



SWIFT FX Performance Insights for regional broker-dealers

How well did your FX business perform 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.

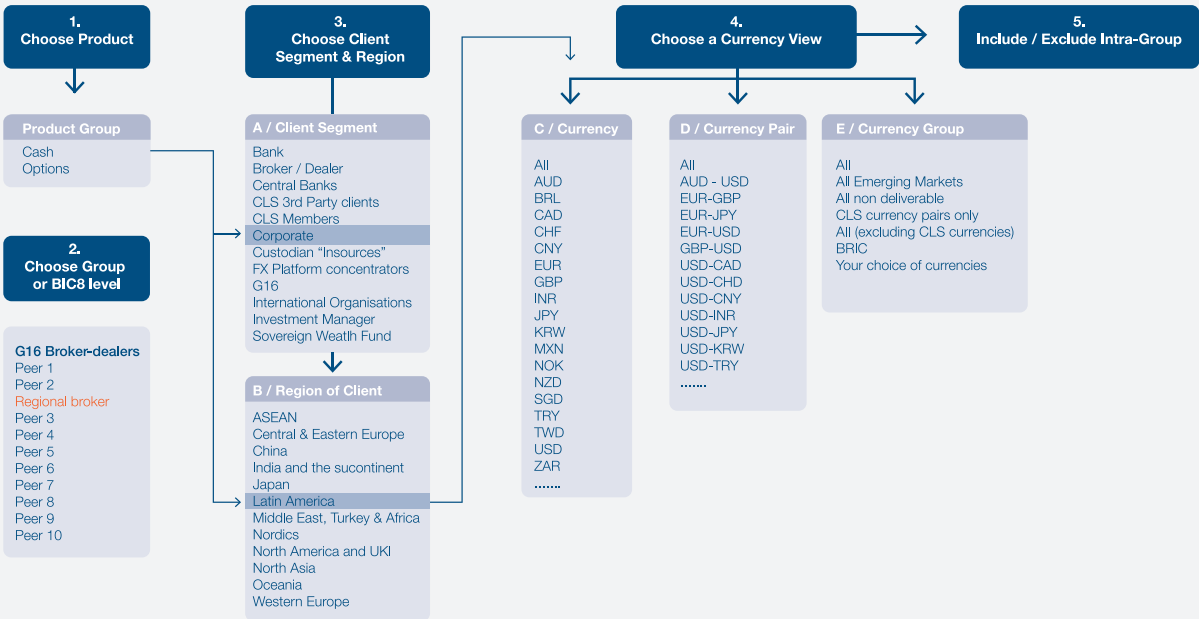
Given that almost every FX player either exchanges an FX confirmation over SWIFT, or submits directly to CLS (again over SWIFT), all countable data on the FX OTC market is held by SWIFT. SWIFT is now providing an FX Performance Insights information service that gives controlled access to this data - 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.

Regional broker-dealer offering

SWIFT FX Performance Insights for regional broker-dealers provides a Monthly Global Ranking Report (based on your Primary BIC, for all markets, all currencies, and all counter-parties) for FX Cash products. In addition, you receive five Market View Peer Benchmark Reports. These market views are defined by you using parameters based around different types of business entity, such as bank, broker, central bank, investment manager, corporate etc. The investment manager and corporate client segments include FX platforms and custodian insourcers so represent over 2,000 client institutions. Additional parameters are based on region or country of the parties, and on the currency, currency group, or currency pair being traded. The following diagram illustrates the many types of customised market views that can be created.

Example of Market View choices to use in reports



Global Ranking for a Regional broker-dealer

CPD Primary BIC	October 2016 vs September 2016								
	Value				Ranking		Spread		
	Sep-16	Oct-16	Difference	Growth	Sep-16	Oct-16	Sep-16	Oct-16	
Peer 10	483.56	1200.51	716.95	148.26%	16	20	↑	4	365%
Peer 20	189.63	774.52	584.89	306.43%	29	30	↑	2	200%
Peer 30	122.34	499.69	377.35	308.43%	44	40	↓	-4	94%
Peer 40	90.63	370.14	279.52	308.43%	46	50	↑	4	43%
Peer 41	78.80	321.86	243.06	-3.57%	59	59	—	0	25%
Peer 42	167.03	276.71	111.68	184.65%	49	60	↑	11	8%
Peer 43	143.99	274.97	130.98	28.76%	58	61	↑	3	7%
Peer 44	282.75	272.24	-10.52	42.96%	59	62	↑	3	5%
Peer 45	313.60	280.46	-33.14	70.36%	59	63	↑	4	1%
CL1111 = 44	109.60	258.25	148.54	64.46%	62	64	↑	2	0%
Peer 47	55.36	246.90	191.54	-2.01	69	65	↓	-4	-4%
Peer 48	259.15	229.67	-29.48	92.91%	62	66	↑	4	-11%
Peer 49	282.88	202.94	-79.94	129.97%	62	67	↑	5	-21%
Peer 50	73.80	185.54	111.74	27.89%	68	68	—	0	-27%
Peer 51	76.99	150.54	73.55	95.54%	69	69	—	0	-42%
Peer 60	61.59	120.43	58.84	95.54%	66	70	↑	4	-53%
Peer 70	49.27	96.34	47.07	95.54%	75	60	↑	5	-63%
Peer 80	39.42	77.08	37.66	95.54%	90	90	—	0	-70%
Peer 90	31.53	61.66	30.13	95.54%	118	100	↓	-18	-76%

Example extract of a Monthly Benchmark Report

CPD Primary BIC	October 2016 vs September 2016							
	Transactions				Ranking			
	Sep-16	Oct-16	Difference	Growth	Sep-16	Oct-16	Sep-16	Oct-16
G16 Broker-dealers	5941	9474	3533	59.46%	9	1	↑	8
Peer 1	9	29	21	233.42%	11	2	↑	9
Peer 2	8	29	21	263.08%	2	3	↓	-1
Regional broker	27	27	0	-1.30%	7	4	↑	3
Peer 3	11	23	12	116.47%	16	5	↑	11
Peer 4	5	22	17	343.24%	3	6	↓	-3
Peer 5	25	22	-4	-14.56%	4	7	↓	-3
Peer 6	22	19	-2	-11.48%	6	8	↓	-2
Peer 7	14	18	5	33.59%	14	9	↑	5
Peer 8	6	166	111	177.36%	8	10	↓	-2
Peer 9	9	14	5	63.02%	11	11	—	0
Peer 10	14	17	3	22.88%				
Grand Total	149	237	88	59.46%				

Service deliverables

The service deliverables are a set of monthly reports provided in a PDF-based layout. 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. The Monthly Global Ranking Report gives your position in the global Top 100 together with that of your 10 closest peers (anonymised).

The five Market View Peer Benchmark Reports show your position against a constant set of 10 peers (jointly selected with SWIFT), as well as the aggregated value of the business conducted by the top Global 16 broker-dealers.

This enables you to both compare your performance against (i) your chosen peers, and (ii) the overall market for each market view.

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