.

A step not once but a continuous commitment in business strategy means commitment to continual improvement, innovation, and stakeholder engagement. A company needs to frequently assess its own ESG performance and set the highest possible benchmarks, reporting on such progress transparently. This is how companies could manage to get credit with stakeholders in the drive toward sustainability.

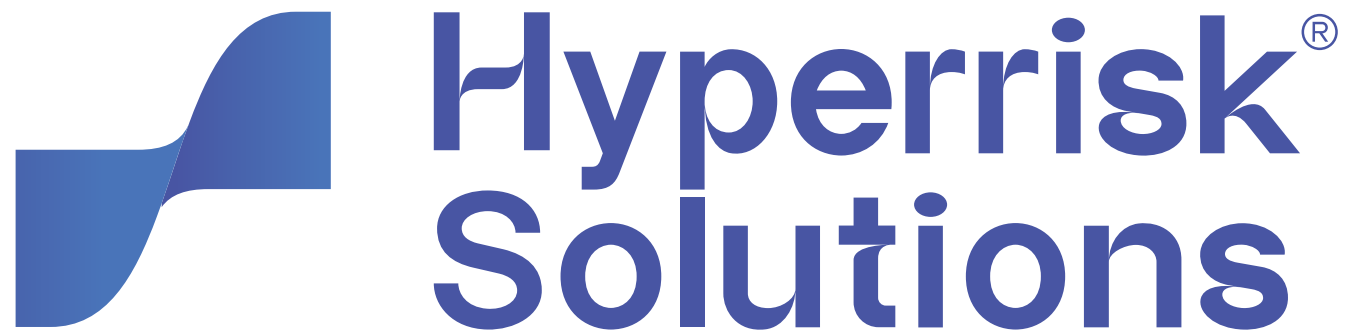
this commitment to these principles that shall separate the leaders of the future and be the part of the legacy left by businesses in this century. Businesses will be better placed in meeting these expectations and trying to survive in a competitive global environment as Generation Z and Alpha continue entering the workforce and consumer market.

It is therefore crucial for modern businesses to incorporate in their corporate strategy ESG principles if they want to achieve growth in a sustainable way and be attractive to new generations of the workforce. More importantly, a focal point on environmental sustainability empowers companies to enhance their brand reputation, increase brand loyalty, deal with employees' satisfaction, and create a motivated and engaged workforce.

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Nikola Božić is the director at the Faculty of Applied Ecology in Belgrade, senior education consultant at the "Franklin Covey Serbia", Talent Management Expert, and ESG trainer. He was the director and program director at Petnica Science Center, an independent organization for extracurricular science education for the gifted students.



Insights from the CEO of Hyperrisk Solutions: An Interview with Mr. Aleksa Jorga

Adria Fintech Journal recently had the opportunity to sit down with Mr. Aleksa Jorga, the CEO of Hyperrisk Solutions. In an engaging conversation, Mr. Jorga shared his journey to the top of Hyperrisk Solutions and provided valuable insights into the company's unique approach to risk management and technology integration. Here are the highlights from our interview.

Adria Fintech Journal (AFJ): Mr. Jorga, can you tell us about your journey to becoming the CEO of Hyperrisk Solutions?

My dream to lead Hyperrisk Solutions started in 2017 when I joined our former employer. Since then, I have been developing our flagship products alongside some wonderful individuals. In September of last year, three of us purchased VIP, a project we had been working on, which became the foundation of Hyperrisk Solutions. Our clients appreciate the commitment we bring to every implementation and the entire life cycle of our products.

What sets Hyperrisk Solutions apart from other companies in the risk management sector?

We are unique in that we combine domain expertise in risk management with software development expertise. This combination is quite rare, even globally, and certainly unique in our region. We aim to broaden our reach and deepen our products. We're looking to expand our offerings to include an SaaS (Software as a Service) model, especially with upcoming regulations such as Basel 4 and digital assets regulation.



Aleksa Jorga | CEO | Photo: Hyperrisk Solutions

How do you see the future of financial institutions with respect to digital assets?

We believe established financial institutions will increasingly diversify into assets they previously hadn't considered, including crypto assets. We anticipate a significant adoption of crypto assets by financial institutions over the next five years, and we are prepared to support our clients through this transition. Our comprehensive Basel Suite, covering everything from regulatory reporting to specialized tools, positions us well to meet these emerging needs.

Can you elaborate on the products and tools that Hyperrisk Solutions offers?

Certainly. Our flagship product, RiskGuard 3.2, is a comprehensive software solution for risk management,

enabling Basel III Pillar 1 and 2 calculations while fulfilling regulatory and financial reporting standards. RiskGuard streamlines the calculation of key indicators and includes compliance reporting based on localizable COREP templates. The powerful routines used in calculations are optimized for large banking and trading books, typically performed on-premise on a server infrastructure. Users can access results via a graphic interface and generate required reports.

Our data model is designed for full automation of required calculations, eliminating the need for manual data entry post-implementation. However, we offer customization for data entry upon request. The solution's multi-layered architecture comprises three basic components: RiskGuard 3.2 DataMart, RiskGuard 3.2 Core (calculation engine), and a graphical user interface with an authentication and security layer.



RiskGuard is fully modular, allowing clients to include one or more of the following modules:

- CR Module (Credit Risk, Concentration Risk, Counterparty Risk)
- MR Module (Market Risk, with or without Trading Book)
- LCR Module
- NSFR Module
- OR Module
- ICAAP Assist Module
- ILAAP Assist Module
- IRRBB Module
- ALM Module
- Market Portfolio Management Module
- Regulatory Reporting Module (EBA, local)

Regulatory reporting is fully automated and compliant with the Basel III framework, with the ability to calibrate locally where allowed. We enable COREP reporting for Pillar 1 risks, such as credit, concentration, counterparty, liquidity, and market (with or without trading book), in both xlsx and xml formats. For Pillar 2 risks, we provide what-if and stress test reports for various capital add-ons. Additionally, we generate various ALM-related reports, such as the term and currency structure of cash flows, and customized reports for internal, regulatory, or consolidated reporting. All interim calculations are saved for audit purposes.

Our RiskGuard and Select-9 solutions share the HyperStudio user interface, featuring a multi-lingual interface, multi-user access with flexible roles and permissions, agile software support, fully automated data validation, calculations, analytics, and custom and regulatory report generation.

What has been your strategy for maintaining technological leadership in the field?

We've made a conscious effort to stay ahead of the curve in technology adoption. Finance and banking have traditionally been conservative in this respect, but our domain expertise and proactive approach to technology have been critical. Partnering with innovative startups, such as a recent collaboration with a New York-based company specializing in crypto classification tools, has also been key. This partnership positions us well for upcoming regulatory changes and market trends.

How important is your team to the success of Hyperrisk Solutions?

Our team is the bedrock of our success. Hiring is the most important business decision we make. We prioritize intelligence, integrity, and energy. Our team members are not only skilled but also empathetic, capable of executing tasks efficiently while energizing those around them. This combination has been critical to our achievements and will continue to drive our future success.

What can we expect from Hyperrisk Solutions in the near future?

We cover close to half of the Serbian banking balance sheet and have leading institutions in Bosnia and Herzegovina as clients. Moving forward, our SaaS offerings will help us enter new markets, and partnerships like the one with C3 will be crucial in reaching new institutions. With the upcoming Basel 4 regulation and other market changes, we are poised for exciting times ahead.

www.hyperrisk.solutions

Navigating Risk in Southeastern Europe's Banking Sector →



We are a leading provider of software solutions for risk management, credit rating and scoring as well regulatory reporting in South-East Europe. In addition to software development, we have provided bespoke risk consulting, together or separately to our software implementations.

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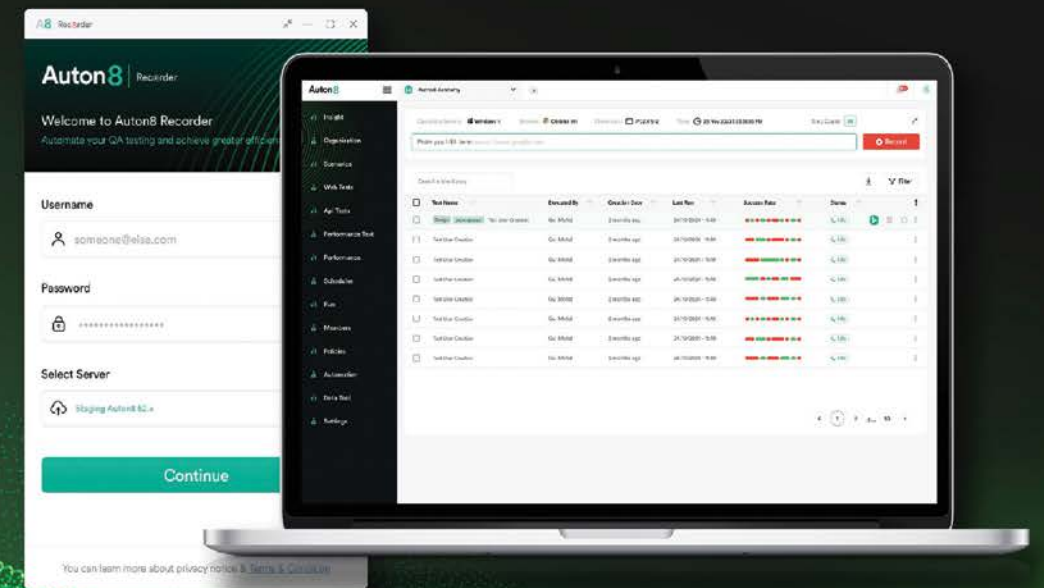


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