

# DIFFERENTIATING YOUR FX SERVICE VIA ECOMMERCE TECHNOLOGY

In the third of a series of articles where Deutsche Bank provides expert insight into the developments and innovation in the ecommerce market place, Ian O'Flaherty, Global Head of FX eCommerce Sales, discusses how Deutsche Bank has utilised product and distribution technology to enrich the range of foreign exchange products and services available to its clients

**There was a time, not so long ago, when the term "electronic trading" was treated with "fear and loathing" by some participants in the foreign exchange market. Many believed that this would be another nail in the coffin of a product that was considered, by many, simply as an ancillary service.**

As a result many institutions decided to step back from the business, put off by the increasingly commoditised and competitive nature of the market. However that was a decision that many participants have been left to regret. Far from faltering, the FX market has gone from strength to strength. Global turnover in FX has risen from \$125,000bn (€81,016bn) in 2006 to \$175,000bn in 2007 according to the latest foreign exchange survey from Euromoney.

#### BECOMING MARKET LEADER

Deutsche Bank has been one of the major beneficiaries of this "resurgence" in the foreign exchange market. Its commitment to the foreign exchange market and the investments it has made in it have resulted in Deutsche Bank topping the Euromoney FX poll for the 4th consecutive year running, increasing its market share to 21.7 per cent.

Far from benefiting from being in the "right place at the right time" Deutsche Bank's position as the market leader has been the result of a deliberate and well thought



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out strategy, initiated many years ago, in which eCommerce has been a key component.

Rather than scale back its investment as profitability and competition became tighter, Deutsche Bank increased IT spend, identifying that the trends in the FX markets presented as many opportunities as threats going forward. Core to this was using eCommerce as a way of offering a new and efficient model for FX trading and distribution which could lead to more clients and increased market share.

This "strategic bet" paid off handsomely. As well as the huge growth in absolute volumes, the

proportion of volumes traded electronically has exploded and now represents over 50 per cent of total trading volume which Deutsche Bank is well placed to service.

**IN AUTOBAHN®FX, DEUTSCHE BANK DEVELOPED A MARKET LEADING PLATFORM THAT HAS BEEN DESIGNED TO PROVIDE INSTITUTIONAL CLIENTS WITH A RANGE OF TOOLS TO ACCESS THE FOREIGN EXCHANGE MARKET QUICKLY AND COST EFFECTIVELY**

#### DIFFERENTIATING SERVICE

eCommerce has been one of the ways in which Deutsche Bank has been able to differentiate themselves from their competition. In autobahn®FX, Deutsche Bank developed a market leading platform that has been designed to provide institutional clients with a range of tools to access the foreign exchange market quickly and cost effectively.

Far from being offered as an alternative to a traditional voice based foreign exchange service, a mistake that Deutsche Bank believes many of its competitors have made, autobahn®FX has been fully integrated within the wider FX service that is offered to clients.

Clients decide how they trade with Deutsche Bank and many use a combination of electronic and voice services. Deutsche Bank simply ensures that clients enjoy the "best of both worlds".

For clients who wish to trade a proportion or all of their business electronically, Deutsche Bank provides a unique suite of products and services that satisfy the online requirements of its most demanding clients. This often requires tailoring the offering to individual requirements but given the importance that electronic access to liquidity plays to key clients, Deutsche Bank has been more than willing to make these investments.

The results speak for themselves. Deutsche Bank's market share in the Euromoney single dealer platform poll increased substantially from 34.7 per cent to 58.8 per cent firmly establishing autobahn®FX as the single dealer platform of choice for FX clients globally.

The commitment to providing deep and consistent liquidity and tight pricing over a wide range of products on a streaming 24-6 basis sets Deutsche Bank apart from much of the competition and is only possible due to the size of its presence in the market.

There are no costs associated with using autobahn®FX and clients have fast and reliable access to a wide range of products to suit their execution and pre & post trade requirements.

From simple spot FX to multi leg option strategies, from liquid G10 swaps to LATAM and Asian NDFs, from structured products to precious metals and currency indices, autobahn®FX provides unrivalled online access to the foreign exchange market.

#### CLIENT LED DEVELOPMENT

For many years autobahn®FX has been renowned as a feature rich application which has been continually enhanced in line with market developments and clients demand. autobahn®FX streams prices in over 700 currency pairs and is the only platform that offers ladder levels of dedicated liquidity for the user displayed through the Spot Liquidity Window feature.

From this screen clients can aggress our liquidity or passively place bids and offers through the Fast Order function to work orders until they reach their target levels.

Clients can also choose to trade to an outright date without having to change screens. This year, Deutsche Bank introduced dbMarketplace, which allows clients to place orders into the Deutsche Bank environment and provides clients with the ability to trade against the Deutsche Bank trading desks and a subset of the Deutsche Bank client base.

autobahn®FX also comes with a fully integrated order book that allows clients to leave orders with Deutsche Bank trading desks around the world or they can use it as their own personal order book without passing orders on to the Deutsche Bank network.

#### ONLINE DEMAND

More recently and in response to increased client sophistication and a willingness to trade more complex strategies "online", Deutsche Bank introduced a range of options products to the autobahn®FX platform. The award-winning e-FX Options Trading capability provides clients with prices on a wide range of currency pairs in both vanilla and exotics products.

Clients can see live, streaming volatilities through the Option Liquidity Window or they can specify bespoke option strategies through the Option Streaming Window and the Bank's Option Pricing tool. All trades are displayed in the client's autobahn®FX blotters and they also have access to the unique Expiry Blotter which allows clients to exercise or expire their options online through autobahn®FX, which saves clients time and effort.

Building on this success above, Deutsche Bank has launched a set of FX investment products on autobahn®FX via its structured deposit platform. The first product available on the new platform is the Dual Currency Investment product, a short term deposit that offers higher returns than are available on plain vanilla deposits.

The platform and its products

are designed to be used by financial institutions wishing to offer FX linked investments and hedging products to their clients, while corporate and institutional investors will benefit from its simplicity.

#### STAYING NO.1

As one of the first Banks to recognise the competitive advantages that could be gained from the development of a client led eCommerce strategy, Deutsche Bank has engineered one of the most comprehensive eCommerce offerings available in the market today and is committed to staying on top of the pile.

**DEUTSCHE BANK HAS ENGINEERED ONE OF THE MOST COMPREHENSIVE ECOMMERCE OFFERINGS AVAILABLE IN THE MARKET TODAY AND IS COMMITTED TO STAYING ON TOP OF THE PILE**

autobahn®FX has become a core component of the Deutsche Bank FX business offering clients access to a unique range of online functionality that is fully integrated along side the traditional voiced based trading, structuring and sales service and other autobahn® applications available from Deutsche Bank, providing clients with access to an unrivalled range of products across debt & equity and cash & derivatives.

The opinions or recommendations expressed in this article are those of the author and are not representative of Deutsche Bank AG as a whole.

For more information about the full suite of autobahn® products visit [www.autobahn.db.com](http://www.autobahn.db.com)



Deutsche Bank