



PARTNERING FOR SUCCESS

How one company reduces operational risk across its FX trading workflow

**Highly Commended
Best Foreign Exchange Solution**

**LG Electronics
Calvin Lee
Manager, Asia Pacific Treasury Centre**

Adam Smith awards highly commends LG Electronics for Best Foreign Exchange Solution

Company profile

LG Electronics is a global leader and technology innovator in consumer electronics, mobile communications and home appliances, employing 87,000 people working in 113 locations around the world. With 2013 global sales of US\$53.1 billion, LG comprises five business units.

The challenge

The company's previous foreign exchange solution involved email based FX orders from LG's various Asian entities, followed by a manual aggregation of these orders at the regional treasury center. Then the company used either chat, a single bank platform or voice to get quotes from its relationship banks and to trade with them.

Every step potentially had inefficiencies and the risk of manual errors, and was also difficult to audit. LG's people were also spending increasing time on simple and mundane processes rather than dedicating themselves to value-added functions. The task for LG was therefore to find a solution that would allow the company to solve these inefficiencies and allow its staff to focus on other areas of the job.



Photo of Calvin Lee, LG Electronics

The solution

Following an analysis of the market LG decided to implement a trading and confirmation solution in order to improve its foreign exchange processes. “We now have the ability for users in our various Asia entities to create, modify and approve FX spot and forward orders electronically,” says Calvin Lee, Manager, Asia Pacific Treasury Centre at LG. “The solution will then electronically consolidate orders for our Regional Treasury Centre to control and feed approved orders to our relationship banks to obtain an electronic ‘multi-bank quote’”.

The system ensures that the best price will be available and LG can then execute on the platform electronically. With this innovative technology, LG has been able to really reduce its operational risk across their FX trading workflow.

LG’s innovation of the trade affirmation module allows independent reconciliation of trades through MT300 messages with trade counterparties. The reporting suite gives LG a continuous and complete picture of the trading and confirmation process across the region on a real-time basis.

The Execution Quality Analysis, a form of transaction cost analysis (TCA) report, is effective in giving them insight into their trading performance across their currencies as well as the performance of their banks. “By adopting the trading and confirmation solution, we have access to a clear audit trail of the order generation and execution process which helps us satisfy auditing requirements and improves standards of compliance,” says Lee.

Best practice and innovation

The biggest driver for LG’s business was to reduce the operational risk it was increasingly facing across its Asia FX trading requirements. The new platform helped it shift away from a manual and inefficient system to a fully electronic end-to-end FX trading workflow. By going electronic, it can now generate, approve, consolidate, quote and obtain the best execution of FX orders whilst improving user control, efficiency and errors rates across their Asia entities. It streamlines the process of receiving FX orders from the various entities and provides view/approval access to FX orders so each entity may have more control and accountability in their orders. As a result, LG can be more compliant with its internal corporate policies, better satisfy auditing requirements and reduce manual errors and inefficiencies. Lee concludes, “as we leave behind the old model of manual ordering and execution, we can be more compliant with our corporate policies and achieve greater operational efficiencies.”

The new platform LG has implemented has greatly increased the efficiency of the company’s FX process while at the same reducing the risk the group was exposed to. On top of these advantages, LG has benefited from much improved control as a result of implementing the solution.

Key benefits

- Productivity gains
- Process efficiencies
- Foreign exchange gain(s)
- Risk removed/mitigated
- Increased control

Refinitiv is one of the world’s largest providers of financial markets data and infrastructure, serving over 40,000 institutions in over 190 countries. It provides leading data and insights, trading platforms, and open data and technology platforms that connect a thriving global financial markets community – driving performance in trading, investment, wealth management, regulatory compliance, market data management, enterprise risk and fighting financial crime.

For more information, please visit
refinitiv.com/en/corporate-treasury



REFINITIV™
 DATA IS JUST
 THE BEGINNING™

