



SWIFT FX Performance Insights for G16 broker-dealers

What was your global FX business last month?

At Sibos 2016, SWIFT announced a new FX service that allows its customers to continuously measure their FX business performance and make more informed strategic decisions, based on metrics derived from actual transactions rather than survey-based information.

“SWIFT has a unique data set and the aggregated data and insights they produce are valuable additional information for HSBC, and are helping us in our goal to constantly improve our client proposition”

Frederic Boillereau

Head of Global Foreign Exchange & Commodities
Head of Global Markets Corporate Services, HSBC

What is the new service?

SWIFT FX Performance Insights enables you to continuously measure your FX business performance against those of your peers, and so make more informed strategic decisions, based on metrics derived from actual transactions rather than survey-based information.

Why is this service needed?

The FX market is one of the largest in the world but as a decentralized market it is very difficult to compile accurate amalgamated metrics. There isn't one "exchange" where every trade is recorded.

Given that almost every FX player either exchanges an FX confirmation over SWIFT, or submits directly to CLS (again over SWIFT), all countable data on the FX OTC market is held by SWIFT. SWIFT is now providing an FX Business Insights information service that gives controlled access to this data - derived from actual usage, not surveys - and on a month by month basis.

There are over 8,000 users of these confirmation messages that include global and regional banks, central banks, sovereign wealth funds, and over 2,000 investment managers and corporates. Each day over 800,000 (MT300) messages are sent over the SWIFT network to confirm FX Spot and Forward trades. SWIFT is also the de facto network used for FX Option confirmations with over 1,000 institutions sending MT305 messages.

Initial service offering

The first instance of SWIFT FX Performance Insights uses a peer benchmarking approach to position a G16 bank in relation to aggregated anonymised data for the other G16 banks. The service provides a view on the institution's performance against their peers across multiple permutations of segments, currencies and flows.

For example, all message data in the SWIFT Business Intelligence (BI) services is automatically categorised by business segment type for the BICs of the sender and receiver. This allows views across the dataset to be constructed over 10 different types of business entity, such as bank, broker, central bank, investment manager, corporate etc. In addition, the FX platforms and custodian insourcers act as concentrators representing over 1,500 indirect clients whose volumes can also be incorporated into the overall investment manager and corporate client segments.

Subsequent refinements to these views can then be made based on region or country of the parties, and on the currency or currency pair being traded. The following diagram illustrates the many types of customised views that can be created.

Example of Market View choices to use in reports

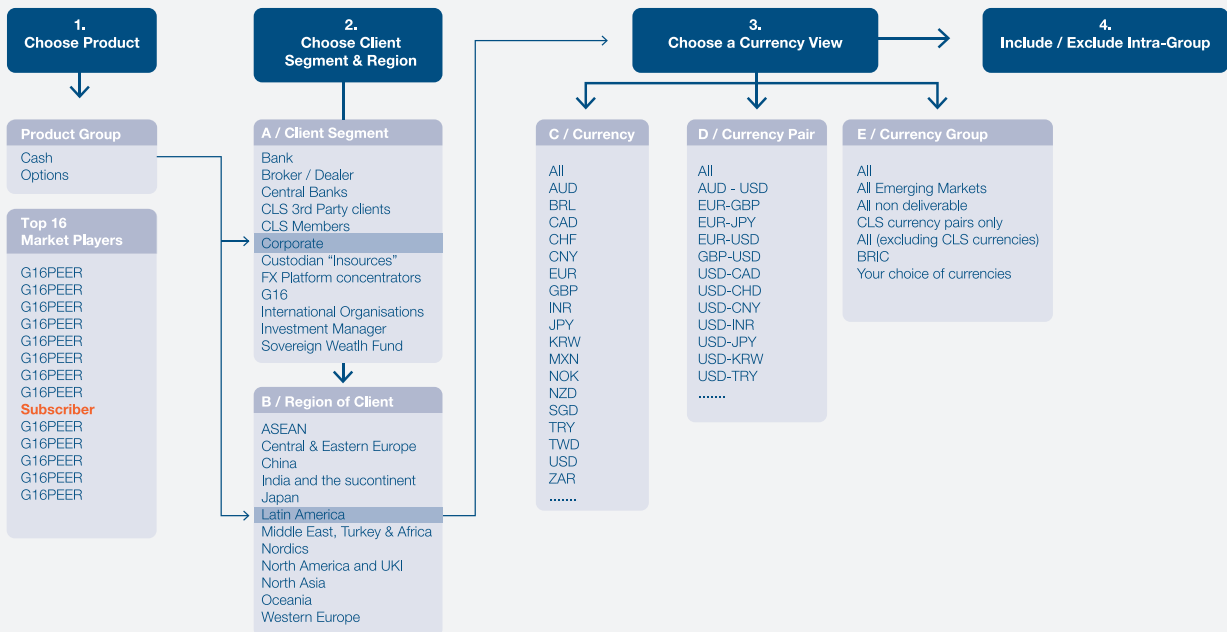
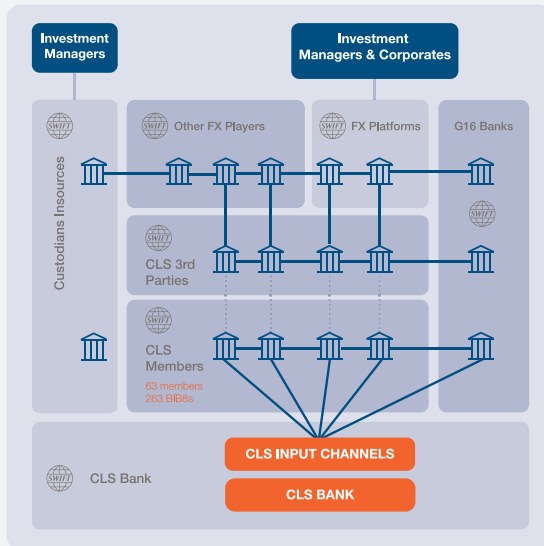


Diagram showing FX players using SWIFT



Example extract of a Monthly Benchmark Report

October 2016 vs September 2016							
CPD Primary BIC	Value				Ranking		
	Net Amount in Billion (conv. USD)	Sep-16	Oct-16	Difference	Growth	Sep-16	Oct-16
G16Peer1	8.31	29.52	21.22	255.45%	13	1	↑ 12
G16BROKER	28.02	29.50	1.49	5.31%	4	2	↑ 2
G16Peer1	29.95	28.86	-1.09	-3.65%	11	3	↓ -2
G16Peer1	1.24	27.98	26.75	2159.83%	16	4	↑ 12
G16Peer1	4.03	27.27	23.24	576.83%	15	5	↑ 10
G16Peer1	11.67	25.75	14.08	120.67%	10	6	↑ 4
G16Peer1	12.62	24.99	12.36	97.94%	9	7	↑ 2
G16Peer1	9.8	24.64	14.76	149.39%	12	8	↑ 4
G16Peer1	5.49	19.90	14.41	262.67%	14	9	↑ 5
G16Peer1	14.06	14.22	0.17	1.19%	8	10	↓ -2
G16Peer1	28.38	13.53	-14.85	-52.33%	3	11	↓ -8
G16Peer1	28.57	11.15	-17.42	-60.97%	2	12	↓ -10
G16Peer1	19.65	10.12	-9.53	-48.51%	5	13	↓ -8
G16Peer1	14.77	8.84	-5.93	-40.15%	7	14	↓ -7
G16Peer1	17.32	6.34	-10.99	-63.42%	6	15	↓ -9
G16Peer1	11.35	3.58	-7.77	-68.46%	11	16	↓ -5
Grand Total	245.30	306.20	60.90	24.83%			

Service deliverables

The service deliverables are a set of monthly reports provided in a PDF-based layout. Individual details on each of the G16 institutions, anonymised except for that of the subscriber, are shown in order of ranking for that month.

The values provided are the total number of transactions, and the total value in USD equivalent for that month. The rankings are provided for each month/quarter, the previous month/quarter, and for the same month/quarter of the preceding year.

Each of the G16 institution's data is consolidated at their parent level, providing a global view of the business.

This service introduces a brand new unique, and private, peer benchmarking index of significant value, based on data directly derived from the global OTC market for FX products on a month by month basis.

For more information, contact your SWIFT account manager or email us at: matthew.cook@swift.com