



Our latest newsletter looks at our partnership with eShore Ltd, the risks and challenges involved in dealing with Cyber Crime, the growth of Mauritius and several events where you can see IPBS. Don't miss the article by Sean Raine on the Pillars of Wealth Management too.

If you have any comments or feedback on the issues raised in this newsletter then please email me at bruce@ipbs.com and you will receive a personal reply.

Regards

Bruce Raine

Bruce Raine
CEO and Founder, International Private Banking Systems

Events

You can see IPBS at two events in the coming weeks:

Firstly on 22 September we will be hosting an event in the Cayman Islands giving people the opportunity to hear more about IPBS and eShore in a relaxed and informal environment. It starts at 3.30pm with registration followed by a one hour demo with Bruce Raine & Polly Pickering. There will be a networking session over drinks and nibbles from 5:00-7:30pm.

Venue: Abacus Restaurant, 45 Market Street, Camana Bay, Off Seven Mile Beach, Grand Cayman, Cayman Islands. [Sign up](#) today!

eShore will also be running the next Certified Information Systems Security Professional bootcamp with Jay Ranade wc 5 December. You can [reserve](#) your place today.

Partner News eShore Ltd

IPBS has signed a partnership with eShore, a trusted IT service provider to offshore international banks and financial services organisations. By working together, the two companies will accelerate the expansion of our private banking and wealth management customer base.

eShore provided the technical infrastructure and implementation services when IPBS wanted to provide a cloud hosted version of our private banking system. The initial engagement proved successful and as the mutual client base grew, it was a logical progression to strengthen the relationship to exploit the wider market opportunity for cloud-based wealth management systems.

Under the terms of the partnership, eShore will market and sell the IPBS system in a number of international offshore financial centres where eShore has an established presence. Support and development will continue to be provided by IPBS.

The geographic territory will cover financially regulated offshore jurisdictions including Antigua, Bahamas, Barbados, Bermuda, British Virgin Islands, Cayman, Jamaica, Trinidad, Channel Islands, Mauritius (see our article on Mauritius below), Turks and Caicos and St. Lucia.

Polly Pickering, Managing Director of eShore commented “Private banking systems are a core application and therefore need a high level of security to minimise operational risk. IPBS has a strong market reputation as a boutique provider offering a responsive client-focused service. Our clients rely on eShore for critical IT systems and IPBS met our very high standards for functionality, automation and resilience. Additionally, the platform offers a rapid ROI which is good news for the client and for us as a supplier.”

Cyber Crime

Cyber Crime is growing exponentially. In 2015 the number of security breaches rose with 90% of large organisations having experienced a security breach according to a survey by PwC. The cost of these breaches can be significant with the average financial impact estimated to be between \$2 - \$4m. Worryingly, human error and deliberate action are still the main causes. Another PwC report estimated that Cyber Crime costs businesses some \$400bn every year.

The instances of cyber crime hitting financial institutions are growing. This year alone, two major frauds have happened at banks connected to the SWIFT network, with both Vietnamese and Bangladeshi banks subject to major frauds, in the latter case, amounting to \$101m, less than half of which has been recovered.

Cyber extortion is a growing threat but the reality is the practice is largely hidden because many firms will pay what is needed and hope news doesn't leak out for fear of damage to their reputation. It is likely that the figures quoted at the start of this article may even be an underestimate

All companies and not just those in the financial sector need to be alert to the risks posed by Cyber Crime.

Every company has what is called a 'digital shadow' – this is information that is exposed on a personal, technical or organisational level. This information is often highly confidential and not something that the company would be happy knowing was available to those who know where to search.

Yet look at the LinkedIn profile of many employees and they often inadvertently reveal details of the systems, firewalls and other security measures protecting their organisation. A hacker that is armed with the knowledge of a particular firewall might direct specific attacks against unpatched weaknesses using this knowledge.

What steps should businesses be taking? A useful framework was presented by BAE Systems at a recent IT Security event in the City of London:

1. Understand who might be attacking your systems and why?
2. What tools might they use?
3. What attack scenarios exist?
4. Test your defences in a secure environment
5. Is the attack likely to succeed?
6. Is the attack likely to be detected?

According to PwC, the financial industry is a frequent target, facing two or three times the number of cyber attacks compared to other sectors. Unfortunately institutions with legacy systems or those that are not maintained and fully up to date are most at risk.

This is a very real and present danger for the wealth management industry. With confidential financial and tax records, wealth managers, trusts and private banks are likely to be a prime target for cyber attackers in the future.

While large global organisations typically have a sizable budget to address cyber security, for smaller institution, the costs can be prohibitive.

The best advice I saw is that if you don't have a dedicated cyber security team then it might be worth investing in one, and if you already have one, it might be worth spending more to beef it up. It is likely to be money well spent.

Polly Pickering of eShore adds, "Cyber attacks on business email and data breaches continue to rise at an unprecedented rate. It is widely recognised that the most well-known hack in recent years, which occurred at the firm of Mossack Fonseca, may have been the result of out of date applications on various systems and known vulnerabilities present in core client facing interfaces. To protect themselves, companies need state-of-the-art teams and technology but critically, it is awareness and training - coupled with executive buy-in that really makes the difference."

eShore will be running a Certified Information Systems Security Professional bootcamp with instructor Jay Ranade week commencing 5th December. To reserve your place, [sign up](#) online today.

Mauritius

Officially known as the Republic of Mauritius, the island lies in a strategically important location in the Indian Ocean around 2,000km off the coast of East Africa. Since it gained independence from the British Empire in 1968, the island's economy has continued to develop and according to the World Bank's 2016 'Ease of Doing Business' report, Mauritius ranked top out of all African nations for commerce, coming ahead of the likes of Spain and Japan too.

It is internationally recognised as a well-regulated and transparent jurisdiction with more than 20 years proven track record in cross border investment and finance. Mauritius therefore offers a perfect gateway for companies wishing to invest into Africa, Asia and other emerging economies.

The Financial Services Institute (FSI) operates as a key department of the Financial Services Promotion Agency (FSPA) which is responsible for the promotion and development of Mauritius as an International Financial Centre (IFC) of excellence.

Since 1992, the global business sector of Mauritius has grown significantly to become one of the main strengths of the economy. It offers sophisticated financial products including global collective investment schemes, close-ended funds, expert funds, specialised collective investment schemes, CIS management and investment dealers.

Today, the Mauritius IFC is made up of 22 local and international banks, offering a wide array of services, from traditional retail banking facilities to services such as fund administration, private banking, structured trade finance, Islamic banking, investment banking and custody services.

As it aims to move beyond a tax-centric jurisdiction with a focus on offering value-added services and new financial opportunities, Mauritius represents an attractive location for businesses. IPBS works with organisations in Mauritius and can help companies looking to capitalise on its fast expanding economy, regional opportunities and strong regulatory compliance controls. Please [contact us](#) if you would like to find out more.

Article: Four Pillars of Wealth Management

Sean Raine, Vice-President and Director at IPBS has contributed an article “Survive, thrive and serve in wealth management” to the Bahamas Investor magazine (read latest issue here (link to their website)).

After surviving a period of asset prices in freefall, spiralling revenue and the near collapse of some of the world’s leading wealth management firms during the financial crisis, the global wealth management industry has regained some of the ground it lost but there are many challenges that remain.

Increasing global regulations, the move from undeclared to declared offshore assets, ever evolving client behaviour, the rapid advance of digital technologies, and a dynamic competitive landscape have changed the rules of the game and raised the cost of doing business.

Many Bahamas wealth managers will face serious revenue and profit challenges ahead - both measures still lag historical performance levels. These market players must gear up for radical change, and transition to a ‘new normal’.

What can wealth managers do about the change taking place around them? They must embrace a new approach to doing business that seamlessly blends the online, mobile and social experience. Wealth managers must learn the new rules quickly, particularly as there is no sign at all of competitive pressures easing.

Four pillars underpinning an effective wealth management strategy

Over the next 12-18 months, there are four pillars that should uphold every wealth management strategy according to Strategy & Inc: Deciding where to compete, revisiting your business model, adopting a ‘Fit for Growth’ approach and leveraging the opportunities on offer from embracing technology.

Most wealth management firms rely on their advisors as the best way of finding new customers. Effectively embracing the digital revolution will enhance and complement the expertise of your advisors and relationship managers and that can only be a good thing.

Digital marketing can also have a positive impact on the customer acquisition process. Prospective customers are increasingly conducting their research online, where peer reviews are carrying greater influence. Firms must develop new ways of thinking that tap into social media as part of building a more rounded, 360-degree view of the customer.

Given that delays, indecision, and inaction are likely to have a detrimental effect on future business performance, it makes more sense than ever to act now. As Darwin once observed, ‘only the strongest will survive’. Wealth managers need to act today in order to ensure that they are one of the institutions that not just survive, but thrive.