

Catching Up With Currency

MCX-SX is a platform for currency trading that has proved to be of benefit in many ways

Who are your target audience?

Now if you look at my target audience, they are mainly exporters, importers and SME clients. Others include the banks as liquidity providers both as market makers and users and the other segments of the market. We are also looking at the retail clients. There is a specific focus on the retail because as an individual everyone has got a requirement for forex in one way or the other. But today however, it is more through the trading members.

What are your penetration levels at this point of time?

I would look at it in two aspects – the pre-launch and the post launch. On the pre-launch we have really done a lot of trainings and seminars for the actual users and with tie-ups with CA and CS institutes etc. and taking support from them in some way or the other. We have also conducted a series of education seminars. On the post-launch we have taken an equal number of initiatives. what is your market share that you have gained today, what is your membership participation and what is the geographical coverage and the turnover the exchange has achieved. If you look at all these parameters I would say that we have done exceedingly well.

MCX-SX is a platform for currency trading that has proved to be of benefit in many ways. On the market share front, initially we had 30 per cent market share. Then we went to 50 per cent. As far as the membership participation is concerned we received an overwhelming response on the application front and after the due diligence process, both at our level and at the regulators' level, we have around 430 members registered with the SEBI. In terms of geographical spread, in the first month, our reach was not of a high magnitude. Today, however, we are operating from around 220 centers across the country. And in terms of turnover, while the markets have moved from x to 10x, meaning when the markets started it was at around Rs 200 crore, and now we are close to around Rs 2800 crore in terms of total market volumes. On the 24th trading day we crossed Rs 1000 crore and on the 30th trading day we recorded a highest turnover of Rs 1465.94 crore, with 289994 contracts and this is the highest number and I am looking for a day where we will cross that.

Could you throw some light on the global currency markets? At what rate are they growing and the turnover of the largest market?

I will put it this way from global perspective. We normally look at Chicago Mercantile Exchange (CME) which is holding the highest volume. Their annual turnover is USD 32 trillion and the daily turnover is USD 80 billion approx. The CME offers multiple currencies, multiple contracts and extended trading hours.

Looking at the international markets are we learning something and shifting focus to the retail segment?

Yes, we are definitely moving our focus towards the retail, but it will happen sometimes in the future. But today the concentration is from the actual users because there is a risk management platform provided to these users and they will use it. Once the corporate see the volumes here they will automatically get attracted towards it.

Now here is an opportunity to reach out to these people. So the regulators and exchanges are actually aiming to reach out to such people to get them onto this platform because the minute you have such participation in the market then automatically you will attract retail investors.

What is your current approach towards these potential users?

Our current approach is actually to go and meet them, make presentations and get them to participate. We have tied up with the Federation of Indian Export Organizations (FIEO) to conduct joint seminars so that more and more exporters will come and see the platform and will benefit out of it, as the major advantage is the price transparency. Our next focus is providing information and education for market participants. In addition we are focusing on knowledge dissemination in the different regional languages to help them to get rid of the linguistic barrier. To start with, we have made data pertaining to the currency trading available in Hindi and Gujarati. We are going to focus on the other languages like Tamil, Malayalam, Kannada, Telegu, Marathi, Bangla, and Punjabi.