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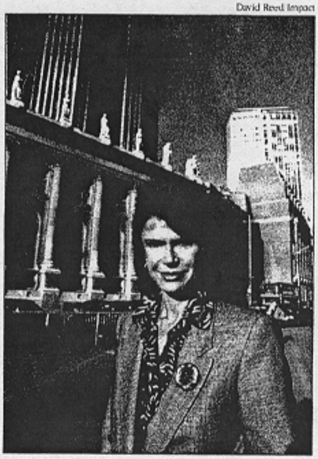
Trends

Edited by John A. Conway

Wiring the global back offices

Even before London's Big Bang, international equities trading was exploding, sharpening the problems of slow-moving back offices and communications among buyers, sellers, brokers, banks and currency traders. With as many as ten parties to a single overseas trade, 40% of them are not completed (vs. about 1% for U.S. executions). This can cost brokers $3,000 a trade in commissions (at 2% to 5%), labor, lost interest, etc., to say nothing of costs to disappointed customers. Fitel, a private company with arms in New York City and London, hopes its new Equinet computer post-trading system can reduce those failures. Backers have put $5.5 million into Equinet, says Fitel Chairman Graciela Chichilnisky, an international economics and mathematics professor at Columbia University. For about $30 a trade, brokers can use Fitel's computers to process buy and sell orders, send automatic notices to transfer agents and monitor, record and track international trades. The London databank, using a Tandem mainframe, can store any broker's entire list of traded stocks and recall all transactions made through it indefinitely. Chichilnisky expects Equinet, already being tested at First Chicago's London and Chicago offices and at Bear, Stearns and Salomon Brothers in New York City, to break even early next year.

David Reed Impact



Graciela Chichilnisky
Trying to beat the back office.