

THE MODERN FACE OF DEALING

Multi-bank trading platforms are the secret to efficient and cost-effective FX management, argues Alex Johnson



➤ The role of the corporate treasurer in the Middle East has changed dramatically in recent years. The treasurer of today has more needs and faces more challenges than ever before. So he or she must make use of a broad range of tools to manage the company's exposure and finances.

One of the first corporates in the Gulf Cooperation Council (GCC) region to have a formal treasury department was Emirates Airlines. Headquartered in Dubai, Emirates understood early on that managing its FX exposure was a key part of currency risk management. Historically, GCC corporates had tried to keep their exposures fixed in local currencies (usually dollar-pegged) or in US dollars. But, as treasury management evolved in the region, corporates began to realise that this was often not commercially sensible and started to participate in regular FX dealing. At first, this was done by the corporate telephoning a couple of banks, negotiating what it could – often with little transparency of the market and no comparison – and agreeing a deal that was then settled using myriad of different pieces of paper distributed by a network of couriers and faxes. All at a time when corporates in other parts of the world were moving FX dealing onto electronic platforms.

Fast forward to 2012 and a lot has changed in a very short space of time. Many Middle Eastern corporates are using dealing platforms, both single and multi-bank and across FX, money markets and even vanilla derivative products such as First Generation FX Options. Treasurers have added straight-through processing to their

treasury management systems and electronic confirmation matching for a seamless workflow. All this has been achieved in about half the time it took in other markets, such as Europe.

Back in 2010, Emirates Airlines issued a request for proposal to several FX portal providers. It wanted the optimal method of requesting prices from banks and the efficiency of a direct link to its internal management systems. It chose the TEX Multi-Bank Trading Platform from 360T Trading Networks.

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Prem Shankar, banking manager at Emirates, says: "We believe that 360T is the most efficient bank-independent platform for 'reverse-auction' of our currency surpluses. We get to access multiple bidders on a real-time basis and get the best value from our FX deals. Not only does it contribute from a pricing perspective, it saves us a lot of time as we do not have to use the dealing systems of different banks and the prices constantly appear on the screen in descending order, which enables the trader to carry out the deal efficiently. It makes life easy as the confirmations are printed instantly and the interface to SunGard is automatic."

At 360T, we describe the platform as a "market-maker neutral solution with a large liquidity pool". As the platform hosts an ever-increasing number of regional banks and facilitates trading of a wide

range of OTC products, every customer gets their choice of banks. In addition, the white label technology for corporates allows a central treasury to manage, control and execute the requests of satellite subsidiaries. Meanwhile, a no-cost pricing policy for the buy side helps many corporates in the region.

Whatever the size of the corporate, the shift towards more compliance-acceptable audit tools and the need to provide internal management information statistics makes the neutrality of an

independent multi-bank platform very attractive. And, given the speed of evolution in the GCC treasury technology space, treasurers will need to use trusted advisers to keep abreast of developments, take advantage of them and stay ahead of the game. Functionality, choice and ease of use are increasingly available to any treasury department. The benefits of these cannot be understated.



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