

End-to-End Cross Currency Solutions

Deutsche Bank is integrating its FX offerings and payment capabilities through its new FX4Cash infrastructure to deliver a broad range of end-to-end cross currency payment solutions.

Deutsche Bank has engaged in a strategic cross-business partnership to develop a new payment platform called FX4Cash, which integrates the bank's electronic foreign exchange (FX) trading platform autobahn® FX, its extensive payment systems including the awarding winning Money Transfer New Architecture (MTNA), and its wide range of client access channels. The new solution provides clients with access to automated and competitive FX pricing across more than 1000 currency pairs and streamlines their cross-border payments in a straight-through process. This service is currently available to corporates and financial institutions (FI) in Asia that have accounts with Deutsche Bank branches in New York, London, Frankfurt, Hong Kong and Singapore. It will be extended to other countries in the region pending appropriate approvals being obtained.

"Through seamless and true integration, this platform harnesses the power of Deutsche Bank's No. 1 position in FX and leading payments capabilities to provide clients an all-in-one solution," says Kefei Chang, director, FX4Cash product sales, Asia Pacific at Deutsche Bank.

FX4Cash is most effective for relatively small value, repetitive payments. The solution is designed to help clients improve efficiency and speed in their treasury operations through a streamlined, automated process, while giving them more control and choice in their FX dealing and payments. Using the service, clients will not only save costs by reducing the number of foreign currency accounts they are holding and aggregating their FX trades, but it will also help them better manage their working capital and liquidity by eliminating idle balances and exposure to currency volatility.

The new service is targeted for FI and corporate clients that may initiate cross-currency payments via many access channels and choose from multiple payment options.

With this new solution, FI and corporate clients are not required to maintain expensive and cumbersome multiple accounts denominated in different currencies. "With FX4Cash, clients can utilize their major currency accounts e.g. in US dollar or euro to make payments out to the beneficiaries in the minor currencies," says Chang. "In this way they can consolidate their accounts to reduce costs and improve efficiency, without comprising their ability to make foreign currency payments."

Deutsche Bank is focused on translating its FX and Cash Management advantage into tangible client benefits. "In the market, FX has traditionally been seen as a post-payment factor. FX information will then be provided to clients after a payment is made, so that they can make the necessary reconciliations. Today, with growing demand by clients to manage their liquidity and transactions more efficiently, clients need to know the rates before their business day starts or during the day when rates are applied. "The thinking behind our design of FX4Cash is to give customers equal access to the FX capability along with the payment capability," says Chang. The new platform offers clients access to full audit trail and information reporting both at FX and payment transaction level.

FX4Cash leverages the trend by online trading platforms in seeking the best FX rates, but allows the process to follow through further by applying the best rate to a payment to another party. In addition to a broad selection of currency pairs, FX trade types and FX rates, the system offers clients greater flexibility and interactivity in FX dealing and payment initiation.

"A significant portion of the FX trades today is driven by the business needs of making or receiving a payment to a third party in another currency. The process is currently being managed manually as an extra step after a FX trade is booked and settled. With FX4Cash, we provide clients with an end-to-end, automated straight-through process from FX dealing to settlement and payment. This is a fully integrated solution," adds Chang.

In today's competitive payments world, FIs are faced with the challenge of diminishing revenues from transaction fees due to price compression and new regulatory pressures from initiatives such as Single Euro Payments Area (SEPA). As a result, FIs are eagerly looking for other sources of income to offset the lost fee revenue. Chang says: "Banks have started to recognize FX spreads from payments as a new revenue stream and FX4Cash helps them to take advantage of such opportunities."

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