

CFD Trading Market Entry for a German Top 3 Bank

Challenge

Our client, a leading European issuer of warrants as well as investment and leverage certificates, intended to expand his extensive market making offering and to enter into the retail business with CFDs (contracts for difference) as the first major bank in Germany. Against the backdrop of these innovative OTC derivatives' increasing importance for trading-savvy retail banking customers, the bank's objective was to defend its own customer base and to protect existing trading volumes. This required the implementation of a suitable trading platform which had to be integrated into the client's existing business processes and IT systems (including tax, accounting, risk management, and reporting).

Approach

Starting point of METIS' assignment was a feasibility study, resulting in decisions to implement an in-house "market counterparty" solution with the client's direct banking subsidiary and to develop a proprietary state-of-the-art CFD trading system. Furthermore, based on competitive analyses, the key strategic cornerstones of the offering were specified (including range of tradable instruments, fee structure, and core functionalities of the trading platform).

During the following conception and implementation phase, METIS developed CFD-specific process, account, and booking models and defined the corresponding process, system, and interface requirements in close cooperation with the client. Subsequently, the project team was particularly responsible for the following tasks:

- Business specification of account, trading, clearing, and reporting functionalities
- Development of front-end functionalities and design requirements
- Functional steering and supervision of off- and onshore development, including the integration into the existing middle and back office system landscape of the bank
- Test design and execution of comprehensive module and integration tests
- Program management (especially at the interface between trading/ sales/ IT)

After the successful market launch existing functionalities of the CFD trading platform were enhanced, the multi-client capability was ensured, and new features (including chart trading) were added. Additionally, METIS specified a mobile CFD trading application with two different versions for smart phones and tablet PCs as well as supervised the subsequent implementation.

Results

In cooperation with METIS the bank developed and successfully launched a competitive CFD trading platform in a short timeframe. The corresponding business objectives regarding numbers of customers and transactions were exceeded significantly in the first year. Moreover, the achieved scalability and multi-client capability of the platform will enable the rapid expansion of the CFD business through white label solutions for other national and international brokers.

Please feel free to contact us for further information.