

Success Story

Transforming FX trading operations for a major US headquartered custodial bank.

Background

Our client, a top two global custodian, is a leading foreign exchange (FX) liquidity provider with an aerial view of FX. Its unique FX offering reflects the significant investment in technology it has made in the past four years, including partnering with leading software developers to create market-leading solutions that meet client needs in trading, hedging and payments.

Summary

Since 2018 Digiterre has been working in partnership with the bank to digitally transform its FX trading operations.

The combination of deep domain expertise and world class software engineering skills provided by Digiterre has been critical to the development of a modern, highly digital offering that allows the bank to provide clients with a single place to access everything they need across execution, hedging, custody and payments.

Achievements and outcomes

- New client flow opportunities have been opened up with a significantly higher number of new in-competition requests.
- Future-proof scalability has been achieved to handle increased volumes of electronic requests.
- There has been a three fold increase in electronic executions.
- Migration of functionality and clients away from non-performant legacy platforms to allow these to be safely demised.
- The digital transformation of our client's FX trading division has been a contributory factor to the positive change in its Euromoney ranking between 2018 and 2022.

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Digiterre is a highly valued partner of the bank. Over the past five years they have demonstrated their domain knowledge and deep technical skills by delivering a programme of work that has allowed us to completely transform the way in which we service our FX clients.”

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Client challenges and project goals

In 2018, the bank's Euromoney ranking reflected the many challenges being experienced by the FX operation and these provided cornerstone objectives for improvement.

Project goals included:

- A reduction in manual processes and operational risk.
- An improved overview of trading, especially the view of real-time trading activities and transactions.
- The ability to process higher FX trading volumes to achieve growth targets and realise competitive opportunities.

Our approach

Digiterre worked with the team across the whole FX trading division to deliver a multi-year programme of work to help transform FX trading operations which included:

- A new FX trading application which revolutionised the way in which FX traders and FX salespeople interact with their clients, streamlining operations and automating cumbersome manual processes, including a highly efficient automated sales booking process, which replaced the former 24-step manual process.
- Specific client pricing can be provided automatically using the application, leaving traders time to deal with exceptions, larger deals or react to market conditions. In this way, the platform has enabled a significantly higher flow of deals.
- In addition, the application provided a unified view of trader dealer intervention and operational support of real time Request for Quotes across venues, and a unified view of clients' credit and regulatory state at the time of RFQ trades.

- This programme of work has significantly improved client experience and operational efficiency, increased scalability and automated controls, and integrated reporting and analytics across sales, trading, operations, and risk management.

- Digiterre also supported on the redesign of the legacy FX overlay (currency hedging) system to enable straight-through processing with no user intervention, which helped speed up client onboarding, and ensured that flexible hedging models could support advanced analytics and client needs.

The transformation of the bank's FX trading division has enabled scalability, enhanced client experience, and laid a foundation for future product offerings.

Ways of working

Digiterre brought an Agile approach to the client's work, already successfully used across many other trading and financial services organisations. The FX solution build was characterised by:

- A proof of concept within four weeks.
- Standard two week iterations and greater frequency of deployments.
- Close and regular liaison with the bank's FX product owners.

Key enablers

- Digiterre's Agile approach – proven in many previous financial service application and platform implementations.
- Extensive experience within the Digiterre team – in complex financial services, asset management and investment banking trading systems.
- Strong understanding of the requirements across the whole Digiterre team.
- The ability to excel in an environment of frequently changing requirements – the Digiterre team are pragmatic and highly adaptable.