

Optimising risk management and FX execution

How LSEG helped a multinational corporation automate its treasury workflows to optimise risk management and FX execution

By collaborating with LSEG FX, Mondelēz International has been able to simplify workflows, access more FX liquidity and improve the efficiency of its treasury *function*

Overview

Mondelēz International Inc. is an American multinational confectionery, food, holding, beverage and snack company headquartered in Chicago. One of the largest companies of its kind in the world, Mondelēz had annual net revenues in 2024 of approximately \$36 billion. Mondelēz has operations in around 80 countries.

Mondelēz's treasury has become a leader in FX workflow automation, maximising efficiency while enabling the team to change focus from simply managing transactions to optimising risk management. Mondelēz initially built a complete risk management framework, which was designed to respond quickly to market conditions. FXall plays a key role in this integrated framework.

Business challenge

Companies looking to thrive in competitive markets are continually challenged by factors such as market volatility, economic and geopolitical uncertainty and the cost of hedging and trading. A lack of pricing transparency in certain currency regions, along with high hedging costs for longer maturities, can put multinational businesses at a disadvantage.

As a growing company operating in multiple markets, Mondelēz needed an efficient, reliable, comprehensive and scalable treasury function, where high levels of automation accelerate and simplify end-to-end workflows, improve performance and cut costs.

Workflow automation is an important way for the company to become more efficient, while accurate and reliable data is vital for forecasting and effective risk management strategies, which include the utilisation of FX options.



“In the last few years, we observe an increasing reliance on FX option strategies amongst corporations as this client segment seeks greater flexibility in risk management and a more cost-efficient hedging alternative to traditional instruments like FX Forwards.”

Lyubomir Apostolov | Regional Head of FX at LSEG (Zurich)

Solution

LSEG's FXall was chosen so that Mondelēz could:

- Access a wide range of liquidity providers, including specialist emerging market FX options providers, across the large number of G20 and emerging market currencies they trade, to meet their liquidity needs
- Ensure seamless integration with the company's existing Treasury Management System, improving price transparency, increasing efficiency in the team and achieving cost savings
- Implement an effective FX options hedging programme at scale while enabling the treasury team to efficiently manage its FX options portfolio on a daily basis

Why LSEG FX?

LSEG FX offered Mondelēz a genuine collaboration, maintaining an open dialogue on the development of an advanced trading workflow suitable for Mondelēz and other large corporations.

Access to Liquidity

The depth of liquidity, range of supported currencies, and the variety of liquidity providers were amongst the key reasons why Mondelēz International chose to collaborate with FXall.

Access to emerging market FX options liquidity was also an essential factor. This reflects the global footprint of Mondelēz, with currency exposure in most of the 80 markets in which it operates.

Ease of integration and an end-to-end workflow

Mondelēz and FXall established a robust, scalable and flexible interface allowing seamless order upload from Mondelēz' Treasury Management System (TMS) into FXall for execution.

An end-to-end workflow implementation ensures not only a direct trade download back into the TMS, but also an automatic trade confirmation with Mondelēz' relationship banks through FXall's Settlement Center.

It was critical that all systems aligned so that all transactions go through Mondelēz' TMS to ensure maximum efficiency and visibility.

FX Options

With FX options recognised as offering greater flexibility in terms of risk management, Mondelēz took the strategic decision to implement a comprehensive FX options programme involving daily executions through FXall.

The options pricing and trading tool was one of the key reasons why FXall was selected. Options Pricer is an integrated tool which allows netting, defining target premium or solving for strike and trading FX options strategies with or without delta hedge.

This tool has allowed Mondelēz to automate its FX options execution, giving the global treasury team an innovative capability to manage a large and complex FX options portfolio daily. LSEG continues to work in close co-operation with the team to provide additional enhancements and ensure that the FX options pricing and trading functions meet customer needs.

“Our risk management framework and high levels of workflow automation have allowed us to increase the volume of FX options tenfold. This would not be possible if trading was still manual.”

***Adam Jarawka | Director Treasury Operations at Mondelēz International
(Zurich)***

The benefits

The high level of automation which FXall has brought to the Mondelēz treasury operation has largely eliminated the use of spreadsheets and time-consuming manual processes, freeing the treasury team to concentrate on other, higher value tasks. Without automation, it would be impossible for the relatively small team to execute the desired volume of trades.

By implementing FXall, Mondelēz has seen better and more consistent pricing as well as a wider range of liquidity providers to choose from, which is particularly important in emerging market currencies.

Automation of processes brings time-saving benefits and reductions in the likelihood of human error. Where errors do occur, the team has the time and ability to identify any manual trades and evaluate the cause of the error and the solution going forward.

Increased transparency along with more frequent and accurate valuations are additional benefits. Mondelēz confirms that risk reporting and analytics have improved significantly, with automated statistics allowing the treasury team to measure their performance and more easily revise plans.

The increased market transparency offered by FXall allows Mondelēz to focus on managing overall risk rather than simply managing transactions, increasing efficiency and benefiting the company as a whole.

Looking forward

LSEG and Mondelēz International are working together to create an industry-leading automated FX trading service for corporate treasuries.

With a goal of 95% FX transaction automation, Mondelēz is continuing to refine its 'best practice' risk management framework. In parallel the company works together with LSEG to benefit from increased visibility across all assets, e.g. in the area of commodities, and it is exploring possibilities of adding AI components to the framework in order to identify trends more efficiently and further automate the processes.

The most recent milestone of the collaboration between Mondelēz and LSEG has been the successful implementation of FXall's Settlement Center, which enables FX options trade confirmation via SWIFT Network, premium netting and intelligent matching criteria, recognising the economics of different FX options.

The company's ultimate goal is the implementation of a single LSEG platform which will link with Mondelēz' TMS and include LSEG Workspace, risk valuations, options calculator, trade monitoring, execution and pre- and post-trade TCA.

About FXall

FXall is a completely flexible trading platform that gives you seamless access to rich data and smart tools.

With liquidity access, to straight-through-processing, FXall provides the choice, agility, efficiency and confidence you want. Trading spot, forwards, swaps, NDFs and options is only a click away.

Seamlessly execute your trading strategies by leveraging fixing orders, algorithmic and resting orders, order splitting and utilising send details to book off-platform trades and receive full STP.

Multiple regulated venues in one platform enable traders to confidently comply with Dodd-Frank, MiFID and other global and local regulations.

About Mondelēz International

Mondelēz International empowers people to snack right in over 150 countries around the world. We're leading the future of snacking with iconic global and local brands such as Oreo, Ritz, LU, Clif Bar and Tate's Bake Shop biscuits and baked snacks, as well as Cadbury Dairy Milk, Milka and Toblerone chocolate.

We are one of the largest snack companies in the world with global net revenues of approximately \$36 billion in 2024. We hold the #1 global position in biscuits (cookies and crackers) and #2 in chocolate, while we're growing rapidly in baked snacks. We also make and sell gum & candy as well as various cheese & grocery and powdered beverage products in certain markets.

We have operations in more than 80 countries and employ approximately 91,000 diverse and talented employees in our factories, offices, research & development facilities and distribution activities around the world.

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