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Best Post-trade Services Provider

Broadridge Financial Solutions

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For almost a decade, banks have been shedding staff, and cutting innovation spend and operational budgets, as they have battled to deal with declining return-on-equity ratios and rising costs of capital.

But there is a limit on how much costs can be slashed without compromising the stability and resilience of businesses. The answer, according to Chris Davis, a vice-president in global sales at Broadridge Financial Solutions, is sharing.

"Cost mutualisation is the biggest trend I see going forward," Davis says. "Rather than individual institutions having to resource post-trade processes in FX, we are socialising the technology, people and infrastructure needed to do this. The key is to reduce costs by improving labour efficiencies through technology transformation."

Broadridge, which was voted Best Post-trade Services Provider at the 2017 FX Week e-FX Awards, already processes some 70% of the world's securities transactions as the trusted partner for Tier 1 financial institutions.

This is equivalent to approximately $6 trillion worth of transactions every day, the volume of which exceeds that of foreign exchange markets in total. Broadridge's push into FX follows its acquisition of TwoFour in 2015, the currency specialist post-trade processing firm that Davis co-founded with his brother, Steven, in 2004.

Since then, and particularly during the last 12 months, Broadridge has been making foreign exchange a solid part of its offering, which covers the whole post-trade lifecycle, including matching and confirmation, reconciliation, messaging and regulatory reporting.

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>
> Chris Davis, Broadridge Financial Services

"We launched our global post-trade management system (GPTM) in the past year, which we believe will prove to be a game changer," Davis says.

GPTM has already attracted some of the largest financial institutions as clients, who seek to benefit from the tool's post-trade processing prowess across securities and may also leverage over-the-counter markets, such as money markets, as well as FX and cash management.

"Tier 1 players will no longer have to spend resources on FX post-trade processes. They will be able to leverage GPTM for their processing, confirmation and reporting requirements," says Davis.

"We can manage the whole post-trade lifecycle, from confirmation through to matching and netting, without banks having to do this themselves. We also have plans to manage reference data and cross-trade processing in FX, so all banks will have to do is just trade and we will manage the settlements," he adds.

Resilient systems

Large FX banks spend vast amounts of resources on post-trade processes, as most investment over the past 15 to 20 years has been concentrated on the front-office and execution side, while the numerous and fragmented legacy systems have evolved into a technology jumble. In contrast, Broadridge has already demonstrated its systems can withstand even the toughest challenges.

"Our systems are extremely resilient and they can handle the most extreme market conditions, such as Brexit, the Swiss National Bank and US non-farm payrolls. We effectively managed all these events and our systems just didn't falter. We have showed time and time again that Broadridge delivers these solutions, so businesses can concentrate on their core operations. That's a huge selling point for us," Davis says.

"The fully managed service we are offering is a game changer. No other company is able to match our scope and breadth of service, and I believe this means we are in a good position to become market leaders in the space. Organisations trust us with their business," he concludes. FX *Eva Szalay*