



Editor's Choice

Report Card

Famously the most subjective of our awards, last year Colin shifted its focus so that, rather than being awarded to the bank perceived as most likely to challenge for supremacy in the single dealer space, it would go to the one that was most likely to win more awards than it did this year.

I agree with the logic underpinning this change – namely that we're at a point in time where it is unlikely that there will be, as Colin put it, a "serious move" in the single-dealer space – and thus will also embrace this approach.

At the outset I'll note that this criteria clearly disadvantages the platforms that traditionally win the most awards each year, even though we clearly think that these are the most well-rounded platforms available.

So even though Neo, eXecute and Velocity are excellent platforms, do I see any of them winning more awards next year than they have this year? One of them might at the expense of the other, but there's too

little daylight between them in some areas for me to risk calling it.

So let's take a look at the other contenders. Morgan Stanley's Matrix is a strong platform and the bank continues to really hone in on its strengths, such as the pre-trade analytics and the increasingly real-time TCA tools that it offers, something that resonates that much stronger now that the industry at large has woken up to the need to consider things like market impact in their trading metrics.

Barclays and Deutsche Bank have been conspicuously quiet the past few years, but it seems that both are beginning to build again, and in BARX and Autobahn they have very strong foundations upon which to do this. This means that, provided the increased positivity evidenced by both this year translates into something more tangible and each manages to implement its 2018 roadmap, I would expect both to be in the running for more awards next year.

Goldman Sachs has traditionally been



strong in commodities, emerging markets and amongst the hedge fund client base, but where else could it pick up awards in the future? Well the firm is doing some impressive work on the execution side, improvements in its algo offering have been rewarded by strong growth in these tools by its client base. And although it isn't the only platform provider that is looking to move beyond pre- and post-trade TCA and into intra-trade TCA, some of the visualisation graphics that it is developing for monitoring in-flight trades stand out.

Winner – BNP Paribas

So here's the first thing – among many – that I like about the BNP Paribas offering: it's all just so easy to use. I know that superficially that might sound like a peripheral benefit for a platform, but I wouldn't underestimate how important this is to many clients.

For most institutional and corporate clients, FX trading is more of an operational function than anything else, it's certainly not a core competency or focus. Yes, they care about pricing – which we don't judge in these awards – but aside from that, they mainly want a platform that is easy to navigate and simple to use, while simultaneously providing them with all the services and tools that they need.

Centric certainly achieves this and, coming from someone who does not have an FX trading background, I can tell you that it is an incredibly intuitive platform to use.

While BNP Paribas is hardly the only one to have adopted the "app store" model, I would say that its design is slightly better and cleaner than some of the others out there.

The "unbundling" of services and products will continue to be a broader theme in financial markets and beyond,

gone are the days of simply throwing more functionality at a piece of technology because now clients want more flexibility to create a streamlined offering that is tailored to their specific needs. This is what the Centric app store offers.

Again, with the execution tools on the Cortex side, BNP Paribas has managed to take something that can be very complicated and simplified it to a point where it becomes incredibly easy to use without sacrificing any of the capabilities of these tools.

I don't want to repeat what will almost certainly be discussed in another review, but it seems that pretty much every bank on the Street is adopting BestX as an independent third party TCA provider available on their platforms to verify their own TCA. By contrast, BNP Paribas is instead having clients use BestX TCA in the first place rather than as a cross-reference, and then looking to add value to clients by providing them with information about how they could have improved their execution, based off this TCA data. This gets into the territory of trade execution advisory services and is designed to create a feedback loop at the portfolio level.

Again, it is all very simply designed and presented to the clients, and I think that in this regard BNP might be thinking slightly ahead of the game.

As has been noted in previous years, BNP's platform offers a wide range of compliance, regulatory and reporting tools that can be easily added to as new regulations come into effect. We mentioned last year that this could come in handy ahead of MiFID II and it would seem that this has proven to be the case.

Another reason why BNP Paribas gets my Editor's Choice is because every year as we sit down to hammer out our shortlists for these awards they consistently make the top three in a lot of the categories, an impressive feat given the competition in the market. This award is not meant as a consolation prize though, the all round excellence of BNP Paribas' platform should be evident in our report cards, but rather as a reflection that the bank is actually well positioned to continue developing what it has already built.

Without MiFID II sucking up time, resources and energy, 2018 could be the year that BNP Paribas goes from being competitive in a number of award categories to actually winning them, and that's why they are this year's Editor's Choice winners.



2018 Client Experience Award

P&L Report Card

It is interesting to note how many banks are suddenly re-focused on the user experience or UX. The last time we saw this level of enthusiasm was probably 2010 following the high profile impact of Matrix, which says something about both clients' rediscovered willingness to engage with the single dealer platform, as well as the push for greater analytics capabilities.

Whatever the driver, users of platforms are much more demanding than they used to be in terms of how easy it is to use, move around and find what they are looking for. This also means that to stay at the top of the tree some attention has to be paid to the UX and this was difficult in a year in which MiFID II dominated so many budgets and resources.

Inevitably, those at the top of the tree score well here, BNP Paribas' Centric, Citi's Velocity, Deutsche's Autobahn, JP Morgan's eExecute and UBS's Neo all fulfil the basics of a good UX with plenty of added value, as does Goldman Sach's Marquee, which offers good market

graphics around market depth and liquidity, as well as real-time analysis of order book depth both on the bid or offer and generically.

We have already discussed those platforms in some depth, so suffice to say that client feedback is that all are a major improvement on the experience even just three years ago – this is quite some achievement given how many products and services have been added in that time.

It is an interesting debate whether or not dedicated teams should be allocated design and UX work and the industry does appear split between those focusing on specific functionality and work “under the hood” and others who, whilst doing that, also seek to improve the UX. For what it's worth, our view is that the UX could very soon become a differentiator between single dealer platforms as homogenisation takes place and the banks ensure they have every angle covered.

Ease of use and understanding will also be important if we are right and the future



of this world is componentised and delivered via third party channels, as well as on the one desktop.

Not only will it be important that the overall platform looks good and works well, but if one piece of functionality, for example a pricing tile, is to be delivered to a client, it is important that client doesn't have to search around for the right place to click.

It sounds simple, and in some ways it is, but it is vitally important because competition isn't going away, so getting the details right could be the difference between your pricing or execution services being taken by a client or not.

Winner – BNP Paribas

It feels as though BNP Paribas' CortexFX platform, which sits within Centric, has been around for many years – in fact it's only six years since the bank rolled it out and indeed five years since the broader Centric product was released on the world. That it feels that way is in no way negative, rather it reflects the level of functionality and excellence of the product set that we would previously have expected to see from a much longer build out.

The genius behind the platform can be shared equally between the original design, which was to be open, scalable and flexible – the App Store approach – and the vision that wanted to create a platform that met so many needs of the varied customer base, but was easy to navigate around.

If a client unit wants business and regulatory reporting tools, they are at their fingertips – so too the trader wanting

liquidity or access to the, as discussed elsewhere in this feature, excellent suite of algo execution products.

Research is delivered in a clean fashion, with good graphics that enhance the user experience rather than confuse, and as we have noted before, the alerts functionality is excellent, especially as it is proactive rather than reactive. The ability to take an alert and seamlessly transition from one task into another should not be under-estimated and BNP delivers.

The vision behind Centric and Cortex reflects a structured approach with a clear end goal – and the design was validated by how easily the bank managed to transition away from Silverlight to HTML5.

Not unlike UBS's Neo, BNP's platform can “suggest” apps to clients based upon their usage and this “shared” approach is backed up by the strength of the App Store on hand.

A client's business can change and if it does, the banks need to be able to react in

good time if the user is not to be put off by first a delay in developing and then rolling out of a new app. Centric has the apps and can easily transition the client experience at the same time as the client is changing their business structure.

Underpinning the client experience is an enhanced MIS system rolled out by the bank for its sales teams, this has resulted in workflow efficiencies for bank and client and if there was one area of the UX we feel has improved above all else in the past year, it is for the corporate client, where improved cash management apps have been added, as well as the ability to access statements and make block payments.

As BNP Paribas has added products over the past years, the ability to navigate the platform has become vital to client retention and the bank has achieved this. The platform is dynamic, proactive, flexible and scalable – all of which is very good. But the really great thing about the UX on Centric and Cortex is how easy it is to have all the information you want, at your fingertips.



Algo Provider of the Year

P&L Report Card

This has become a very competitive field over the past couple of years and is showing little or no sign of slowing down, for just about every major FX bank has a suite of algo execution tools available for clients.

Achieving higher adoption rates remains something of a problem, however it is noticeable that the advent of third party mechanisms to analyse execution quality does appear to be giving clients some confidence in using algos – this is important if the impressive budget outlay is to be rewarded.

The big change over the past year in terms of clients' attitudes to algos has been the desire to interact more with internal pools of liquidity – in short, the pure agency model has appeal, but not as much as something where the client can make decisions and have control.

This is interesting when it comes to the long time leader in this field – Credit Suisse and its AES (Advanced Execution Services) business, which has generally focused on accessing the best external liquidity that has included, importantly, other banks' streams. AES remains a very popular business but if there was one bank that seems to have been hit harder than the others by MiFID II it is Credit Suisse, which,

with the agency model, undertook a heavy workload to meet the requirements necessary to meet the demands of the regulation.

AES remains a popular business, however, and client satisfaction remains high, the bank has also enhanced aspects of the service, although in reality the calendar has worked against it this year as many of the enhancements are not due for release until later in 2018. The bank will remain a serious player and the enhancements will only make it a tougher competitor in years to come.

JP Morgan has also made great strides as we noted earlier and we would refer readers to the Best Execution section for a description of what makes the bank's service so strong. The advances made by Deutsche Bank are also significant, any time the bank makes a move it reverberates around the industry.

Goldman Sachs is in the midst of re-engineering its algo suite of products with much of the work likely to be available in the middle of this year, including adaptive algos, and as we have noted, Barclays has rolled out a new strategy as indeed has State Street. Elsewhere, the landscape remains unchanged – banks have a relatively small set of strategies that they can offer clients



and the latter seem content with that.

In the past we have predicted more bespoke work on algorithms for more sophisticated clients, however we suspect that, not for the first time, we maybe wrong. More likely is the model pioneered by JP Morgan this year that allows the user to create a hybrid strategy using one or more of the bank's existing strategies.

There seems little doubt that the basic TWAP strategy will remain the most popular for the near term, if that is the case then we believe it is important that banks have strategies that allow access to internal liquidity pools.

Winner – BNP Paribas

The overriding reason we have given this award to BNP Paribas is that the bank has indeed added a strategy that allows internalisation and this reduces market impact. In the past, the bank has been a close rival of AES – it continues to be, but unlike its Swiss rival it has had the budget available to not only spend time on regulatory matters, but also on services and functionality for the client.

The last year has seen BNP deliver more client specific controls around its algos, studying exactly what it was clients need and then codifying that in. This means that more have execution logic built into the algos specific to them, something that satisfies the all important compliance function at the client end.

The bank has also enhanced the STP aspect of its algo suite, allowing clients to launch on a third party application, manage

the algo using BNP functionality and then have the end trade delivered into their own OMS.

The guided TCA tool on Cortex iX is simply superb with different layers of protection around the execution, such as maximum slippage, volatility barriers and limits for the "all in" rate. Clients can also look across a portfolio of trades when providing TCA (especially in the pre-trade). Real time TCA is provided so the user can monitor how the execution is progressing compared to the predicted path and the alerts functionality around the execution has been further enhanced.

BNP offers the flexibility for users to interact with the order as it progresses – as we have noted before this is important for those skilled execution teams who want to be able to leverage their own experience and knowledge – it also, importantly in this

compliance obsessed age, registers every interaction with the algo.

The parameterisation of the algos, as well as their flexibility means the BNP suite of products is as close to replicating how a skilled human trader would act as possible. There is a "get me out" button that automatically provides the BNP Paribas risk transfer price in the balance of the order – an important step into the principal field by an agency business (with the principal/agency border being clearly defined). If the client doesn't like the risk transfer price another click sees the algo resume.

There is also an internal match algo that only matches against other BNP algos that are operating in the market and clients can set parameters around the "all in" price they want, rather than just a fixed market level at which they want the algo to pause or stop. The bank has also built in Iceberg detection logic, something that will be helpful for clients as more and more



participants use the Iceberg strategy on public platforms in an effort to hide their full interest.

The Execution Cockpit is the canister hosting the suite of products, it also includes the bank's excellent pre-trade decision making tools with their drag and drop functionality and it is easy for clients to conduct post-trade operations such as rolls, splits and allocations in a more efficient fashion. The post-trade service also offers monthly reports that highlight trends in execution costs and, importantly, provides recommendations for adjusting execution policies that are tailored to the specifics of each client.

The data mining capabilities in the pre-trade analytics are what really strikes the observer though for the bank has borrowed

from its options business – indeed any options business – in providing “solve for” functionality. Under this guided pre-trade TCA model a client can enter an order for execution and then ask questions such as how long should the execution go for? What should the price constraints be? What is the benchmark to be used?

Again drag and drop functionality means the order can be moved easily to assess the likely outcome under different parameters and strategies, the platform automatically recalibrates the expected outcome while the order is being moved.

One final factor in BNP's favour in this very competitive category is how it has transformed the post-trade TCA aspect of its service. The bank was one of the first to go with BestX for TCA reports, which left it with

its own data and the search for some way for customers to use it.

The solution was BNP's Liquidity Lab, which delivers real in-depth analysis of a client's execution activity over different time horizons and in a totally empirical fashion. The analysis can measure the impact of a particular strategy over time and compare it to different execution methods available, thus really informing the client of where the potential shortfalls are in their strategies and how they can tweak for improvements.

This repackaged TCA is a great example of the different thinking that has allowed BNP Paribas to establish such a strong position in the algo world. Competition is undoubtedly growing, but the bank continues to roll just ahead of the curve – it is a go-to destination for algo execution.