

Capital Market Technology and IT Services State of the Market Report 2022: Next-Generation Technology to Fuel Business Transformation

October 2022: Complimentary Abstract / Table of Contents



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Contents

For more information on this and other research published by Everest Group, please contact us:

Ronak Doshi, Partner

Kriti Gupta, Practice Director

Pranati Dave, Practice Director

Apoorva A, Senior Analyst

Kriti Seth, Senior Analyst

Keshav R, Senior Analyst

Keerthi Vuchula, Senior Analyst

1. Introduction and overview	5
• Research methodology	6
• Background and context	7
2. Capital Market (CM) technology spending and growth areas	8
• Business priorities of CM firms	9
• Revenue analysis across LoBs	10
• Technology spend by top CM firms	11
• Technology-driven enterprise priorities of CM firms	12
• Key trends across technology themes driving spending by CM firms	13
• Investments in cloud-hosted platforms across CM business segments	14
• Cloud adoption level across CM business segments	15
• Investments in partnerships with data platform providers	16
• Investments in data and cloud enablers for CM firms	17
• Current adoption/investment maturity across technology themes	19
• Web 3.0 adoption use cases for CMs firms	21
• Technology-driven investment priorities across CM business segments	22
3. Demand overview	26
• Overview of CM overall IT services market	27
• Overview of CM IT outsourcing services spend by Line of Businesses (LoBs)	28
• Overview of CM IT application services outsourcing spend	29

Contents

3. Demand overview (continued)	
• Overview of CM IT infrastructure services outsourcing spend	30
• Overview of CM IT services spend by geography	31
• Deal renewal opportunities and trends in CM IT services space	32
4. Appendix	33
• Glossary	34
• Research calendar	35

Introduction

- As the global economy was recovering from the impact of the lockdowns due to the pandemic, the recent economic sanctions on Russia on the backdrop of its invasion of Ukraine has further disrupted the supply chain, increased price volatility across asset classes, and has increased the inflationary pressures, leading the central banks to hike interest rates
- Even though the liquidity crunch will exist in the short-term, the market volatility brought by the pandemic has resulted in record setting revenue by the sell-side firms and buy-side saw strong growth in assets under management
- CM firms are looking to route the incremental revenue toward technology investments for creation of digitally-enabled CM value chain. As the information revolution is impacting every business, CM firms are not left behind. There is an increasing need to shift to an intelligent, automated, data-led, open, and accessible digital operating model that keeps costs low while offering enhanced experiences to customers and employees
- With the rise in Initial Public Offerings (IPOs), Mergers and Acquisitions (M&As), and demand for investment research, sell-side firms are focusing on retiring their legacy systems to shift to cloud-driven architecture for managing the increasing client workloads and providing seamless employee experience in managing the risk management, research, and due diligence workflows
- COVID-19 has led to an increase in the retail investors leveraging wealth and asset management firms to manage their portfolios. Consequently, the focus of these firms is to integrate AI/ML and advanced analytics workflows to offer personalized investment recommendation and serve clients across different wealth tiers through a segmentation approach
- Market infrastructure players are seeing an uptick in volume of trades with the rise of active investors. In order to build a long-term strategy to manage fluctuations in the trade volumes, these firms are turning to cloud-based trade reconciliation and routing systems
- In this report, we discuss the key business-side priorities of the CM firms, technology implications and investments being made to cater to those priorities, CM IT services market size, and growth drivers for different LoBs, geographies, and service lines

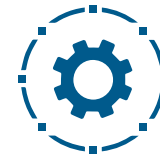
Scope of this report



Geography
Global



Industry
Banking and Financial Services
(BFS)



Services
CM IT services state of
the market

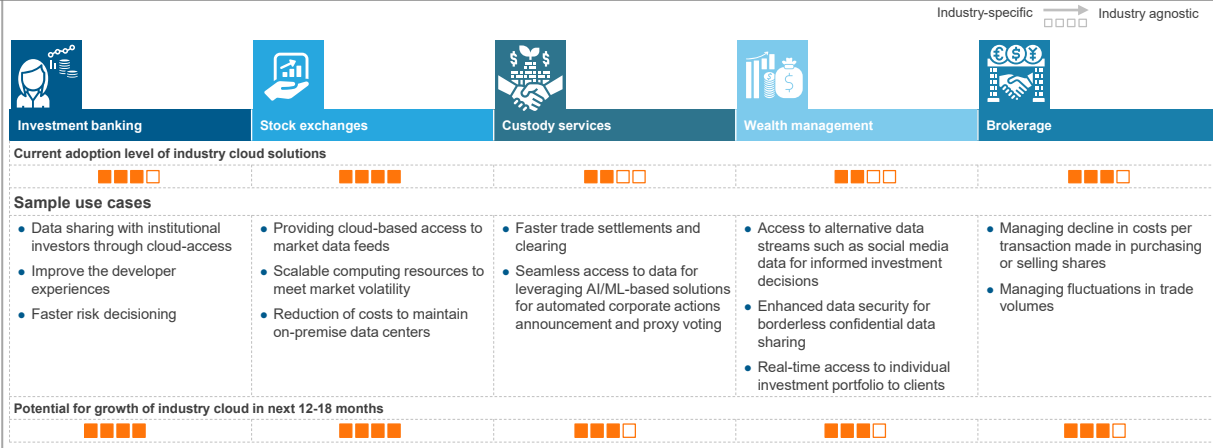
This study talks about the evolving business priorities of capital market firms and how technology plays a role in unlocking value for the enterprise; below are four charts to illustrate the depth of the report

Challenges and opportunities for CM firms in near future



- As price competition escalates, automation & simplification of core custody and investment banking will be crucial** – Global and local custodians and investment banks are experiencing increasing competition from Central Securities Depositories (CSDs), Central Counterparty Clearing Houses (CCPs), and outsourced service providers.
- CM firms are aggressively seeking opportunities to harness the power of data** – The industry will see a rapid shift from an asset-centric to a data-centric and open platform model to provide value added-services.
- Market intermediaries are engineering/expanding front-office solutions to offer value-added services** – Global custodians and depositories have registered double digit revenue growth on their front-office Software-as-a-Service (SaaS) offerings.
- Concept of hybrid market infrastructure supporting traditional and digital assets is taking shape** – From hybrid custody & fund administration to advisory tools that cover the new & old assets in a digital-first manner, resources are being assembled.
- CM firms are at an inflection point as sustainability moves to the forefront of strategy** – Firms are increasingly shifting focus to sustainability-linked product launches and green financing/lending.

Role of data and cloud in defining new age infrastructure and processes in CM firms



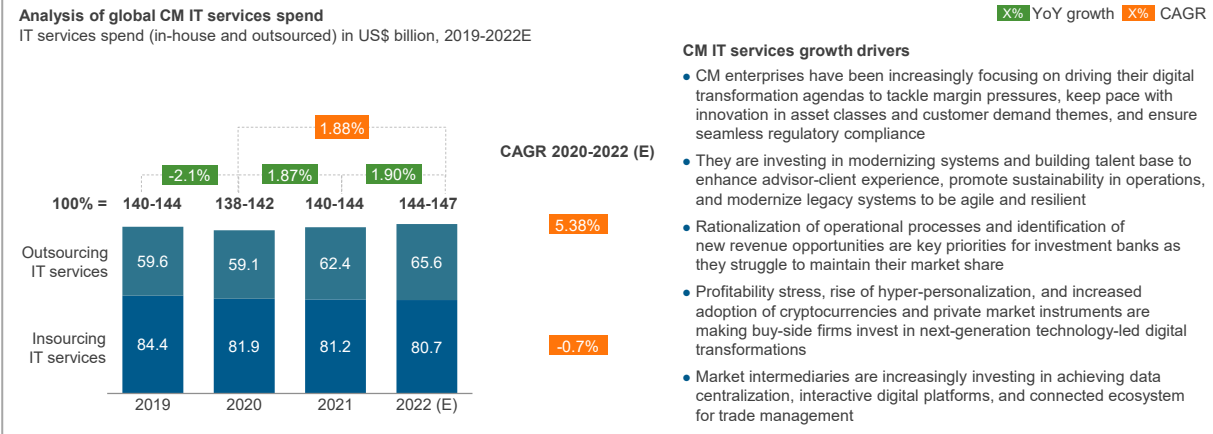
CM firms are increasing investments in emerging technologies

Key avenues which CM firms can leverage to explore use cases for embedded wealth and brokerage offerings



Retail and challenger banks	Super apps and consumer platforms	Pension providers and life insurers
<ul style="list-style-type: none"> A significant proportion of existing banking customers with large cash balances do not diversify out of low- or zero-yielding savings accounts By embedding third-party investments, customers can access these value-added services with minimal friction, improving banks' income streams while lowering churn risk PostFinance, a retail bank in Switzerland, has added US\$34.5 million a month in assets under management after introducing own-labelled investment services to its retail customers 	<ul style="list-style-type: none"> People spend a lot of time on these super apps for payments, groceries, cabs, etc., leaving a large trail of data that can be analyzed to segment the customer and pitch services such as portfolio management, brokerages, etc. Due to their rich data sets and appeal with younger demographics, super apps are ideally placed to embed investment services into their existing offerings PayTm, a super app in India has launched a wealth and investment advisory marketplace on its platform to offer curated advisory services and products to retail investors 	<ul style="list-style-type: none"> Opportunity to remove retirement planning silos and combine insurance, pension, and investment in a single application Retirement ages are set to increase, and by offering wealth products through pension and life-insurance providers, consumers can add contributions easily and gain oversight to make financial decisions CM firms can partner with pension and insurance providers to expand their assets under management by offering wealth offerings to their customers under their single platform

Overview on demand for IT services and sourcing spend in capital markets



Research calendar

Banking and Financial Services Information Technology

Published Planned Current release

Reports title	Release date
Enterprise Pulse 2022: Solving the Talent Conundrum around Availability, Attrition, and Reskilling of the Workforce	June 2022
Technology as a Strategic Differentiator in an Organization's Growth	June 2022
Introducing the Rubik's Cube Supplier Segmentation Approach: Navigating the Talent Crisis by Engaging Specialist IT Service Providers	June 2022
Maximizing Value from Cloud Investments in Banking and Financial Services	July 2022
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Enterprise Pulse on Third-party Platforms Services in BFS: Fostering Innovation and Deriving Value During a Talent Crunch	September 2022
Banking IT Services State of the Market Report 2022	September 2022
Embedded Finance – A Universal Business Theme: Focus on Europe, Latin America, and Asia Pacific	September 2022
Future of Investment Banking – Data and Digital Driving Disruption and Disintermediation	October 2022
Capital Market Technology and IT Services State of the Market Report 2022: Next-Generation Technology to Fuel Business Transformation	October 2022
Decoding the Next-Generation Fund Operating Model for Private Capital	Q4 2022
Wealth Management Platforms – Products PEAK Matrix® Assessment 2022	Q4 2022
Wealth Management Products Technology Provider Compendium 2022	Q4 2022
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everestgrp.com/blog

Dallas (Headquarters)

info@everestgrp.com
+1-214-451-3000

Bangalore

india@everestgrp.com
+91-80-61463500

Delhi

india@everestgrp.com
+91-124-496-1000

London

unitedkingdom@everestgrp.com
+44-207-129-1318

Toronto

canada@everestgrp.com
+1-647-557-3475

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