Why the Buy Side Chooses their FX Dealers and Trading Venues

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Executive Summary:



The goal of any buy-side trader is to achieve best execution. For FX traders, transaction cost analysis (TCA) and other similar tools are making it easier to measure not only the buy-side trader's progress on the mission to achieve best ex, but how well each dealer counterparty performs. Thus, the already hyper-competitive FX dealer market is becoming more competitive than ever. So, as the focus on execution quality increases, it is important to understand how, where and with whom the buy side trades—and, of course, why.

Methodology:

Coalition Greenwich conducted interviews with 342 buy-side FX traders globally, between Q2 and Q4 2023 to discover their views about key issues in the market, including what might cause them to reduce their trade flow to a dealer and their opinions on multidealer platforms. The answers were then categorized to highlight patterns in the buy side's view of their relationships with their dealers. In addition, Coalition Greenwich interviewed 87 FX traders across North America, Europe and MENA in Q2 2024 to ascertain their views on evolving use of execution venues.

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