

With Alain Broyon, CEO of Dukascopy Bank

Forex Hub, technology provider and media phenomena

Dukascopy Bank may be a Swiss bank but its approach to its foreign exchange brokerage business is anything but conservative. The Geneva based company began life in 1998 as a software project launched by a physicist, Dr Andre Duka. This meant that technology was part of the firm's DNA from the outset and, as we shall hear from its CEO Alain Broyon, it has remained at the cutting edge of new ideas and innovations.

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Today Dukascopy Bank is a major force in global foreign exchange and bullion broking, a hub for traders, investors and liquidity providers and a media phenomenon. The last of these may surprise some in the financial community, especially those in some corners of the banking sector who are more reticent about relations with the press.

Anyone who has attended Dukascopy Bank's monthly Geneva Forex event will know that far from shying away from the media glare, the firm takes it to a whole new level. Moreover, media for Dukascopy Bank means much more than just the press. It has embraced new and social media with great success such that it now leads a 50,000 strong forex community that generates its own media presence. In the following interview Alain Broyon explains his role in leading Dukascopy Bank and describes how he is fulfilling his vision for the future of the bank.

Alain, what are your main day-to-day responsibilities within the firm?

I am the CEO. My job is to implement the different strategies that we develop within the bank.

I supervise the front office, our sales and marketing activities and I sit close to the team. My door is always open and we are constantly interacting. Meeting clients is important – perhaps more institutional ones these days – but I want to have a feeling of what clients are thinking and what they need at all times, otherwise it is difficult to steer the boat in the right direction as it were. At the same time human interaction is a key point for me because you need this interaction with clients, and between colleagues as well, in order to develop new ideas.

What do you most like about the job and in what ways does it give you an opportunity to deploy your business skill sets?

Well apart from the human interaction of meeting clients and working with colleagues, it's about developing new ideas and taking the bank to the next level. At the same time I like the commitment and hard work aspects of the job. You have to demonstrate your commitment if you are to motivate others. You need to have well-developed communication skills and a thorough understanding of everything that is going on in the different departments of the bank. In this regard you need to be a generalist in helping to develop the bank, particularly in terms of optimising operations in the back office, in terms understanding and implementing compliance requirements and all the other things that go into running the bank.

What vision do you have for making Dukascopy Bank different from other brokers?

Firstly, we have developed a unique trading environment. All clients see the same data feed, they see the same price. Whether you have deposited one thousand or one million, you are in the same trading environment and you have the same right to consume the liquidity or to provide it in this market. This is totally unique and this is one thing that makes us different.

We have aggregated the liquidity of the top 25-30 banks in the world, meaning that we are now one of the biggest aggregators of liquidity. We give this to clients on an equal footing. Clients pay a small commission and the bigger the client the less they pay and this is fully transparent and totally open. This is quite different from the other ECNs. Based on this aggregation, we can provide our clients an average spread of 0.2 pip, which we are proud of – because it is really not easy to offer this kind of spread on Euro / Dollar.

We have also created one of the largest trading communities where all the members can meet and

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chat together. They can share information, write articles, copy trade, they can spend time together in virtual rooms, create webinars whether they are our client or not. So, outside of the trading environment, we are building a huge community of more than 50,000 members who share, exchange and speak together.

The other really important thing to say is that we have unique technology, which is entirely built in house. The front office, the trading platform, our aggregator – everything is developed by our IT staff. About 200 of our 300 people are IT or IT related staff. This enables us to evolve, innovate and develop the environment and the business that matches the needs of our clients.

What advantages does bank registration bring to Dukascopy Bank?

First and foremost it is important that we are a Swiss bank. This means that we have access to the Swiss Central Bank. This is a huge advantage because we can put most of funds in the Swiss National Bank. Furthermore, as a Swiss Bank, the clients funds are protected up to 100'000 CHF. A broker that is not a bank cannot have this kind of security and offer it to its clients.

It is worth mentioning that this is very costly from our point of view. It is very expensive to be a bank in Switzerland.. But to be a bank and, in particular, a Swiss bank in this day, is a positive thing. When you

look around the world at what has happened in some jurisdictions, for example in Cyprus where the government just taxed clients' money from their bank accounts, you appreciate this. So the security of being a bank is one thing but the stability of Switzerland, especially in recent times is another. We therefore have a double advantage.

Dukascopy Bank regularly holds Geneva Forex Events – how popular have these proved and who attends them?

These have been very popular. We receive 500 attendees every month and always a variety of people who can be our local or overseas clients, partners, competitors and liquidity providers for example. They are very



interesting networking evenings. Various representatives of the media are also there and we have also set up cross marketing with luxury brands. We have put on fashion shows with brands like Gucci, Ferragamo and models displaying their latest collections. Every month we have a different luxury brand.

So these are financial events linked to luxury brands and you can see these on genevaforexevent.com or on YouTube as well.

What is the scope of Dukascopy Bank's business activities?

In a nutshell Dukascopy Bank is a specialist in forex and bullion trading. We offer spot trading and we are now introducing contracts for differences (CFDs) and binary options. The CFD business was a natural progression from forex because it has similar margin trading characteristics. Clients had asked us to provide this service so their need and their demand is essentially behind this development.

Meanwhile binary options represent a way of offering options to the client in an easy way, while staying within the forex field.

At the same time we are developing Dukascopy TV, the Swiss Financial



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marketing vision is totally different from everyone else's. We believe that it is more efficient to invest in our channels of information to generate traffic than to pay to acquire traffic through Google and other web sites. Moreover we believe that the future of the media will be more interactive and search engines, for example, are not sufficiently interactive in the ways that our relations with our stakeholders are.

Who are your customers?

We cater for all types of customers from retail to institutional. Our main target group are retail and high net worth clients. This, in itself, is quite a broad group. We have clients with one thousand dollars to invest and others with five million or as much as ten million dollars to invest.

At the same time we have institutional clients who are our white label partners and brokers. For example in Turkey, IntegralMenkul is one of the biggest brokers. In Japan, in various European countries and

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many other parts of the world our partners use the technology and platform that we have developed to assist their own clients. We are very interested in the retail scene in Japan in particular and we are actively looking to acquire a partner there.

What do traders particularly like about doing business with Dukascopy Bank?

I think as far as traders are concerned there is no doubt that they like our spread. They like our one single data feed and they also like our execution capabilities.

Because of our famous 0.2 pips spread in EURUSD, we are more competitive than other brokers and then again clients like the transparency of our approach. They

also like the online community that we have developed around this which gives them some fun and some interaction with other people in the market. We never forget that our clients are human behind their screens. They have the need to interact with others and needs to develop themselves as traders.

What steps has Dukascopy Bank been taking to enhance its trading platforms and range of products it covers?

As far as the trading products are concerned I have mentioned CFDs and binary options that are adding to our product range. We are constantly improving and upgrading our platform. Every weekend our IT people are working on these improvements. There are small and large updates.

We have several different platforms. So we are currently working on our iPhone platform where we already have 50,000 users a day using its capabilities. We have a lot of development going on in all our platforms. Our JForex platform is particularly popular for both manual and automated trading. Based on Java, it is designed for traders who like to automate their trading or test their strategies. It also provides traders with analysis tools so that they can plot their positions using charts.

How important is trading technology to Dukascopy Bank and how is it leveraging it to enhance its value proposition?

As you can see there is a lot going on. Just to list some more

developments: the new iPhone trading platform will be launched soon. We have a new CFD and forex platform in development. This will also be launched quite soon.

Not on the platform but quite separately, as a distinct piece of technology, we are launching Dukascopy Connect which is a new way of connecting people to each other. It is like a mixture of Whatsapp and Viber. It is a secure confidential messaging system. It is a totally new technology which will be available on the platform and which will enable people to speak, exchange information, share face time, create chat rooms via their iPhone or whatever device they use and even, in the future, to be able to exchange money by simply sending a SMS.

"You can see from what I have explained that technology is really at the core of what we do. We live through technology. It is at the heart of Dukascopy Bank and this is why our value proposition is really in the execution."

We are harnessing a lot of new technology to enable clients to interact and trade in any way that they choose. But at the same time we are doing this within the safety and security of a Swiss bank.

What steps is Dukascopy Bank taking to offer access to new trading and investment opportunities?

You can see from what I have explained that technology is really at the core of what we do. We live through technology. It is at the heart



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"So we have a business that is financial in nature and also a media business too, which, as I've mentioned, is one of our key differentiators."

of Dukascopy Bank and this is why our value proposition is really in the execution. As we are one of the biggest liquidity aggregators, we can provide the smallest spread in the industry with rapid execution and at the same time we manage to leverage social media through the interaction and communities that we foster. Everything is built on this.

What plans do you have for expanding the business of the firm, such as increasing its geographical footprint growing the user-base and establishing more collaborative partnerships with other firms?

At the moment we have a presence in Geneva, Zurich, Riga, Kiev, Moscow and Hong Kong. In the next couple of months I expect we will be in a position to open in Kuala Lumpur and Shanghai. These give you an idea of how we are developing our geographical expansion.

In addition to this, in terms of our collaborative partnerships, we are developing more and more white label partnerships. At the moment we are experiencing a big demand for our technology as well as to be part of the community behind it.

All of our partners are looking for us to help them provide something new

to their clients and to keep those clients on their website, to keep them interacting and trading. In the next month we expect some more of those new partnerships to go live. We have between 10 and 20 white label partners all over the world who are waiting to be on-boarded.

Do you see new regulation in the FX market as a threat or an opportunity?

Look, regulation is definitely a good thing for the reputation of the market and for the protection of clients, banks and brokers. But, at the same time, regulation should not be too hard or too extreme. If it is, it will

increase the cost through the need to implement new rules and procedures and this cost will have to be reflected in the cost that clients will have to pay to do business. So regulation is important and valuable. Also, we would like to see Regulators look at jurisdictions that are not regulated. There are still a lot of unregulated entities operating worldwide which should also come under pressure to become regulated, just as we have been.

Do you expect retail forex to continue to undergo consolidation and what impact would that have on the wider market?

I would say that the consolidation will continue for the next few years. Revenues for all brokers are bound to come under pressure with lower and lower spreads and commissions. Those organisations that are not big enough and cannot harvest economies of scale will not be able to develop volumes and will be forced to consolidate.

The endgame is likely to be a small number of relatively large players. It is difficult to say but perhaps there will be three or four large players remaining in each country. At the same time there will be higher barriers to newcomers. Setting up operations will become more and more expensive and client acquisition costs will become higher and higher. You only have to look at what is happening the US or Switzerland – consolidation is going on everywhere so we must expect consolidation to continue and long term, only the biggest, fittest and most agile will succeed.

If there is one clear message from Alain Broyon it is that Dukascopy Bank is an organisation that does not sit still. Instead it embraces change willingly, openly, rapidly and effectively. It listens to its customers and harnesses technology in every way it can to make trading easier, cheaper and more transparent.

Mr. Broyon is aware, along with every other broker in the market, that as consolidation continues, their offering has to engage clients, retain them and continually offer them something new and exciting; Dukascopy Bank does just that.

He does not forget that behind every screen, tablet and smart phone is a flesh and blood customer, not a robot. Helping that customer interact and transact with his or her peers on a global basis, cheaply and quickly is important, and if they enjoy the process that Dukascopy Bank provides they are more than likely to come back for more.

