

# Crossing a new frontier

**Nicholas Hacking**, Director of Sales for OLYMPIC Banking System, the core banking system from **ERI Bancaire**, says crossing the Atlantic isn't as scary as EU firms think



**The Canadian banking sector weathered the storm of the 2008 financial crisis remarkably well, emerging practically unscathed from a period of turmoil that left brutal scars on the faces of banks worldwide. Why? Demography and prudence, according to Nicholas Hacking, director of sales at ERI Bancaire .**

"In terms of banking, the Canadians are a fairly conservative bunch," says Hacking. "That doesn't mean that they don't like things that are modern – it just means that they take time to examine something carefully before doing it. They never rush into things, unlike some other areas that tend to adopt the fashion of the week or month at the drop of a hat.

"Not only this, but the Canadians have a mathematical advantage," he adds. "When you judge the country in terms of the size of its economy, there are comparatively few banks in Canada. As a result, what you have is a robust, compact economy that is spread across only a handful of institutions.

Furthermore, the Canadian banking community is very close-knit (despite the vast geographical distances involved); Canadian bankers all seem to know each other. If you tie these factors together with a conservative investment strategy, it's hardly surprising that the Canadian market remained secure and unified in the wake of a crisis that caused fissures to open up between the rest of the industry."

Perhaps the portrait of Canadians as rugged, hardy folk is not just a stereotype after all, considering the fact that the nation's banks survived one of the harshest economic winters of all time with barely a scratch to show for it. Thanks to its consistent strength and resilience in recent years, the Canadian market is proving attractive to many European firms currently looking to go West, including ERI Bancaire .

Hacking is confident of the advantages the country has to offer. "We've developed a strong partnership with a Canadian client, and we're very pleased about that," he says. "It's a totally new geography for us, but we're finding our client to be particularly helpful as we cross this new frontier."

ERI Bancaire is the company behind the OLYMPIC Banking System – a modular, browser-based application that has been adopted by more than 300 banks and financial institutions in 50 countries on five continents, as a means of fully integrating and centralising their core banking functions. Adapting its software to fit a North American market has been an enlightening process.

"We've been learning a lot from our client, not just in terms of Canadian specificities, but also about the more general workings of the financial industry on the other side of the Atlantic," says Hacking.

"Our application took them by surprise at first, since they weren't accustomed to the level of integration and having so much functionality within one single package. We've recently spent a lot of time demonstrating to them just how much exists within the OLYMPIC Banking System, and how they can use all of this functionality to transform their processes."

## Knocking on the US door

Like many other European firms planning to expand into North

America, ERI Bancaire has opted to target the Maple Leaf as opposed to the behemoth that is the Stars and Stripes.

Hacking believes it's no coincidence that firms are spurning the US in favour of their northern neighbour.

"Coming from Europe, Canada is a country that's much simpler to start servicing," he says. "Although it is much smaller in terms of sector size, compared to the US, there are still great opportunities to be had within the Canadian economy, and we've found it easier to engage in interesting conversations with Canadian clients as opposed to those based in the US.

"Although we're not currently trying to market ourselves stateside, we did try to dip our toe into the US a few years ago," says Hacking. "Comments such as 'you're not American, you don't develop in the US, your source code is not based here' were somewhat frequent, and caused us to pause our operations across the Pond.

"This time, we've avoided heading straight for the US and have instead chosen to generate a client base in Canada. I'm not saying that the Canadians have an identical approach to us – there's obviously a very North American flavour to the way they do things – but it's running very smoothly," says Hacking.

Once they're on Uncle Sam's doorstep, though... well, who knows?

The fact that Canadian banks are keen to say 'bienvenue' to firms such

as ERI Bancaire, may give them a route into North America without having to directly penetrate it. But institutions are often dissuaded from setting sail from Europe for fear of being capsized by the regulatory disparities that exist between the two continents. Don't be, says Hacking.

"With the General Data Protection Regulation (GDPR) arriving next year and the revised Payment Services Directive (PSD2) on the horizon, the landscape of European regulation is currently fraught with difficulties for

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firms," he says. "Many may shy away from the opportunity to market themselves across the Pond, as they may believe that navigating a whole new set of North American regulations would prove too laborious for their business.

"However, we've discovered from our own experience that, in practice, North American regulations are not so far removed from European ones," he says.

"Across regions, there is very often a tendency for regulations to point in the same direction, albeit with a slightly different flavour. Of course, firms need to try to understand what the nuances of each particular jurisdiction are, although they rarely need to totally rework their products and services, as many may believe. Instead, a subtler approach is both necessary and effective, where institutions merely tweak their offerings very slightly in order to meet regulatory requirements.

"Here at ERI Bancaire, we're very lucky in this regard since our application is almost entirely parameter driven," says Hacking. "This means that it's relatively easy for us to manage regulatory differences, since we can just alter the parameters of our software to comply. For example, we would look at the rules surrounding know your customer (KYC) and the Markets in Financial Instruments Directive (MiFID) in North America, and then set about altering specific details within the OLYMPIC Banking System so that it is compliant within the US and Canada. Sure, this can be a fiddly process at times, but it's worth the effort should you wish to access the rewards of a highly advantageous market, such as Canada's."

**Not such a wild West:** Canada has a robust, compact economy