Global FX: Multidealer Platform Usage Continues to Grow; Algo Usage Lags

June 25, 2015

Executive Summary:

Institutional investors now execute half their FX notional volume via multidealer trading platforms, up from 38% in 2008. Greenwich Associates expects that number to rise, as 67% of the global top-tier users of FX interviewed in a recent study said they plan to increase the use of MDPs this year. Market structure changes are driving this growth, as the buy side is taking a more quantitative approach toward achieving and measuring best execution. Use of execution algorithms continues to lag, however, with only 13% of top-tier investors currently using them in their trading process.

Methodology:

Between September and November of 2014, Greenwich Associates conducted in-person interviews with 1,612 top-tier users of foreign exchange at large 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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