

# FX Week

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## Citi triumphs in Asian CLS

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TAIWAN – Citigroup appears to be winning the battle for third-party CLS business in Asia. The bank last week signed up its fourth client in Taiwan alone – Bank of Kaohsiung, which now joins Union Bank of Taiwan and two other un-named Taiwanese banks as third-party CLS clients of Citi. This means Citi settles their forex trades via its own account with the new settlement system.

Citi has about eight clients in total in Asia, including banks based in Hong Kong and Japan, as well as Taiwan. The bank attributed its success in the region to its ability to offer on-the-ground support.

“Choosing a CLS Settlement Member [the term used for a bank offering third-party CLS] is one of the most important strategic decisions for any organisation in managing their foreign currency transactions,” said Jerry Chen, head of Citigroup Cash and Trade Services, and Financial Services head in Taiwan. “Citigroup’s on-the-ground presence for relationship and implementation support, and strong product expertise were absolutely crucial in gaining our clients’ confidence and in their understanding of the CLS

settlement system,” he added.

### “Big is best”

Rival banks pointed to the “big is best” factor in explaining Citi’s lead in the provision of third-party CLS services. Citi has 25 banks signed as third-party clients, JP Morgan Chase has 23, HSBC has 22 while UBS Warburg and ABN Amro have 19 and 12 respectively.

The only other bank to have announced the names of any clients in Asia is Standard Chartered Bank, which has already implemented its third-party CLS service at Bank International Indonesia.

Banks are competing fiercely for third-party CLS business, to recoup the costs they have expended on an estimated \$10 million in systems connection to CLS. The business is also seen as an important way of winning more client market-share in a shrinking overall industry.

CLS was launched on September 9 and reduces settlement risk by making payments on both sides of a forex trade from one central repository bank. ■