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G-10 central bank study on E-trading in wholesale fixed income and foreign exchange markets

Issues: market structure, financial stability, risks
Market structure

Originally:
- OTC (bilateral)
- Segmentation (interdealer vs. dealer to client)

E-trading:
- more hybrid situation

Implications:
- price discovery, transparency, efficiency
Financial Stability

- Liquidity (fragmentation; in stress periods)
- Volatility
Risks

E-trading: lot of potential, but to what extent to be realised

- Technology risks
- First mover advantage
- Design, vested interests