

As e-FX Market Matures, Incremental Growth Driven by Smaller Institutions

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Executive Summary:

Almost three quarters of global foreign exchange trading volumes (74%) were executed through electronic systems last year, up from 71% in 2012.

- Continental Europe reported a decline in the share of foreign exchange volume executed electronically last year.
- The United States was unchanged at around 83% of market participants, but e-trading users made increases to the share of their business routed through electronic systems. That shift pushed e-FX to 73% of total U.S. FX trading volume in 2013 from 63% in 2012.
- Although the absolute amount of FX volume executed through electronic systems increased in Asia ex-Japan last year, that gain failed to match the growth in overall FX trading volume over the 12-month period, and electronic systems usage was flat at 57% of market participants.
- Much of last year's gains can be attributed to retail aggregators with an increase in share of trading volume to 98% in 2013 from 92% in 2012.

Methodology:

Between September and November 2013, Greenwich Associates conducted in-person and telephone interviews with 1,584 financial professionals using foreign exchange at large, top-tier corporations and financial institutions in North America, Latin America, Europe, Asia, Australia, and Japan.

To be considered top tier, a firm must meet one of the following criteria: be a fund manager, hedge fund, central bank, retail aggregator, Fortune Global 500 firm, or treasury center; or have reported trading volume of more than \$10 billion; or have sales of more than \$5 billion.

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