

FX survey 2021: Methodology

The Euromoney FX survey 2021 is our 43rd 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 an accurate depiction of market shares for FX providers in aggregate.

Dates

The survey was live between January 21 and February 26, 2021. During this time, Euromoney collected responses securely through a dedicated data collection website and via telephone.

Participation

In the 2021 survey, Euromoney received 2,788 valid responses from consumers of FX liquidity, representing total FX consumption of \$104.9 trillion in the calendar year 2020. Total response excluding short-dated swaps was 2,771 representing total FX consumption of \$84.64 trillion *.

Survey structure

The survey was split into three sections.

1 - Quantitative

For the quantitative section respondents were asked to name their (up to) top 20 liquidity providers by volume (\$mIn) and the volume they traded with these providers for calendar year 2020.

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

Respondents were then asked to split these volumes on a percentage basis by consumption channel (voice versus electronic) and to provide the percentage of their FX trading volume for 2020 that was in emerging market (EM) currencies (where one currency of the pair is an EM (non-G10) currency).

Respondents were asked to provide this EM percentage for each of the three main product groups listed in the previous paragraph.

Respondents were also asked to provide the percentage of their swaps volume that is greater than one week in duration.

Respondents were asked to provide nominal volumes of non-deliverable forwards (NDFs), algorithmic execution products/tools and fixings where possible.

Respondents could vote for banks and/or for non-bank liquidity providers.

We also allowed respondents to vote for their multidealer or independent platforms at the initial stages on a nominal basis.

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 (the short-dated swaps volume is subtracted) 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. NDF, algo-execution products/tools and fixings volumes are not included in this calculation as they are already captured in the spot/forward outright volume submitted.

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

2 - Qualitative

The second section of the survey is qualitative and produces rankings of various aspects of the FX providers' services.

Respondents were asked to rate their providers on a variety of customer-service metrics, product areas and ancillary services.

The importance of these factors is cross-referenced with the assessment given of the providers to calculate a score that the ranking is based upon.

Each client segment (eg. non-financial corporations) is only able to vote on relevant qualitative categories.

3 - Market outlook

The third section covered the market outlook: we invited 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 quantitative 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.

Survey process and methodology

Liquidity providers can contact clients about the survey, but only under the following conditions:

- Contact: Before and throughout the polling period. For the avoidance of doubt, these communications should be 'soft-touch', such as e-mail and/or other electronic messaging systems and not be organised telephone-based campaigns.
- 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.
- Reaction: Should we receive any complaints from respondents who feel that the communication is excessive, we will contact the offending provider to inform them and may take punitive measures to address this.

Since 2018, short-dated swap volumes will not be included in the final volumes that 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 are:

- Annual FX trading volume of previous calendar year

Per provider:

- Spot/forward
 - percent that is electronic
- Swaps (single leg)
 - percent that is electronic
- Option (notional)
 - percent that is electronic
- percentage of each of the above products that involves EM currencies (minimum one side of the trade being any non G10 currency)
- Non-deliverable forwards
- Execution algorithm
- Fixings

Eligible FX products

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

- Spot FX
- Forward FX
- FX swaps*
- FX options

Products that Euromoney does NOT consider to be FX:

- Cross-currency swaps
- Interest-rate swaps
- Interest-rate options/ swap options
- FX futures

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-HEDGED 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 2018 rankings onwards are based on swaps-adjusted volumes that exclude volumes from short-dated swaps.