



Brian Sentance

# 2020 Vision?

It's crystal ball time at  
Chez Sentance ...

Hi folks,

A bit of a departure here from my usual technology column, but as it is coming up to the holiday season I thought I would make a light-hearted attempt at forecasting some of the (im)probable headlines in Wilmott's November issue in the year 2020 — any better ideas, please send them in. You do not need to look far for inspiration over recent months in my view.

Best wishes for a happy and successful 2008,  
Brian.

## GLOBAL BIG THREE FIGHT FOR TOP SPOT IN UNIVERSAL BANKING

The recent spate of consolidation and intense competition in the universal banking sector looks set to continue, with a number of key players gearing up to announce their financial results this week.

FaceBank, the social conglomerate, looks set to reaffirm its dominance as the preeminent universal bank, with revenues rapidly approaching \$1.5 trillion.

This seems a long way from its innovative roots as a 'social networking' site on one of the earliest versions of the global grid 20 years ago. The bank first extended its online presence via the now ubiquitous Face2Face retail franchises in 2014 with the opening of its inaugural store in Shanghai. It has just opened its 1,000th store in New York City — a testament to its global reach.

The retail persona of FaceBank is what we all see, but the basis for its recent success was the stunning 2014 purchase of eBeach, the leading



Compute power crisis deepens ...

global auction market. The purchase of eBeach effectively meant that FaceBank had purchased the largest financial market in the world, thus enabling it to provide truly universal financial services to its entire client base, from retail investors to global, enterprise-level clients.

Alongside of the liquidity and market access offered by the purchase of eBeach, its technology services were second to none, as demonstrated when the 'social market' phenomenon first led

eBeach to become the world's dominant retail and wholesale trading location in 2012.

Backed by this technology, its community liquidity, and its real-time social ownership approach, FaceBank has led the way in micro-finance, announcing recently the first in a range of long-dated structured credit derivatives for retail investors. For as little as \$100, investors can participate in the returns of some of the most attractive sub-prime loan derivative structures.

FaceBank's CTO, Rachael Hodgson, said: "I firmly believe that we will lead the way in technology for the coming decade. Our clients are transacting in ever smaller amounts at ever greater levels of complexity, with most transactions only costing our clients a few thousandths of a percent. However, our key differentiator is the ability of our clients to create, finance, and market their own derivative deals to and from the FaceBank community. FaceBank is the ultimate technological evolution of the old 'mutual' financial institutions of the 19th and 20th centuries, and to quote our company strapline, 'If you can think of it, you can finance it.'"

Also on the rise is Southern Stone, which has only just emerged from its successful fight with the Global Mergers & Acquisitions Council over its recent acquisition of Microgargle, the US-based software and services provider. Much of the dispute seems to have focused around the European Federal Bank's willingness to guarantee the financing of this trillion-dollar banking services and software deal.

The CEO of Southern Stone, Adam Peargirth, commented: "We are delighted that the Council have finally come to their senses— federations have been doing this sort of thing for years, and the sooner it is accepted, the sooner we can all get on with making billions of dollars."

When asked for a response, the Council declined to comment.

## COMPUTE CRISIS DEEPENS — RATIONING ACT PASSED

The ongoing crisis of computing power affecting the Global Grid worsened yesterday, as many countries experienced a complete blackout of compute power as demand exceeding supply.

The European Federation was left without access to the grid for over two hours yesterday, preventing trading in a wide range of products. As a result, the EF rushed through the final review of the Compute Power Rationing Bill and passed the Act this morning. The Act seeks to ration out EF access to the Global Grid, and other countries are expected to follow suit this week to curb any further periods of downtime.

"With all market participants relying on the grid to keep their trading systems running, we

cannot afford another dip in availability," said Ross Haddox, EF Technology Minister. "This Act will ensure there is enough capacity for the markets to function, and we ask all citizens to be patient at this time of crisis."

The latter remark by the Minister is seen as significant, as the government's reputation has been damaged recently in the real-time polls over grid access and the astronomically high price of compute power.

Echoing past oil crises of the 20th century, compute power pricing has hit hitherto unheard of levels of €7.56 per Teraflop, and three-month Teraflop futures were quickly trading up to almost €18.15 once the markets were rebooted.

## ALGONATION.COM SOUNDS OPENING BELL

Online algorithmic trading portal [algonation.com](http://algonation.com) — dubbed the 'eBeach' of automated trading — launches its services onto the Global Grid tomorrow.

Initial reports speculate that up to 1 billion consumers have already signed up and are ready to trade. The site, which promises to bring algo

trading to the home, claims to offer sub-nanosecond execution across all security types.

Once logged in, users can activate the algorithmic function by a large orange 'algo' button. The in-built automation engine then takes all responsibility for trading decisions and keeps the user informed via its mobile device.

Algonation.com heralds a critical moment in financial services, as the public can finally access some of the most sophisticated and compute-intensive tools previously only available to the financial markets for almost two decades, said founder John Silk.

"We are finally bringing the power of algorithmic trading into the home of billions of customers," Silk said. "All you need is premium access to the Global Grid, and you can leave [algonation.com](http://algonation.com) to trade for you, 24 hours a day."

## PET DERIVATIVES MARKET FLOURISHES AS BIRD COVER FLIES HIGH

The flourishing pet derivatives market has taken another turn for the bizarre, following a number of animal insurers' moves to further fragment and differentiate their policy offerings.

With standard policies already allowing, for example, cat owners to insure their pets against attacks from specific breeds of dog, bird owners now have an extended portfolio of products to choose from. New bird policies from one leading insurer include:

- Accidental poisoning
- Home appliance and vacuum cleaner cover
- Escape (with optional ceiling fan protection)
- Misclassification
- Pet psychiatry and counselling cover

One analyst suggests that this is just the tip of the iceberg for the so-called "micro-derivatives" derivatives" market as technology allows insurers and market makers to calculate risk on ever-smaller events.

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"We have already seen this effect in the travel insurance sector earlier in the decade, with some insurers offering cover for travelling to work on specific days or for taxi rides," said Michael Kay of specialist advisory service Kay Associates.

"All insurers are now jumping on the bandwagon of personalised personalized cover. Thanks to the micro-derivatives revolution, we will soon be living in a world where any risk can be priced, bought, and sold. Looking to the New Year, I see strong growth across the whole sector with CPOs (Collateralised Collateralized Pet Obligations) being my tip as the product for the new decade."

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