

Highly Commended (e-FX initiative of the year): MFXCompass

<http://www.fxweek.com/fx-week/interview/2417225/highly-commended-e-fx-initiative-of-the-year-mfxcompass>

13 Jul 2015, Eva Szalay , FX Week



In February last year, MahiFX launched MFXCompass, a full-service, packaged solution that allows institutions to set up and run a spot electronic foreign exchange offering with a novel idea at its heart: profit sharing.

Technology providers have been offering price engines and distribution capabilities for some years, but as a client told *FX Week*, none provide the whole package in the same way as MahiFX. On top of that, no company has offered such technology on the basis of sharing both the gains and losses equally.

"It's really an attempt to optimally align our interests with clients. Strict dollar-per-million brokerage doesn't seem to me to fit with a client's objective of maximising profit and loss," says David Cooney, founder and chief executive of MahiFX.

MFXCompass has been highly commended for its impact on the wider industry in the e-FX initiative of the year category. One bank that publicly acknowledges using MahiFX for its e-FX offering, ANZ, has been voted the winner of this year's Bank e-FX initiative of the year award for becoming a market-maker in its home currencies, despite spending years in the e-FX wilderness as a liquidity consumer.

Continually learning

"It took two years to develop the essence of Compass," says Cooney, "but the development never actually stops. We are learning the whole time and trying to incorporate improvements continually."

One advantage highlighted by clients is the highly customisable nature of MFXCompass, enabling each customer to adapt it to their own goals. While currently used by banks and brokers, Compass could be appropriate for other customer segments.

"MFXCompass is suitable for anyone who has either customer flow, where they would like to monetise more of the bid/offer spread, or orders they would like to work efficiently. Basically, brokers and asset managers," says Cooney.

When MFXCompass launched, the markets were docile and volatility hit historic lows. Since the end of last year, however, this has all changed, making the business of being a market-maker more difficult.

Dynamic markets

"Markets are as dynamic as I've ever seen," Cooney notes. "It puts a premium on analytics, both of flow and system performance, and on the ability to dynamically tune the system and where necessary evolve it quickly."

"Markets are more gappy – there are a few theories as to why. Higher prime brokerage costs have rendered some non-bank liquidity provision marginal or unprofitable, taking out some liquidity," he continues.

"There seems to have been an increase in liquidity recycling, with people playing hot potato with challenging flow; of course, in the process rendering it more challenging. And, generally, volatility is back in markets, which means, on average, prices move more per unit of time. At the same time, holding periods are up," he adds.