



Providing FX payments for emerging markets

Payment company INTL FCStone adopts SWIFT's Watch Banking Analytics Premium tool to demonstrate its market position and identify new opportunities.



“SWIFT’s Watch Banking Analytics product is an extremely valuable tool, and we’re very pleased that we have access to this information that we didn’t have before.”

Gregory Vincent
Head of FX Payments (EMEA),
INTL FCStone

INTL FC Stone Inc. is a NASDAQ-listed Fortune 500 global financial services firm trading in all asset classes. Headquartered in New York, the firm’s business segments include a Global Payments team operated by its London-based subsidiary, INTL FCStone Ltd, which specialises in transferring funds to emerging markets. “Most of our banking customers offer their customers in the region of 140 currencies, with about 70 of those currencies managed in-house and around 70 provided by us,” explains Gregory Vincent, Head of FX Payments (EMEA) at INTL FCStone Ltd’s Global Payments Division.

While the firm is a leading provider to global banks, one of its strategic goals was to expand beyond its core client base. However, demonstrating INTL FCStone’s market position to target customers was a challenge.

The team then began exploring the benefits of SWIFT’s Business Intelligence Watch Banking Analytics Premium tool. Part of the Watch suite, Watch Banking Analytics Premium allows institutions to improve the services offered to customers and enhance products targeted to specific markets. This is achieved by providing greater granularity of data and analysing payments and trade finance data over SWIFT.

Gaining insights

INTL FCStone quickly discovered that the tool could fulfil two major functions. “The first is that it gives us information about our market position that we suspected before, but had no way of verifying,” Vincent says. “There are a few other players in our market who are much more public about what they do, but we tend to be quite quiet. What was amazing when SWIFT first came in to demonstrate the tool was that we were clearly leading in so many currencies”.

Watch Banking Analytics Premium can also be used to access detailed information about specific payment corridors. For example, the firm can identify the volume of payment flows between two countries and use this information to pinpoint areas of opportunity. By using the tool, institutions can find out what percentage of funds going into a country is being sent in hard currency as opposed to local currency.

“We might represent quite a large percentage of the amount of local currency being sent in, or we might be a relatively small percentage of the total dollar volume that’s going in,” explains Vincent. “Either way, we can understand where the opportunities lie and know when there is still plenty of growth left in the business.”

Gaining confidence

Adopting Watch Banking Analytics Premium was straightforward. The team opted to limit the use of the tool to a small number of individuals who would then disseminate the data to the relevant people. INTL FCStone worked with SWIFT to build templates which would help the firm pinpoint the most relevant data. “There’s so much data in there, that it’s important for us to narrow the tool down to the piece of information you need,” Vincent advises.

The tool has already brought concrete benefits. “In many ways, the biggest result has been the confidence we’ve gained by confirming our market position,” says Vincent. In the past, he notes that INTL FCStone rarely appeared on big consultancies’ global payments reports, while awareness of the firm’s activities tended to be low. Armed with a concrete understanding of the firm’s importance within the market, the global payments team is now better equipped to communicate with counterparties.

“We visit central banks quite regularly,” says Vincent. “Now we are able to go in with a good idea of how important we might be for that central bank and for that local market, as well as having an understanding of what percentage of their payments are made in local currency into that market. We can then start sharing some of that data with central banks, saying: ‘This is how much we’re doing in your market’ – and it changes that conversation.”

Likewise, Vincent says that in a recent meeting with a global bank, the bank asked about the firm’s flows. “We were able to show them the number of currencies in the UK for which we excel, and the percentage of these markets that we’re handling,” he says. “It gave them comfort that they were dealing with the right people. Banks like to be innovative – but they also like the reassurance that the decisions they’ve made have been validated around the market.”

Know your corridors

The tool has also provided actionable insights regarding specific payment corridors. “For example, we found that there were millions of euros moving from Belgium to Kenya,” Vincent says. “So I can speak to the team that looks after Belgium and say, ‘We’re doing a fraction of that business – here’s the opportunity.’ It gives us intelligence on how much money is coming out of specific countries, and which countries are getting funding from other countries.”

At the same time, Vincent says the Watch Banking Analytics Premium has enabled the team to understand in more detail how much is being sent in local currencies compared to hard currencies. “So if tens of millions are going into Kenya in Kenyan shillings, or being instructed in Kenyan shillings, how much more is being sent in dollars or euros? It gives us a picture of the whole opportunity.”



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Embracing the opportunities

Vincent notes that the insights provided have been invaluable. “When we were first looking at the tool, we were thinking, ‘How else would we get this level of information on the flows going into the emerging markets?’” he recalls. “We’d probably have to hire someone to dig around trying to find reports, whereas the tool means we have the actual information immediately available.”

This can present particular opportunities for regional and domestic banks, which may not always be in a position to identify where demand is. “You can say to them, ‘At the click of a button, you can see where you are sending money around the world in hard currencies,’” says Vincent. “It’s so precise that they can instantly see the opportunities in Brazil, or Taiwan, or whichever country you are looking at.”

He concludes, “We think it’s an extremely valuable tool, and we’re very pleased that we have access to this business intelligence that we didn’t have before.”

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