

WHO

YOU NEED TO KNOW

WHAT

YOU NEED TO KNOW, AND

WHERE

**TO GET INSIDER KNOWLEDGE
ON THE FINANCIAL WORLD**

FINANS

FORBUINDET

The financial world welcomes disruption

Something is happening in the financial world. The interest in new players and new solutions in the financial market is at an all-time high. Consumers take out loans with their smartphones, brands are launching their own payment solutions and start-ups are being crowdfunded like never before.

You might expect the industry to be quaking with fear of this disruption of the status quo. But in fact we see the opposite: Traditional business models are being rethought, new technologies adopted and products (re)invented. All these efforts aim to secure the future of a sector deeply woven into the fabric of society.

We can guide you through this landscape of players and trends. We know the industry inside out and we help you build your knowledge and network in the financial world.

WHO

YOU NEED TO KNOW

How is the financial sector structured?

The answer to this question can be elusive if you haven't spent your career in the banking world.

Allow us to give you a quick overview of the four cornerstones of the industry – and, not least, the public authorities, IT companies and organisations that hold it all together.

The four cornerstones

Financial institutions is a common term for banks, savings banks and cooperative banks. In Denmark, more than 90 financial institutions make money by lending money – to put it simply.

What are the largest international financial institutions? Not surprisingly, they are found in China, where the four state-owned banks – *ICBC, CCB, ABC* and *Bank of China* – are the world's largest. Other notable banks on the global scene include *HSBC, JP Morgan Chase, BNP Paribas, Deutsche Bank* and *UBS*.

Mortgage credit institutions provide loans secured by real estate. The Danish mortgage credit system was estab-

lished after large parts of Copenhagen burned down in 1795. Money was needed for rebuilding efforts, so some smart people invented a system that ensured borrowers fixed low interest rates while providing lenders security for their loans.

Denmark has six mortgage credit institutions, which are represented by: *Realkreditrådet*, and *Realkreditforeningen*, The Danish Mortgage Banks' Federation.

What are the largest international mortgage credit institutions? Among the world's largest mortgage credit institutions are the US-based *Fannie Mae* and *Freddie Mac*, which you probably heard about during the financial crisis. They found themselves

embroiled in controversy for issuing the so-called subprime loans that were at the very root of the crisis.

Insurance companies and **pension funds** make up the last two of the financial sector's four cornerstones. Generally speaking, the insurance companies receive payments for assuming individual and commercial risks, while the pension funds earn their keep by managing and disbursing retirement pensions.

No system without rules Financial institutions and mortgage credit institutions are both subject to extensive regulation. In Denmark, these regulations are determined by organisations including *Danmarks*

Nationalbank, the Danish Parliament, the Ministry of Finance, and the Danish Financial Supervisory Authority. The big boys at the European level are the European Central Bank (ECB) and the European Banking Authority (EBA).

IT companies

The digitisation of financial systems is hardly a new phenomenon exclusively tied to today's fintech wave. On the contrary, it has strong historical roots. The first *data centres* – 1960's terminology for IT supplier – were founded more than 50 years ago and many of them exist to this day. Only Danske Bank and Nordea have their own operating organisations, while Denmark's other financial institutions employ the services of one of the following companies:

SDC, BEC and **Bankdata** were all established in the 1960s. SDC is both Denmark's first and largest IT supplier, currently servicing approximately 120 financial institutions in the Nordic countries.

JN-Data was founded in 2002 by Jyske Bank and Nykredit. JN-Data has taken over a large share of operations from the other data centres and now services approximately 200 financial institutions.

Nets, formerly known as *PBS*, is the financial institutions' common payment company. Nets operates the Dankort, Betalingservice and NemID systems.

The organisations

Financial Services Union Denmark

is the trade union representing employees in the Danish financial sector. In the past, virtually all of its members were trained bankers, but the union now also represents members with backgrounds spanning from IT to law and communications. FSU-Denmark is a member of the main organisation FTF, where FSU-Denmark's president, Kent Petersen, is the vice president.

At FSU-Denmark, our primary mission is to ensure that you thrive and succeed in the financial sector by strengthening your knowledge and your network in the industry. We believe that there is no such thing as a dumb question. So use us!

The Financial Sector Employers' Association (FA) represents approximately 200 companies operating in the financial sector.

The Danish Bankers Association, The Association of Local Banks in Denmark, Savings Banks in Denmark, Savings Banks and Cooperative Banks in Denmark and The Danish Regional Bankers' Association (RBF) – these are the interest groups and associations that Denmark's financial institutions are organised under.

WHAT YOU NEED TO KNOW

When reading about all the established players in the financial sector, you could easily be led to believe that everything is business as usual and never changes.

But think again! We are currently witnessing an incredible number of exciting trends that are challenging the industry.

Let's take a closer look at some of them.

The cashless society is here to stay

New payment solutions are being launched all the time by global players and small fintech companies alike. Meanwhile, the EU is implementing a lot of new rules, some of which impose security requirements while others are designed to stimulate innovation.

European Banking Authority (EBA) and **Single Euro Payments Area (SEPA)** are examples of EU institutions and initiatives that make requirements regarding security and uniformity of payments.

PSD and **PSDII** sound like files you can download, but they are actually two payment service directives from

the EU. They set out requirements regarding openness, entitling bank customers to grant third parties access to information and money transfers in online banking systems.

Amazon, Apple, Alibaba, Facebook and **Google** are examples of strong platforms being used for new services – including payments and other products formerly provided by financial institutions. Perhaps you have already heard of Apple Pay and Alipay? These new players also bring about new challenges in terms of creating a reasonable legislative framework for a sector undergoing profound changes.

Online banking is now used by 85% of Danes. In fact, The Nordic countries

are world champions when it comes to online banking.

Mobile banks have also become extremely popular in Denmark and are now among the country's most used smartphone apps.

Mobile payment – such as Danske Bank's *MobilePay* – is an increasingly popular phenomenon. The next big step for mobile payments is payment in stores. MobilePay and Swipp will be facing strong competition in this field from global tech giants, which have already launched user-friendly solutions such as Samsung Pay and Android Pay.

The Internet of Things (IoT) is the name of a trend in which an ever-grow-

ing number of intelligent devices are connected to the internet. This field also has great potential for smart payment solutions. After all, what's the use of a smart fridge that can order milk but cannot pay for it?

Tokenisation is the underlying principle in the distribution of payment options to mobile phones and other smart devices. In basic terms, it involves the issuance of keys or so-called tokens instead of spreading sensitive information such as payment card numbers.

Digital ID-solutions – such as NemID – can also be made smarter and combined with payment options. The idea is to exchange only the information needed – and nothing more. For ex-

ample, a token used to pay for a pint of beer can also confirm that the buyer is over the age of 18.

It's getting crowded in here!

Consumers' favourite solutions all focus on user friendliness and convenience. The same is true in the market for small and medium-sized enterprises, which is also full of new technologies and services.

Crowdfunding, Crowdlending and **P2P** lending are examples of phenomena that channel money from those who have funds to those who need them – without involving banks. This thereby disrupts the core business of financial institutions – financing. You

may have heard of platforms such as *Kickstarter*, *Indiegogo* and *LendingClub* – or the famous *microloans* facilitated by companies such as *Kiva*.

Web-based accounting, such as the service offered by the Danish company *Dinero*, is also gaining ground among SMEs. And in the field of *supplier management*, we have recently seen the emergence of *Tradeshift* as another Danish success story.

Blockchain is the technology behind *Bitcoin* and without a doubt one of the most hyped concepts in the industry right now. In short, Blockchain enables the immediate verification of transactions, without the involvement of a central authority. Therefore,

you will probably also hear the term *decentralisation* when you hear talk of Blockchain.

WHERE

TO GET INSIDER KNOWLEDGE ON THE FINANCIAL WORLD

The internet offers excellent options for staying up to date on news in the Danish and international financial sector.

In the following, we present some of the most respected financial media and organisations you can keep an eye on.

Danish financial media such as *Børsen* and *Berlingske Business* may already be familiar to you. We also recommend:

- FinansWatch.dk
- Finans.dk

International financial and payment media can also be found aplenty on the internet. The following are good – and free:

- Finextra.com
- ThePayers.com
- Pymnts.com
- MobilePaymentsToday.com
- Bobsguide.com

Looking for extra homework?

These organisations have a strong focus on knowledge sharing in the financial sector:

European Payments Council, EPC EPC's role is to promote integration and payment

cooperation across borders within the 34 SEPA countries.

europeanpaymentscouncil.eu

European Bankers Association, EBA

Bank association for more than 180 European payment and financial institutions. EBA conducts research, provides training and issues free publications to the public.

abc-eba.eu

Mobey Forum

A global bank-driven interest group that deals with mobile financial services. The organisation has published a range of reports on subjects including mobile wallets and, most recently, the new mobile payment solutions from Apple, Google, Samsung and Microsoft.

mobeyforum.org

Nordic Financial Unions, NFU

At the Nordic level, Financial Services Union Denmark has teamed up with seven other Nordic financial and insurance trade unions to establish Nordic Financial Unions (NFU). NFU aims to strengthen and coordinate Nordic efforts in the European and global financial sector.

nordicfinancialunions.org

UNI Global Union

Financial Services Union Denmark is a member of UNI, which represents 20 million service sector employees in 900 trade unions around the world. UNI focuses on employees of transnational companies and the challenges of a globalised labour market.

UNI Europa is the European branch of UNI, with headquarters in Brussels.

UNI Europa has seven million members and contributes to giving Financial Services Union Denmark an effective network that strengthens its influence on EU institutions, enables dialogue with European employers and provides access to a range of European committees in the financial sector.

Financial Services Union Denmark also works through UNI Finance and UNI ICTS, which are UNI's global branches for the financial and IT sectors, respectively.

UNI Europa Finance represents 1.5 million financial sector employees in Europe. Michael Budolfson, vice president of FSU-Denmark, is the elected president of UNI Europa Finance.

uniglobalunion.org

Visit Finansforbundet.dk/hvem

Our website is also well worth following. You can sign up for our newsletter and read Magasinet Finans (in Danish), which covers current issues in the industry. At the website you can also read more about:

Network of Young Academics – Our professional and social network for young academics under the age of 35 who are members of Financial Services Union Denmark.

Dansk IT – Denmark's largest network of IT specialists and one of Financial Services Union Denmark's partners. Dansk IT gives you access to after-work meetings on topics relating to the IT industry, as well as 40 different IT networks and experience groups. Members of Financial Services Union Denmark also save the annual membership fee of DKK 1,585.

Events and courses – For those who want to stay sharp. You can attend talks at Finansforbundet University, where in just one hour you will get a broad update on developments in the sector.

Get a mentor – Financial Services Union Denmark's mentor programme is offered in collaboration with certified specialists from KMP+. The programme involves eight meetings over a period of 10 months.

Worklife Investment – A programme for those seeking career counselling in the financial sector. This free and individualised career examination helps you define your aspirations and skills while charting a detailed plan for your career.

1st edition

Printed March 2016

