



Newedge Group deploys Accord for FX confirmation matching

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Dennis Sweeney, Co Treasurer Europe & Middle East, Newedge Group

Global broker Newedge Group is a newly-created 50/50 joint venture between Société Générale and Calyon, the corporate and investment banking division of Crédit Agricole Group, combining the FIMAT and Calyon Financial businesses.

Business challenges

- › Access to a matching application requiring minimal involvement from the internal IT team
- › 24 hour matching
- › Robustness and scalability to handle significant volume growth
- › Matching allocations to support client give-up business

Benefits for Newedge Group

- › Cost-effective solution
- › Minimal internal IT input required
- › Automatic access to new functionality
- › Ability to handle growing volumes
- › Scope to extend to other asset classes
- › Opportunity for seamless integration with back office
- › High level of end user satisfaction
- › Simplified matching process, using existing SWIFT messages

Business challenges

Newedge Group has ambitious plans to be a leading force in the global multi-asset brokerage business. As it builds on its existing strengths in futures and options, securities, FX and OTC and in global execution and clearing and prime brokerage, Newedge Group is aiming to maximise revenues while also minimising operational costs, improving operational efficiency and reducing operational risk. Keen to generate new efficiencies in the area of FX confirmation matching, Newedge Group adopted SWIFT’s Accord matching service in early 2008.

The FIMAT business – now part of Newedge Group – had been using another third-party confirmation matching solution for some time, so the benefits of automated matching of confirmations, including reducing the risk associated with human error, were well understood within the firm.



However, a number of factors convinced Newedge Group that Accord would better meet its needs than its existing third party solution. One was the scalability and reliability of Accord, which offers 24 hour matching. This robustness will be particularly important as the joint venture leads to a significant increase in the volumes of trades to be matched.

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A second factor is that Accord is a centralised matching solution, which requires little or no involvement from Newedge Group’s internal IT resource. This is a welcome benefit, since the internal IT team is freed up to focus on the firm’s core systems.

Third, Accord simplifies the confirmation matching process for Newedge Group; as far as Newedge Group is concerned, Accord is just an extension of SWIFT, performing a match using the messages that Newedge Group is already sending to the network.

Benefits for Newedge Group

Newedge Group chose Accord because it provides:

- A central matching service requiring minimal involvement from the internal Newedge Group IT team. “As a brokerage we have 75 IT people, but we have to buy their time, and their focus is on the key systems,” says Dennis Sweeney, Co Treasurer, Europe & Middle East, at Newedge Group. “It was great to find a product that could support the business of the joint venture on

which we have to do no IT work. SWIFT develops an industry standard for matching, and all we do is plug it in. As it changes, we don’t play a part in the development work; we just get a better solution. In a brokerage house, a software solution that is seamless to management is an absolute godsend.” Additionally, “the people who are using Accord every day are satisfied with the solution”, he adds.

- A scalable, robust, 24 hour matching capability. “We were not looking at matching from just a FIMAT point of view, but from a global perspective,” says Sweeney. “We needed a solution to not only meet our needs today, but also to meet our needs in the medium and longer terms. I wouldn’t have wanted to rely on our previous third party solution to support all the business of the joint venture; the supplier doesn’t do 24 hour matching, whereas we know Accord is used 24 hours a day. Also there were questions over how sturdy our previous solution is. Accord has the necessary reliability and robustness.”
- A cost-effective matching solution. Newedge Group has made cost savings because it has not had to renew its contract with its previous third-party matching system supplier, according to Sweeney. Using Accord means Newedge Group can benefit from improved pricing in line with volume increases, as all of the business of the joint venture is moved on to the system. While it is too early to exactly define the return on investment (ROI) Newedge Group has achieved through its migration to Accord, he says, “the future will bring us savings”. “In the world of the joint venture this is a cost saving; it will be part of the synergy,” adds Sweeney.
- A simplified matching process.

“Even simple processes can be hard work if you have a lot of people doing them,” says Sweeney, “but Accord makes a simple process easy. It has an attractive and user-friendly GUI, and then behind that it performs functions very simply.” Accord carries out the matching process without requiring Newedge Group to do any extra work, he adds. “Accord simply captures the same messages we are sending anyway. Accord to us is SWIFT: it’s the same provider performing an additional function using the same information.” If an incoming message from a counterparty has already been received into Accord, when the Newedge Group message goes out if there is a match Newedge Group will in the majority of cases see that match before its counterparty, he says. In addition, because Accord timestamps all messages, the service also provides useful insight for Newedge Group into the confirmation timeliness of its counterparties.

- A solution to handle allocation matching. As a broker dealing with client give-up business, Newedge Group has to be able to process allocations [distributing trades across a number of different portfolios], which means its matching system needs the capability to handle one-to-many and many-to-many matches. Until now, Accord has handled one-to-one matches only. “Unless Accord could give us the ability to match one-to-many and many-to-many, the greater added benefit of using the solution wouldn’t have been there,” says Sweeney. SWIFT responded quickly and effectively to this requirement, he reports, creating a solution to enable Accord on a daily basis to recognise Newedge Group’s allocations, and training Newedge Group’s staff to use the new solution. “SWIFT’s aim, like

ours, was clearly to make this work, and its response to meeting our slightly different requirements was superb, and enabled our implementation of Accord to keep on track," adds Sweeney.

Solution overview

All Newedge's Accord users are based in London. Disaster recovery can take place from any computer using a secure sign.

Newedge was already sending MT300 messages over SWIFT to confirm its FX deals, and since it has implemented Accord, the matching process has been simplified, as Accord picks up the existing messages for matching.

SWIFT also created a specific solution to meet Newedge Group's requirement for Accord to handle allocations – one-to-many and many-to-many matches as well as one-to-one matches.

It is difficult to analyse whether Newedge is seeing better automatching rates using Accord than it experienced using its previous third-party supplier, Sweeney explains. On paper, the matching rates looked slightly higher before (in the high 90 per cent range, compared to the 80/90 per cent range on a typical day on Accord so far). "However, this does not take into account the number of transactions now being matched, which is higher. And regardless of the matching rate, the time and effort spent on matching the outstanding transactions in Accord is a lot less – and the task is also a lot less laborious for staff to perform."

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Next steps

SWIFT is working with Newedge Group to extend the solution SWIFT created for identifying allocations to enable auto matching of allocations.

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In addition, as the next phase of its back office refresh, Newedge Group wants to take advantage of the capability for Accord to send matched statuses of transactions into its back office system. This functionality will be relatively straightforward to implement, since Newedge Group uses Reuters' Kondor+ Trade Processing, and Reuters has already developed the capability to link this system to Accord. "Ultimately we would like to get to the point where we don't even feel that we are using Accord," says Sweeney. "We won't even know it's there, because other systems are taking feeds in and out and telling us the status of transactions."

Newedge Group also has plans to migrate confirmation matching for additional asset class types on to Accord in order to generate even more efficiencies. These could include loans and deposits, OTC business such as interest rate swap transactions, and equities. "The initial objective is to get our FX business on to Accord, but our use of the service could be almost limitless as we move forward," adds Sweeney. "Accord has scalability for us, and that scalability is deep."

For more information please contact your SWIFT account manager or visit www.swift.com