Canadian FX, a Tale of Technology and Talent

2020 Greenwich Leaders: Foreign Exchange Services - Canada

April 16, 2020

Executive Summary:



Although the players remain the same, Canadian foreign exchange today is a different, and increasingly, a two-innings game.

FX trading was one of the first businesses to go digital, with trillions of dollars of FX trades globally now being executed on electronic systems every day. Although the Canadian market has retained a major volume of voice and other non-electronic trades compared to other markets in the United States and Europe, constant increases in transparency and efficiency have made the execution of standard FX trades an increasingly commoditized business.

“In many ways, the continued story of FX in 2020 is the story of technology,” says Greenwich Associates consultant Peter Kane. “Banks in Canada are investing multiple sums—not just in new and better FX technology platforms, but also in the tech talent that now counts as an imperative for anyone looking to compete in this market.”

At the same time, large companies with global operations have multiple FX and interest-rate hedging needs—i.e., transactions, translation, economic, and interest-rate protection requirements. These risk management requirements are anything but commoditized. Corporations aren’t just looking for dealers that can execute their trades—they want partners who can help create custom solutions that address their unique requirements.

Methodology:

Greenwich Associates conducted interviews with 2,300 users of foreign exchange globally, of which 1,415 are top-tier accounts, at large corporations and financial institutions on market trends and their relationships with their dealers. To be considered top tier, a firm must be a central bank, a government agency, a hedge fund, a fund manager, an FT100 global firm, a firm with reported trading volume of more than $10 billion, or a firm with reported sales of more than $5 billion. Interviews were conducted in North America, Latin America, Europe, Asia, and Japan between September and December 2019.

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