

# Hyper-efficient and flexible systems needed for a **hybrid** post-trade era

Hybrid is a word that may well end up defining this period in history. Hybrid cars, hybrid working (thanks to the COVID-19 pandemic), hybrid customer service and advisory models, hybrid “phygital” events – and the list goes on. But the biological origins of the expression point to it being a complex temporary period leading to a simpler, non-hybrid future.



Contributed by  
**Alan Goodrich, ERI**

In general, hybrid animals and plants are unable to reproduce. Hybrid cars are likely to have a short-lived existence, with the old combustion engine technology disappearing altogether before very long. Home/office hybrid working is also already looking like a temporary, rather than permanent, solution. The conversational aspects of hybrid customer services and advisory models may also diverge, as the experience matures, to being either fully AI for the mass market or fully human for the wealthy. The challenges of managing the user experience of physical as well as digital events are likely to polarise these back to being either one or the other eventually. But, for a period of time, in all these cases, the hybrid scenario has to be managed and live alongside the old and new models.

**So, what about** assets and investment vehicles? According to a recent report from CryptoCompare, total AUM across all

digital asset investment products increased by 57.3% (USD 54.8bn) in just one month from July to August 2021. Aggregated daily volumes across all digital asset investment product types increased by an average of 46.6% in the same period with average daily volumes standing at USD 544m. Compared to conventional/traditional AUM, these digital assets still only account for a relatively small proportion of the total market, but the speed of growth and adoption/acceptance of tokenisation points to a tipping point being reached in the not-too-distant future.

**Much has been written** and discussed recently on the Post Trade 360 platform regarding the “Internet of Value”. Underlying this concept is the “tokenisation thesis”, which postulates that DLT is a superior mechanism for representing and transacting digital value – providing “always-on”, resilient, global, programmable, multi-asset financial networks with the endgame being the tokenisation of all regulated liabilities.

**Indeed, any institution** that is currently planning to issue securities or launch investment funds must already be thinking about whether it makes sense to do this through traditional mechanisms, or instead go straight to tokenisation. As another example of the speed of change, the T-REX platform from Tokeny, a Luxembourg company that is 23.5% owned by

Euronext, has already quickly clocked up EUR 8.5bn in tokenised assets.

**In short**, the post-trade ecosystem is going to have to live for some time within a hybrid world, in which all forms of asset exist side-by-side, until eventually the non-digital assets become extinct. Customers are going to need conventional accounts and digital wallets while also investing in and managing portfolios of both digital and non-digital assets, which in turn may potentially also be invested in a mix of digital and non-digital assets.

**So while the conventional/traditional** model is grappling with the post-trade settlement limbo bar heading down to T+1 from T+2, the coming period of hybrid asset models will also need core systems to support and reflect the “always-on”, DLT-based digital asset post-trade activities in true real time, with process automation levels and built-in compliance controls that deliver new levels of efficiency and flexibility. ■

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*Alan Goodrich  
Regional Sales Manager at ERI  
Fellow of the IAP (Institution of Analysts & Programmers)*

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