

Five Current Trends For Global Markets Divisions (FX)

We wanted to understand how the world has changed for bank FX trading teams after an unprecedented year. In a series of conversations with leading bankers in the UK, Europe and the US we gained some interesting insights and consensus on what has changed and what will continue to challenge them in the year ahead.

1

Trading volumes have changed

Trading volumes varied widely across banks but there was a general rise in short-dated small trades reported. Customers were making faster decisions but with a lower appetite for risk.



"Companies are holding a lot of cash at the moment (many drew down business loans and banked them straight away). Indicates low risk appetite. A lot less long-dated forwards."

2

Most disruptive factors for clients maintaining BAU



Supply chains fracturing (COVID + Brexit)

"It's difficult talking to business owners whose livelihoods are on the line."



The inability to plan ahead and forecast – especially long term

"The forward book isn't as forward as it usually would be."

3

Client communication has changed

- ➕ MORE self service
- ➕ MORE online engagement
- ➕ MORE focus on customer experience



"The pace toward digital nativism has increased sharply across all client groups and, to be brutally honest, the bank is going to have to work very hard to meet these new user experience expectations."

4

The biggest challenges in transitioning to a new way of working

1



Not seeing clients in person

2



Lack of team interaction

3



Work / home balance

"We have gone from running a business where you traditionally shout over the desk and have one-to-ones, to more structured and rigid interaction...you lose a lot of the emotional connection with the team and catch things later than you otherwise would."

"We see ourselves as a relationship bank that nurtures an ecosystem of contacts. We are looking forward to the opportunity to meet clients and partners in person again."

5

Industry Themes for 2021

Removing Friction

Increasing automated trades based on co-developed treasury policies.

Relationship Over Price

Focus on building strong customer relationships will win out over pricing.

Appetite to Invest in Tech

Increased appetite due to first two themes...but a finite budget that is hotly contested.

Industry Acquisitions

Increased likelihood of FinTech acquisitions by Banks and rationalisation of the market.

About Hedgebook

Hedgebook delivers certainty to finance professionals the world over. Its mission is to help businesses make sense of treasury risk and devise profit-protecting strategies. Hedgebook also makes collaboration with auditors, banks and brokers more effective via its market-leading SaaS platform. This report, based on personal interviews conducted in December 2020 – January 2021 by Hedgebook, is not attempting to provide a statistical analysis but simply aims to provide insight into the collective responses and underlying themes

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