



NPF  
NEXTGEN PAYMENTS FORUM

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HIGH QUALITY  
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FULLY CUSTOMISED AGENDA

# Chairman – Opening Remarks

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Peter Oakes  
Board Director & Advisory Committee  
Fintech and Regtech  
Fintech Ireland

Tuesday 27<sup>th</sup> February 2018



# Welcome

- Delegates
- Speakers
- Organisers
- Sponsors
- Exhibitors
- ... and thank you to Malta!



# The Forum

Focussed on the online payment ecosystem exploring the areas of:

- regulation,
- security,
- technology; and
- how to keep your competitive edge at a minimum cost.

Leading retail banks, industry shakers, central bankers, and regulators with European (online and mobile) merchants in a close setup.

Discussing the current industry ecosystem, placing payments at the heart of the conversation to further advance strategic industry collaborations.

*Sunday, February 25, 2018, 00:01*

## Company briefs

### Finance Malta sponsors Nextgen Payments Forum

Finance Malta is sponsoring this year's Nextgen Payments Forum, which will be focusing on the online payment ecosystem exploring the areas of regulation, security, technology and how to keep your competitive edge at a minimum cost. The event will be held on Tuesday and Wednesday at Le Meridien St Julian's Hotel & Spa from 9am to 6pm.

The forum will bring together representatives from leading retail banks, industry shakers and regulators with European (online and mobile) merchants in a close setup. During the forum the delegates will be discussing the current industry ecosystem, placing payments at the heart of the conversation to further advance strategic industry collaborations.

@QUBEEVENTS

#NPFMalta

#NPF2018





# Company Board & Advisory Board Member - FinServ, FinTech, RegTech & Service Providers



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# What is FinTech & RegTech

Financial technology, also known as **FinTech**, is a line of business based on using software to provide financial services. FinTech companies are generally start-ups founded *with the purpose of disrupting incumbent financial systems and corporations that rely less on software*

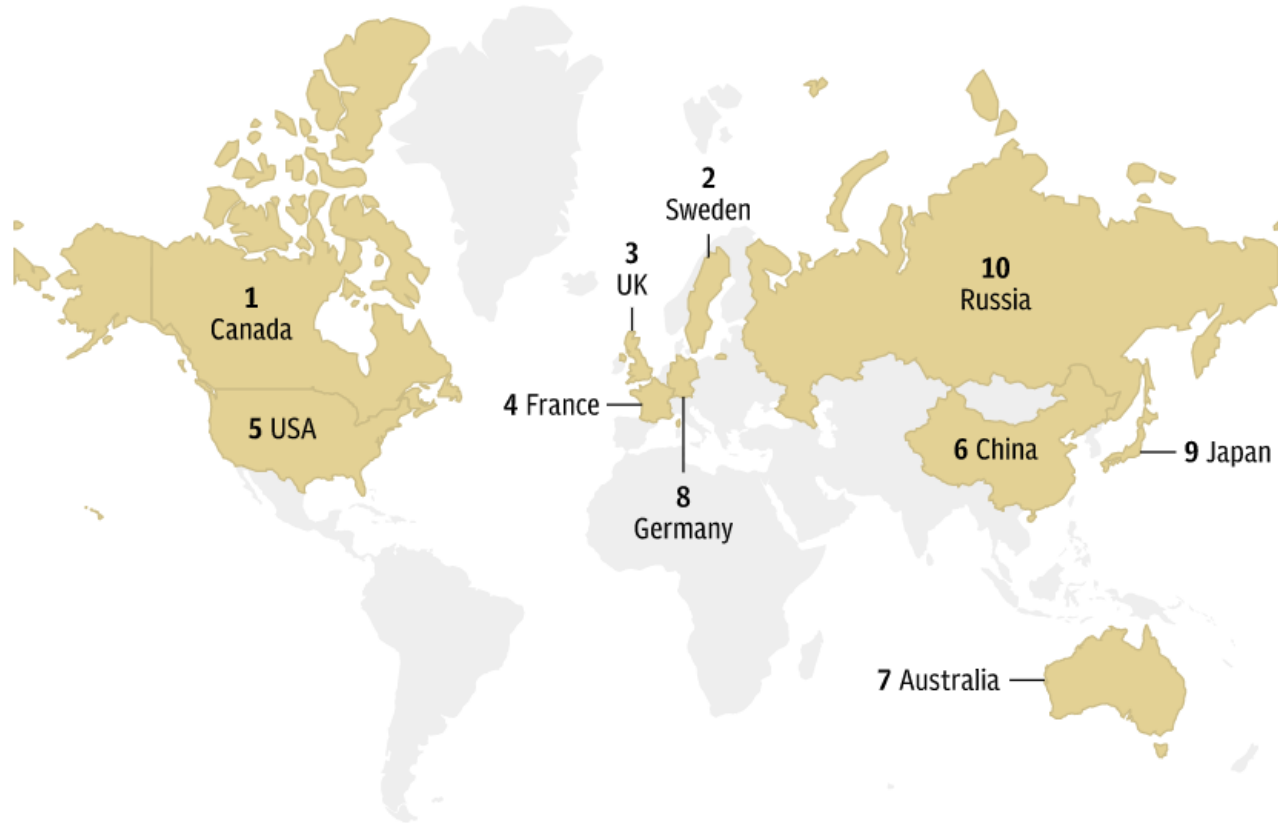
Regulatory Technology, or RegTech, is derived from the definition of FinTech - *primarily signifying the technology applied to resolving issues regarding regulation within the financial industry*. It helps companies to better manage and understand their legal/regulatory risks as well to easily adhere to their regulatory obligations

## Diverse Range of Topics

- Payments
- Emoney
- Open Banking
- Blockchain
- Anti-Money Laundering
- GDPR
- Brexit
- Chickens!

# Payments & Emoney

The top 10 countries that are embracing a cashless culture



SOURCE: FOREX BONUSES

# Open Banking



## Banks scramble to be open as clients shrug



By **Martin Arnold**  
February 26, 2018

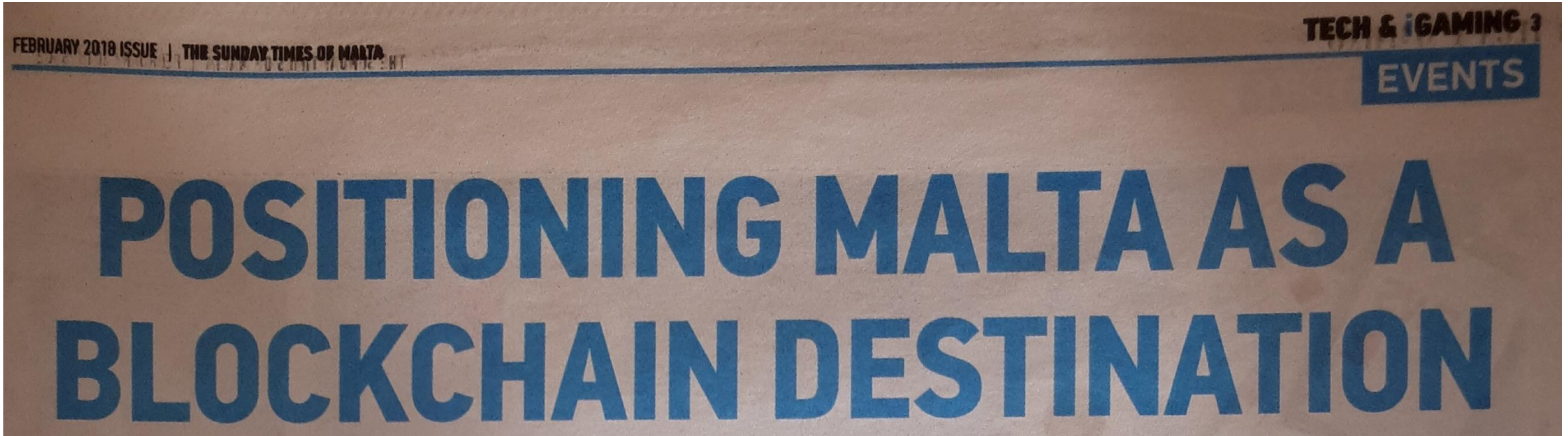
Earlier this year, the UK launched what may people argue is the biggest revolution in retail banking for a generation. So far, however, the shake-up seems to have been met with little more than a weary shrug by consumers, even if bankers seem to be taking it very seriously.

Open banking, as this particular revolution is known, was introduced on the second weekend of January, forcing Britain's biggest banks to provide third parties with access to the accounts of any customers who authorise it.

This change - the UK's version of the EU-wide second payment services directive (PSD2) - blows open the monopoly that banks have long held over people's financial data. Instead of a closed, protected world in which banks dictate who can access an account and what they can do with it, they are now forced to delegate that power to consumers.



# Blockchain



# Anti-Money Laundering





# GDPR



# Brexit – Managed Divergence

**Brexit** - 18 months for “take back control” to become “managed divergence”.

On Friday 2 March 2018, Theresa May will explain Britain’s preferred future.





# Brexit – Managed Divergence (Baskets)

**Basket 1** – put parts of the economy that are intimately linked to the EU, including those with complex supply chains such as care manufacturers or are heavily regulated like chemicals or medicines. Here Britain would accept EU regulation and a role for EU agencies and the European Court of Justice, a significant blurring of Mrs May’s previous red line that judges in Luxembourg would play no future in British life.

**Basket 2** – would be other good and services – including data and financial services – where Britain would agree common regulatory goals but would have some flexibility to set its own rules.

**Basket 3** – would include areas where there is little or no European law, in frontier technology such as robotics or driverless cars.



# Chickens

## 'Shocking' logistics slip sparks KFC's great chicken run

Switch of distributor at an ill-judged time wreaks havoc on the group's supply chain

CAT RUTTER POOLEY

"You had one job KFC," the company said of itself in a jokey Q&A posted on Twitter this week. "How did you run out of chicken? Fix it now!"

At the huge new depot housing the missing chicken, the main evidence of the distribution crisis that closed as many as two-thirds of KFC's UK branches, was the heavy presence of freshly hired, hi-vis clad security guards patrolling the perimeter.

After branches started closing last weekend, the 180,000 square foot warehouse in Warwickshire was suddenly in the spotlight because, said KFC, the problems had been caused by a switch from its longstanding distributor, Bidvest, to DHL.

"To put it simply," KFC tweeted "we've got the chicken, we've got the restaurants, but we've just had issues getting them together."

"The company's problems have caused much around the country but also show the serious consequences for businesses of a supply-chain hitch."

"The great chicken run of 2018 will doubtless resonate with UK and Irish companies already concerned about the potential impact of border checks and customs delays after Brexit."

"Most people in this country simply don't understand how the supply chain works until it goes wrong," said Rod McKenna, a director at the Road Haulage Association.

KFC itself said that though a backlog of fresh chicken at the depot had been cleared, "ongoing distribution challenges DHL is experiencing" were likely to mean disruption to restaurants carrying on through the weekend.

KFC takes its chicken seriously. For its "Original Recipe" chicken, it only uses meat from British and Irish farms and — unlike many rivals — it must be fresh rather than frozen.

Fresh chicken storage is heavily regulated because if not done properly, there can be public health consequences. Campylobacter bacteria, which are found particularly in chicken, are the most common cause of food poisoning. KFC imposes even more rigorous conditions than those required by UK law, according to industry sources.

"[They have] very stringent standards," said Marcos Clowes, a supply chain, logistics and transport consultant. "It is very unusual to use fresh chicken — there are very specific temperatures it has to be kept within by law and KFC has quality expectations even



Food flight Why the UK is prone to periodic shortage of goods

While logistics have been to blame for the KFC chicken shortage, previous UK food failures have often been caused by bad weather and poor crops. Not long after a supply crisis led to avocado thefts in New Zealand in 2016, a series of food shortages hit shops in Europe, frustrating customers and driving up prices.

Snow-covered fields in southern Spain caused shortages of iceberg lettuces across the continent in January 2017, while wholesale courgette prices more than tripled. Guacamole began to fall off menus in May as global demand for avocados outstripped supply.

Meanwhile, butter shortages meant prices rose 50 per cent between January and October.

For the UK, which imports 90 per cent of its fruit and 50 per cent of its vegetables, the impact of shortages elsewhere in Europe was hard to avoid. Some supermarket shelves were empty, and wholesaler Nick Matthews even resorted to stationing security guards next to his courgettes.

A report published last July by food policy specialists warned that a lack of clarity about UK agricultural policy after Brexit and the potential for logistical hold-ups could cause "chaos."

"At least the UK entered world war two with emergency plans. No one has warned the public that a Food Brexit carries real risks of disruption to sources, prices and quality," it said. *Camilla Hodgson*

Most UK branches of KFC were forced to close after a switch from longstanding distributor Bidvest to DHL brought problems

Toby Auer

more stringent than that. That does add more complexity into the supply chain."

When DHL — part of Germany's Deutsche Post — won the contract from Bidvest last year, its pitch was to overhaul KFC's UK distribution. DHL would use technology from another European partner, Quick Service Logistics, to deliver fresher produce, cut order turn-

round times, and reduce emissions from logistics to a net of zero.

DHL has been trying to expand into a market where there are only a few large specialist providers, including Brakes, Kuchne + Nagel and Bidvest, and already had some major contracts when it stepped up KFC. Among these are a decade-long deal with pub chain JD Wether-

poon, a food and logistics agreement with British Airways, and a 2016 contract with catering group Compass.

But as one person with experience of fast food distribution put it, "frozen food is one thing, but chilled food is something else. You can't afford to make any mistakes. It's easy to move a can of beans; it's much more difficult to move chicken."

At the heart of any analysis of what went wrong are questions about DHL's decision to opt for a single, new and untested distribution centre, which also had new staff and technology.

Before DHL took over, Bidvest sent KFC's chicken, fries and sides out from three sites across Britain. Nonetheless, lots of businesses now have a similar model of cheaper centralised operations: a national hub dubbed the "logistics golden triangle" roughly bounded by the M1, M6 and M42 motorways, which offers easy access to many of the UK's biggest cities. DHL itself has operated a national distribution centre for Wetherspoons' for about a decade.

DHL and KFC also undoubtedly had

contingency plans, but as Samir Dani, professor of logistics and supply chain management at Huddersfield university said: "The situation now shows business continuity was not thought out very well." When things started to go wrong, the single distribution centre "becomes a major constraint to the delivery system."

He added that because the product was perishable and subject to strict food safety rules, he believed "there should have been at least two sites."

That would have provided a back-up and helped deal with the potential for problems, but would probably have cost more.

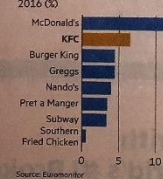
KFC said the decision to switch to DHL and QSL was made for a number of reasons, including "their focus on innovation, quality and sustainability"

Logistics experts are also clear that all the blame does not lie with DHL.

"[KFC] seriously underestimated the scale of the switch," said one. The decision to change suppliers during UK school half-term holidays — one of the busier times for fast-food restaurants —

### Where the UK goes for its fast food

Leading groups by market share, 2016 (£)



Source: Euromonitor

### Countries that consume the most fast-food chicken

Market size (\$bn)





# Chickens – Supply Chain & Brexit

“To put it simply,” KFC tweeted “we’ve got the chicken, we’ve got the restaurants, but we’ve just had issues getting them together.”

The company’s problems have caused mirth around the country but also show the serious consequences for business of a supply-chain hitch.

The great chicken run of 2018 will doubtless resonate with UK and Irish companies already concerned about the potential impact of border checks and customs delays after Brexit.

# Thank you

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