

# Trading Up

CMC Markets is electrifying the online trading sphere with its innovative technology and passionate people.

Images by Scott Ehler

In the world of online trading, CMC Markets is a well-known player, with the company setting the standards for groundbreaking trading platforms, dedicated customer service, and well-established expertise. Matthew Lewis, CEO of CMC Markets Asia Pacific, spoke to *The CEO Magazine* about the upward trajectory that has seen the company develop a unique proposition for the savvy active trader.

**The CEO Magazine: First off, can you give our readers a brief overview of your professional background?**

**Matthew:** I studied economics at Sydney University, and while I was studying I worked as a night auditor at a five-star hotel. For me, apart from realising that things aren't as luxurious behind the scenes of a hotel, the experience gave me an early insight into what good service really means.

I always had a keen interest in financial markets. I started off my financial career with the Commonwealth Bank and was there for around five years. It really gave me my first taste of and passion for derivatives, and if anything I look back at that as my apprenticeship, so to speak.

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My next move came following the discovery of CMC Markets at a trade show. I liked the company's product range and became intrigued after speaking with one of their traders. The next week, I jumped ship from what was Australia's biggest bank to CMC Markets. At the time, in 2005, CMC Markets had only just launched in Australia and had 15 employees.

The appeal for me was that the company offered a diverse and wide range of derivatives, and I was genuinely interested in their product range. I started as one of their dealers and went on to head up the Australian equities desk, before moving on to the sales trading operations.

After heading up the sales trading operation for Australia and New Zealand, I had the opportunity to move to Singapore to head up the Eastern trading operation and serve as managing director of the CMC Markets Singapore and Asian enterprise. I was there for two years before moving back to Australia last year with my family to lead the greater Asia-Pacific region. With the Asia-Pacific operations now headquartered out of the Australian office, we've gone from what was locally a 15-person

operation to just under 100 staff in Australia, 26 in Singapore, and five in New Zealand.

**With your global organisation celebrating its twenty-fifth anniversary, what have been some of the significant milestones for the company?**

Going back as far as 1996, CMC Markets' global operation was one of the first to release a retail online foreign exchange trading platform. Historically, that had only been for the likes of institutions and companies to be able to trade online foreign exchange as a product. It was a defining moment, being one of the first to deliver that to the retail trading public.

On a more local level, a key milestone was the launch of the office in Australia in early 2004. Australia was the first office outside the United Kingdom for CMC Markets, and it's gone on to be the largest office outside our headquarters in the UK.

In more recent times, CMC Markets in Australia has been leading the charge for the rest of the industry through the CFD Forum. Our compliance director, Paul Casey, has been instrumental in establishing the CFD Forum and working with the regulators to introduce the CFD



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Forum Standards, or code of practice, to instate self-regulation of the industry. It's his vision and guidance that has seen CMC Markets passionately lobbying the government for a change in the law for the benefit of all.

Globally in 2008, we purchased the physical stockbroker Andrew West with the intention of diversifying and broadening the offering that we had locally. We wanted to put a line in the sand and demonstrate that we were serious about taking on the big banks as a broader financial services operator.

We have always understood that technology was a defining factor in the way traders can identify and harness a plethora of trading opportunities and, in 2011, we launched our Next Generation trading platform.

We spent millions developing our own proprietary platform, securing our position as the market-leading innovator. We focused on providing the best platform and features from charts, pattern recognition, and our groundbreaking client sentiment tool, which displays what is being bought and sold around the world by our customers, and more specifically by our top, most successful traders.

On a global level, we now have approximately one million trades per month placed via our mobile platform. Locally, the shift towards mobile trading continues unabated, with 70 per cent of Australian traders using mobile to trade. More recently, as early as 2013, we moved some of our core operations, such as our dealing, sales trading, and business operations, from Singapore back to Australia.

Throughout this journey, we've received consistent awards and recognition, which have been key milestones for us. For the fourth consecutive year, CMC Markets Stockbroking has secured CANSTAR's national award for Outstanding Value Online Share



Trading, so that's been very pleasing for us as a group. CMC Markets has gone from being a small operation Asia-Pacific-wide in 2004 to one that now has 12 offices globally and an Asia-Pacific operation that makes up around 30 per cent of the global business.

**Throughout your tenure, you've increased the company's turnover significantly. What do you attribute this growth to?**

We've seen turnover increase year-on-year since we opened in Australia. We increased overall turnover by 36 per cent last year and saw revenues increase by 21 per cent. We're pretty ambitious here, and I'd like to think we'll be able to deliver more in the next few years.

My background and passion has always been in trading, and with that comes an understanding that all traders have different needs and wants. Having that background and understanding has meant I've been able to deliver on the needs and wants of a diverse group of traders, particularly active traders. It's meant that we've been able to implement a market-leading proposition with the best platform, tools, functionality, features, and above all the exceptional customer service that my team delivers.

CMC Markets' values have also played a role in the company's growth in Australia. Something I'm really proud of is our policy around the segregation of client money. Current legislation being addressed by the CFD Forum states that Australian CFD and FX providers are not mandated to fully segregate

their clients' funds—so essentially they can use client money for their own hedging activities or the hedging activities of other clients. This creates a multitude of risks for traders, with the worst case scenario being loss of trading capital should the company encounter business issues or collapse.

CMC Markets does not use client money for any purpose. We fully segregate client money, and I believe it's policies like this that have helped us grow and retain our client base.

All across the business, we have a genuinely passionate team—from the executive level all the way through to our customer service and client-facing staff. That's shown in all of our service and product delivery.

**CMC Markets has made some key investments in technology. What programs or initiatives have you introduced, and what drove the decision to do so?**

I guess the biggest initiative that we've had in recent years has been the roll-out of our Next Generation trading platform. That's really revolutionised the trading experience for our client base. We'd like to think that we're essentially democratising the trading and financial markets by giving access, anywhere and anytime, to our diverse range of clients, whether that's through desktop, laptop, smartphone, or tablet.

We're very aware that the trading landscape is changing. For us, that's meant a huge investment in

mobile technology where we're continuing to innovate, develop, and spend resources in that area. We're now seeing more than 40 per cent of our trading turnover go through mobiles or tablets, and we'd expect that to increase in the next few years. Australia has one of the highest saturations of mobile usage for financial services, and we know we've got the product and proposition to deliver on that.

While we develop most of our technology in house, we are aware that there are companies with innovative offerings that can add value to our platform. We've partnered with a multitude of providers that can add value from an educational perspective, particularly in our stockbroking piece, to a number of portfolio and equities/shares screener-type initiatives.

**How would you describe the relationship that you have with your parent company in the UK?**

It's very supportive. As the largest operation outside of the UK, we've played a strong role in helping shape the company's strategic direction. CMC Markets is majority owned by Peter Cruddas, who is also a trader by background. He is exceptionally passionate about the company and the products we offer, and to have access to someone who is zealous and with that level of experience has been a great support for all CMC Markets' offices, particularly in Australia.

I'm proud of the high calibre of our senior executives in this region, who have enabled us to take the initiative and lead on a number of CMC Markets' projects and strategies. It is a two-way relationship between our Australian office and our parent office.

**How does CMC Markets collaborate with suppliers and other key partners to ensure personalised client services?**

We set high standards for ourselves, so we only look to partner or collaborate with organisations that fit our benchmark culture, which is



centred on service, product innovation, and technology. We only partner with organisations that can add value to our client base, whether that's through user experience, complementing our offering, or bringing a different dynamic to what we offer.

We have a market-leading, award-winning internal education team, which locally consists of Ric Spooner and Michael McCarthy, both well-respected finance markets experts and regular commentators with international media outlets.

Our award-winning educational materials have industry-wide recognition and are paramount in the service element of our business. In our stockbroking business, we've forged a number of strategic partnerships that deliver cutting-edge technology that really adds to our existing proposition.

**What drove your decision to support the New South Wales Waratahs?**

Upon moving back to Australia, I really wanted to address a number of issues. As an organisation, we had been kind of hibernating as we developed our Next Generation trading platform, so following the completion of that proposition we really wanted to get back on the front foot in the marketplace.

Part of our new proactive approach was to identify a partnership that our

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staff and clients could get behind. We also wanted something edgy, exciting, and true to the agile nature of our business. The NSW Waratahs were a part of that. We'd like to think that some of the cultural and brand attributes that the NSW Waratahs have are very similar to CMC Markets'. Both are organisations that are steeped in history and have a culture of success, so there's a great connection between the brands. Some of the ways we've utilised that partnership through 'money can't buy' experiences for clients have been notable successes. And it has been extremely beneficial for the internal staff culture.

**What does the future hold for CMC Markets?**

It's really exciting, to be honest. We've got some aggressive aspirations, both globally and across the APAC region. We're definitely in a growth phase, as our annual figures reflect, and we have ambitions to regain the number one spot in the CFD market, particularly the frequent-trader segment. We've been spending the past few years developing and building on our proposition, from our platform to our execution and building up the team and the service. I think we've reached the point where we've got that.

Moving ahead, we'd really like to see ourselves make even greater inroads into our competitors and to continue to grow and head towards the number one market share position. In our stockbroking field, we're looking to continue to challenge the big banks, and we've consistently shown growth in market share over the past few years.

Across both of our businesses, we're looking to be the number one financial services and trading provider for the active trading market. We're a company that's built by traders for traders, particularly the active and frequent trader. With a leading customer service team and some of the best executives I've had the pleasure of working with, CMC Markets is in the best position it's ever been. ●

