

## **FX Survey 2019: Methodology**

**The Euromoney FX Survey 2019 is our 41<sup>st</sup> annual survey of liquidity consumption in the global FX markets.**



Euromoney's FX survey continues to be the most comprehensive representation of the wholesale FX consumption universe, a representative sample of FX consumption volumes and is the most accurate depiction of market shares for FX providers in aggregate.

### **Dates**

The survey was live between January 16<sup>th</sup> and March 7<sup>th</sup> 2019. During this time Euromoney collected responses securely through a dedicated data collection website and via telephone.

### **Participation**

In 2019, Euromoney received 1966 valid responses from consumers of FX liquidity representing total FX consumption of \$121.1 trillion (Including all Swaps) in the calendar year 2018.

Total response excluding short dated swaps 1951 representing total FX consumption of \$91.69 trillion \* in the calendar year 2018.

### **Survey structure**

The survey is split into three sections. For the quantitative section respondents are asked to name their (up to) top 20 dealers by volume (\$m) and the volume they traded with these providers for calendar year 2018.

Respondents are asked to split their volumes between the three main product groups: spot/forward outright, swaps (single leg) and options (notional value).

Respondents are then asked to split these volumes on a percentage basis by consumption channel (voice versus electronic) and to provide the percentage of their total FX trading volume for 2018 that was in emerging market (EM) currencies (where one currency of the pair is an EM currency).

Clients can vote for banks and/or for non-bank liquidity providers.

Each provider's volume aggregated across all respondents (for example, the total volume of transactions attributed to XYZ Bank across all responses) is summed up and expressed as a percentage of the total transaction volume represented by all valid responses to arrive at their all-FX products, overall market share.

All other market share calculations are arrived at by summing up each provider's aggregated volume across a particular client type, client geography, product type or consumption channel.

The second section of the survey is qualitative and produces rankings of various aspects of the FX providers' services. Respondents are asked to rate their providers on a variety of customer service metrics, product areas and ancillary services. These votes will be weighted to produce a ranking.

The third section covers the Market View: we invite clients to answer questions about their use of FX and their views on key issues affecting the markets.

Please note: the second and third parts of the survey are optional. While we very much appreciate clients' participation in these areas, we can accept ballots that only have the volumes portion filled in.

### **Excluded ballots**

Euromoney excludes responses deemed invalid for the following reasons, for the avoidance of doubt the below exclusions apply to the ENTIRE submitted ballot:

1. Responses that do not include an annual total volume number for the respondent organization cannot count towards any of the rankings in the survey, including qualitative rankings, and are discarded.

2. Captive votes and votes representing internal transaction flows are excluded in the survey. This includes votes cast by:

- Private banks that are part of banking groups with a market-making FX business.
- Internal bank treasuries.
- FX and non-FX trading desks.
- Tax/restructuring units.

Additionally, votes are not included in the survey where:

- FX service providers cast votes for themselves.
- Euromoney does not receive confirmation from the respondent of their identity.
- An individual respondent submits more than one ballot and we cannot resolve the duplication.
- A respondent's volume is duplicating that of a colleague's from the same institution.
- We receive interbank or interdealer broking volumes.

### **Survey process and methodology**

Euromoney made changes to its rules around engagement in the survey for its 2019 survey.

- Liquidity providers contacting clients: Liquidity providers can contact clients about the survey, but only under the following conditions:
- Liquidity providers are allowed to contact their clients throughout the polling period.
- Neutrality: Liquidity providers can encourage clients to vote in the survey. However, they cannot incite clients to vote specifically for them. We closely monitor voter activity and undertake a rigorous vote-verification process.
- Volumes: Liquidity providers are welcome to provide clients with their trading volumes to help them complete the survey.

As per last year short-dated swap volumes will not be included in the final volumes which determine the rankings. We will still collect this data: firstly so that it can be accurately excluded and secondly so that we can monitor the extent of these volumes in the market.

## **Volume definitions**

### **What Euromoney collects from respondents**

The Euromoney FX Survey collects trading volumes and qualitative assessments of providers from survey respondents. The volumes it requests from respondents is:

- Annual FX trading volume of previous calendar year- see right hand box for quantification

Per Provider:

- Spot/Forward
  - % that is Electronic
- Swaps (Single Leg)
  - % that is Electronic
- Option (Notional)
  - % that is Electronic
- % of the TOTAL above that involves EM Currencies (minimum one side of the trade being any non G-10 currency)

### **Eligible FX Products**

Euromoney defines FX products as the below executed in any currency pair:

- Spot FX
- Forward FX
- FX Swaps (greater than one week)
- FX Options

Products that Euromoney does NOT consider to be FX:

- Cross Currency Swaps
- Interest Rate Swaps
- Interest Rate Options/ Swap Options

### Quantifying FX Options

Euromoney collects NOTIONAL volumes from respondents. To be able to combine option volumes with those of spot, forwards and swaps Euromoney delta hedges the notional volumes to get to a DELTA HEGDED figure- this is the volume figure that is published. The delta applied to the notional volumes is the median delta dealt in the market for the survey year.

\*The 2019 rankings are based on swaps-adjusted volumes that exclude volumes from short-dated swaps.