

BUYER'S GUIDE: BUYSIDE FX E-TRADING SOLUTIONS 2021

QUANTIFYING VENDOR RESPONSES TO EVOLVING BUYSIDE FIRM BUSINESS & TRADING MODELS

Since their original inception in e-manual or high-touch form in the early 2000s, FX e-trading solutions developed for use within the global buy-side community were always a mixed bag of functional capabilities. Oftentimes more non-bank brokerage platform toolkits than stand-alone trading technology solutions, a small cross-section of technology vendors identified early on that designing a single solution capable of capturing all the variable needs of the buy-side industry at that time was a nearly impossible task. Instead, those vendors turned the bulk of their attention toward serving the FX e-trading needs of the global sell-side industry, which was already well into its first FX e-trading equipment phase. Fast forward to 2021, and a wealth of fund manager- and portfolio manager-specialised FX OEMs are available from every major technology vendor as well as from a collection of smaller providers. However, the extent to which any of these off-the-shelf solutions fulfil the complex matrix of active and passive currencies flow management and trading needs contained within the largest institutional investors through to the smallest investment managers or wealth managers remains in question.

Buy-side FX E-trading Solution Functional Capabilities



THE DEVELOPMENT AND DEPLOYMENT BY INVESTMENT BANKS AND NON-BANK BROKERAGE FIRMS OF DMA / DEA TECHNOLOGY BEGINNING IN 2007 IS THE SINGLE TECHNOLOGY INNOVATION THAT REVOLUTIONISED BUYSIDE FIRM CURRENCIES E-TRADING CAPABILITIES.

71%

71% of surveyed vendors demonstrated industry-standard capabilities for Liquidity Taking



43%

43% of surveyed vendors demonstrated best-of-breed capabilities for Algorithmic Trading



14%

14% of surveyed vendors demonstrated best-of-breed capabilities for Risk Management



85%

Market Data & Connectivity

85% of surveyed vendors demonstrated industry-standard capabilities for Market Data & Connectivity (EMS)

43%

Direct Market Access

43% of surveyed vendors demonstrated industry-standard capabilities for Direct Market Access

This report found that, while great strides were achieved in trade process and workflow automation since the early 2000s, there remain some meaningful gaps in functional capabilities sophistication that must be addressed to ensure their continued relevance to an ever-more nimble community of long-only institutional investors, their asset and investment management cohorts, and to end-investor brokers.

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