

ACROSS THE BOW

2009 OCTOBER NEWSLETTER

Volume four of the IPBS newsletter, Across the Bow contains our usual mix of news and updates from IPBS, along with topical and hopefully thought provoking articles:

Spotlight on Panama

We take a closer look at Panama in our regular regional spotlight. Panama's recent economic growth is a key reason behind its rising status as a favourable place to do business, and it is predicted by the International Monetary Fund (IMF) to have one of the fastest growing economies in Latin America. A well developed service sector is dominated by the banking, commerce and tourism sectors thanks in no small part to its geographic location.

Panama has bilateral trade agreements with several major trading nations in Central and South America and Asia and is currently in negotiation with Canada, Mexico and other Latin American nations which will open up further trade opportunities. A major revenue earner, construction of the 83km Panama Canal was completed by the USA in 1914. It is a modern marvel of engineering and a major project to build a new set of locks is sure to provide a boost for jobs and is expected to have a positive impact on the economy as a whole.

The strategic economic importance of the Canal is underlined by the fact that it generates significant revenues and provides a steady and ongoing source of employment. This underpins the general economy and contributes to Panama's flourishing trading location. IPBS has an established track record of working with companies in this vibrant region. We are ideally placed to help companies who are looking capitalise on this fast growing market by investing in private banking and wealth management technology to provide an ongoing competitive advantage.

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Customer update

The IPBS client base continues to expand and Genesis Fund Services Limited is one of the latest companies to turn to IPBS for best practice and regulatory compliance. The fund administrator is using IPBS/Business Manager, IPBS/Mutual Funds and IPBS/Share Registry and e-Banking modules. It has already completed the migration of 95% of its funds onto the IPBS platform.

Genesis Managing Director Antoine Bastian said, "We turned to the IPBS system so that we could continue to offer competitive services to our clients. The IPBS modules allow us to manage fund accounting and shareholder registry services along with clients and related parties from a Know Your Customer (KYC) and Anti-money Laundering (AML) viewpoint. It ensures that we are able to mitigate any operational risks that we may face"

The IPBS system will automate all back office processes that were previously carried out by various software vendors, thus streamlining the back office process and reducing the risk of error. The IPBS system incorporates the funds share register as an integral part of the funds accounting records, making the Net Asset Valuation (NAV) calculation available at the click of a button.

An important feature of IPBS/Share Registry is the ability to consolidate, in a portfolio or funds view, all of a shareholders holdings in any number of funds and/or fund classes. Equally importantly on the fund accounting side is the facility to roll up the accounting records of any number or fund classes and/or series into a single master fund view.

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Legacy systems - replace or adapt?

I am often asked whether it is a good strategy to replace legacy systems with more modern solutions. After all, the phrase 'legacy systems' often imply mainframe applications that have been around for thirty years or more, which surely means it is time for a change – isn't it?

My advice is always to move away from the 'convert at all costs' fanaticism and instead maintain a clear, rational dose of pragmatism at all times. The first thing to remember is the old joke; what is the definition of a legacy system...one that works. There is much truth in this – legacy systems have grown with the business over time and are well tried and tested. Changing these systems will always introduce risk. However, it is also important to acknowledge that technology has moved on in huge strides over the years, and a wise business is always looking for ways to use new advances to drive more value out of its IT investments. But the key is to always understand why a particular change is being contemplated.

Perhaps the most critical item of any pragmatic transformational plan is the roadmap and related coexistence and migration strategies. This must offer a smooth path that allows forward steps to be taken

as incrementally as possible, while at the same time keeping open the option of retreating if unexpected issues are encountered. Such a roadmap is the only way of sensibly managing risk, at both the operational and financial levels.

Fortunately there are a number of technologies that can help with this objective – for example, service-oriented approaches such as Service Oriented Architecture (SOA) make it possible to package legacy applications up into reusable pieces, enabling legacy systems to be moved bit by bit, and moved back just as easily.

It is rarely right to say 'all legacy systems must be migrated', or 'don't change anything'. It should not be the change itself that is important, but the reason for the change. However, as long as pragmatism overrides blind fanaticism then it should be possible to get the best return from the appropriate combination of legacy and new systems.

Article contributed by Steve Craggs of Analyst firm Lustratus, see www.lustratusresearch.com for more articles.

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Events

IPBS enjoyed a productive outing at the Annual STEP Caribbean Conference held back in May in the lush surroundings of Puerto Rico. The apt theme of how to cope in turbulent times was explored in some depth as it is clear that our industry is still coming to grips with the massive change that has occurred over the last 12 months.

However, what also emerged is that there are still companies enjoying healthy levels of business and continuing to invest in their supporting IT infrastructure to remain competitive. We will again be attending a range of events in 2010 but if you would like to catch up with IPBS before then please just let me know.

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The front page

We received lots of positive feedback on our article looking at how the private banking world has risen above the global financial turmoil on the [EU Bankers](#) website. If there are any other topics that you would like to see us address then drop me a line.

If you have a suggestion for a topic or would like to contribute an article for any upcoming issue of Across the Bow, then please email me at bruce@ipbs.com. I look forward to hearing from you.

IPBS continues to feature on the leading news sites around the world, with our news and views featured on Banking Times, Bobsguide, IT Director, Hoovers, Financial Technologies Forum, Miami Herald, Latin Vision Finance, Yahoo Finance and Forbes.com.

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Regards,



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