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Grey Costs per Trade

Key Findings

Grey Costs per Trade Overview



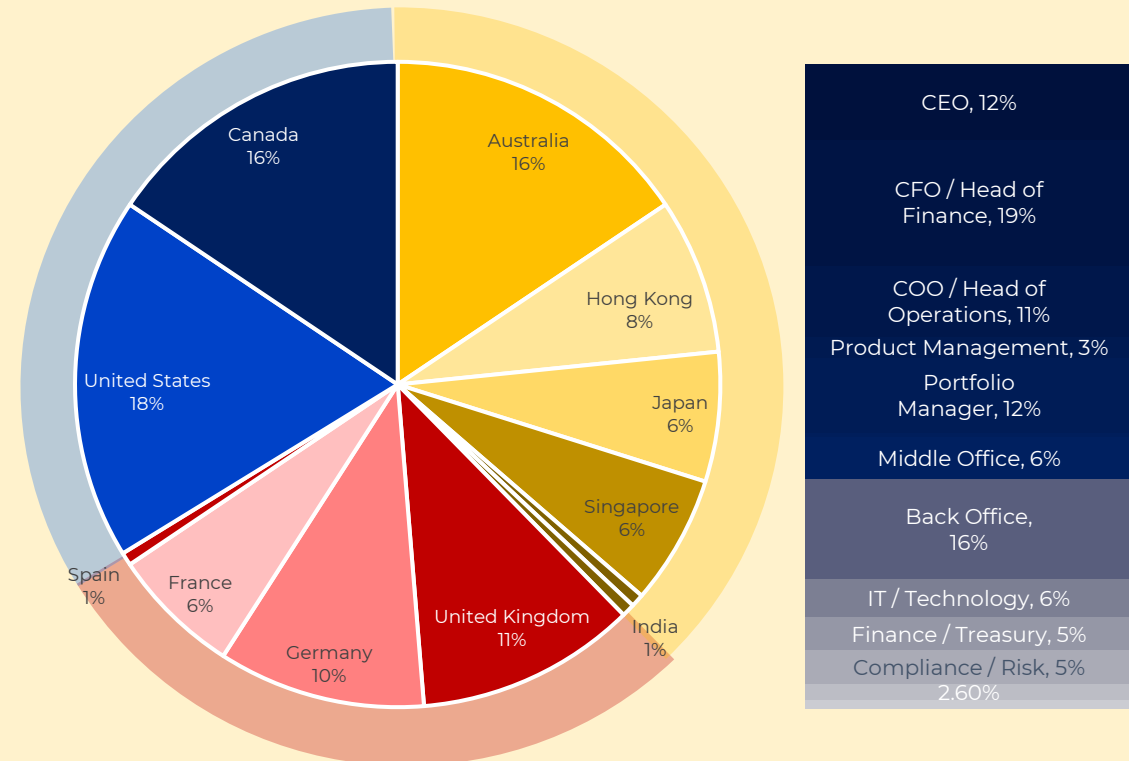
In May 2022, the ValueExchange launched an industry-wide benchmarking campaign to map out how leading capital markets firms are managing their operating costs today. With the support of DTCC, TMX, Smartstream, ACSA, AFME, ASIFMA and The Network Forum, we have reached out to over 120 organisations to describe where today's cost pressures are and what can be done to improve.

This document summarises the key statistical findings of our campaign so far. All of the data in this Key Findings document is drawn from our interactive data dashboard. Please contact us if you would like to explore this data yourself.

We would love to hear your reactions to these findings and so please reach out if you have any comments or questions (to info@thevalueexchange.co)

Who makes up our benchmarks?

As a truly industry-wide survey, we have benefited from the insights of over **124 sell-side institutions (including brokers, investment banks and custodians)**. These respondents are broken down as follows:

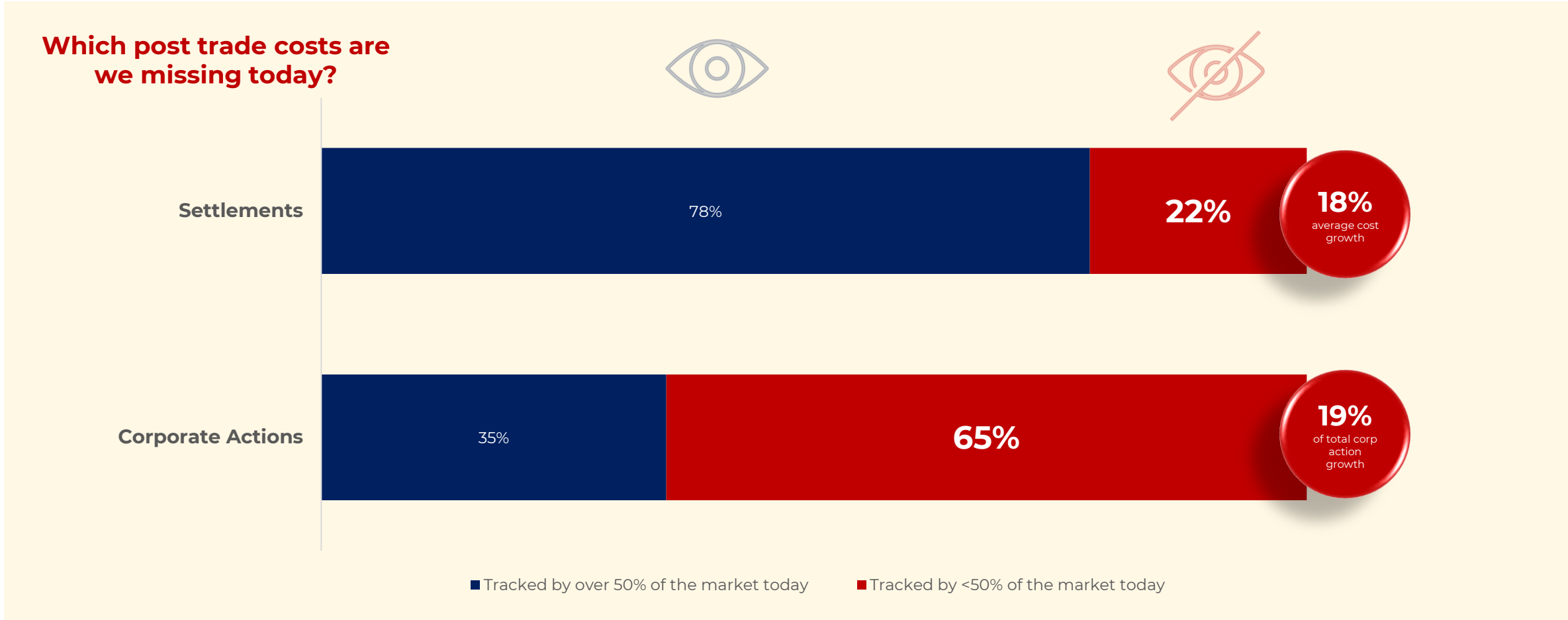


What do we know about our trading costs?



What do we know about our trading costs?

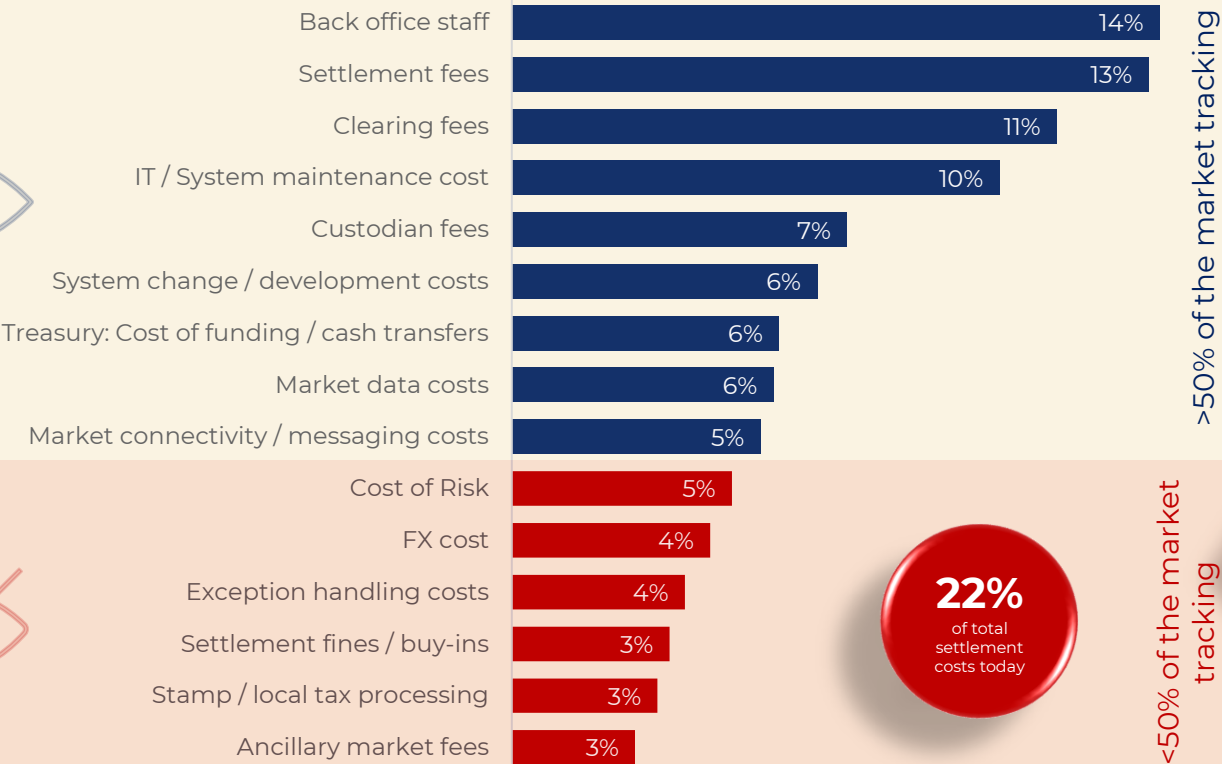
We're partially blind to our costs today. Is poor cost visibility driving poor cost-control decisions?



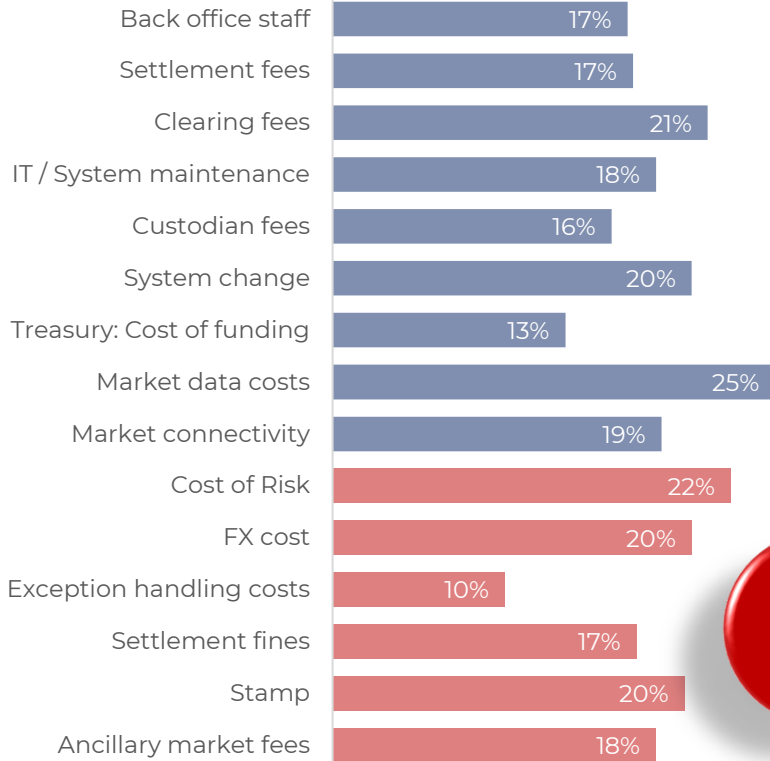
What are we missing in a settlement?

Half of us is missing 22% of our settlement costs and 18% growth

Costs of a Settlement today (Global)



Major drivers of cost change



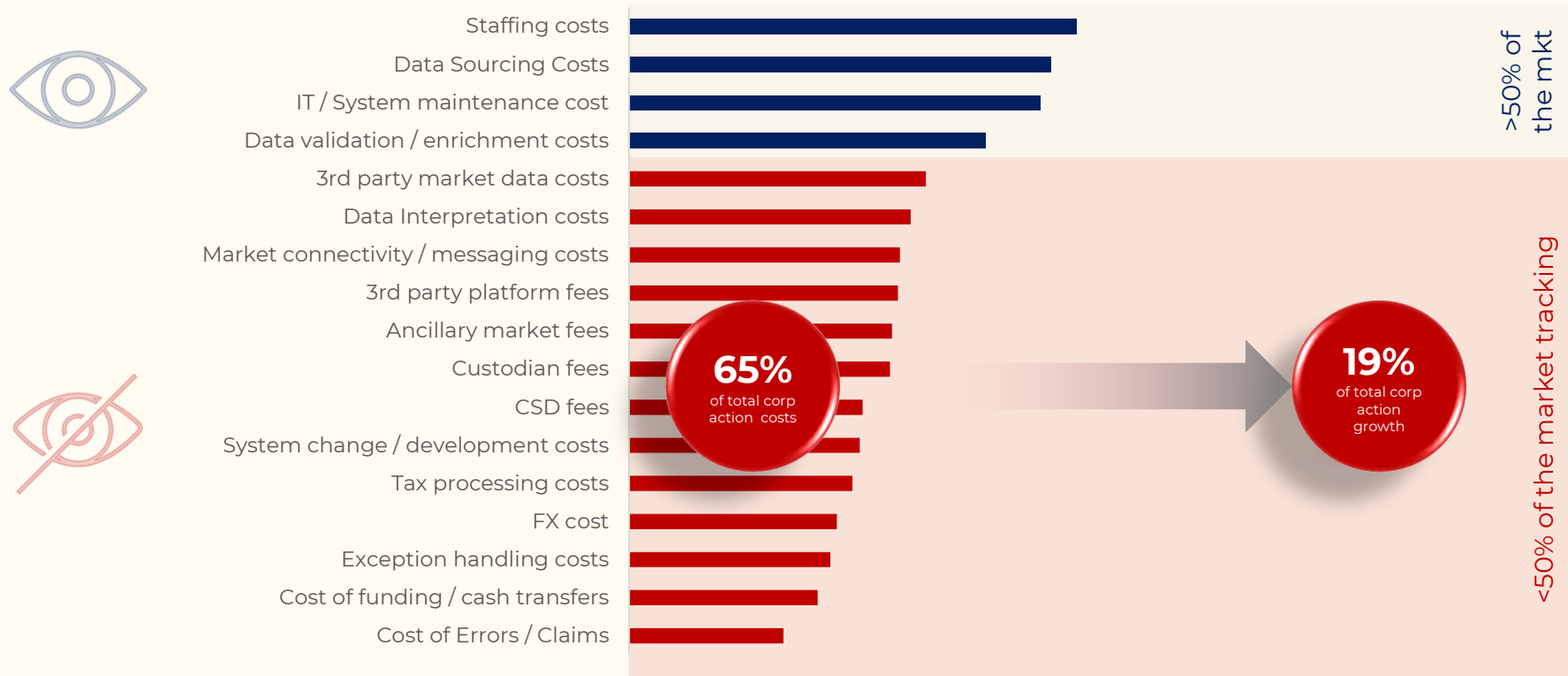
% of total costs of a settlement



What are we missing in our corporate action costs?

“Known unknowns”: we need to track our costs better if we’re to fix the right problems

Which corporate action costs are we tracking today?

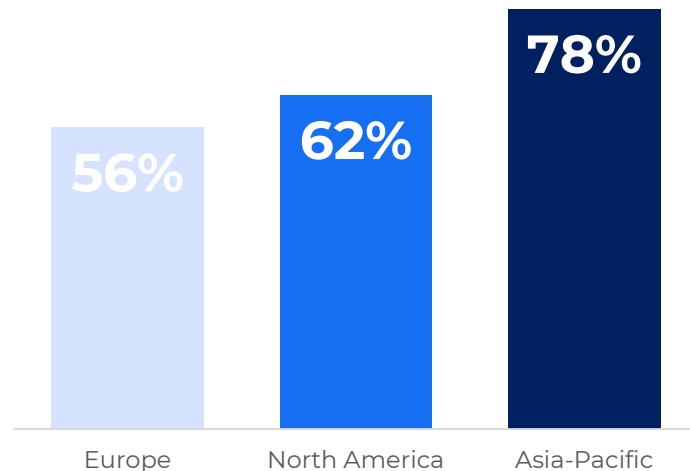


What are we missing today?

Are we pricing operational risk correctly?

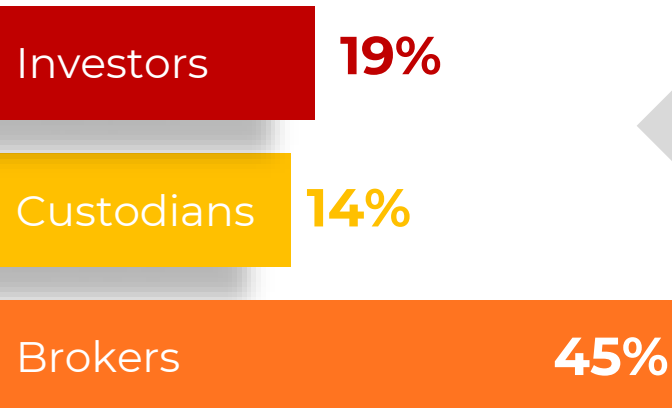


Up to 78% of us are paying out corporate action errors of USD2m



45% of brokers are paying out million-dollar losses

% suffering direct losses of over USD 1m



4.7%

Cost of errors as % of the cost per settlement

3.2%

Cost of errors as % of the cost per corporate action

?



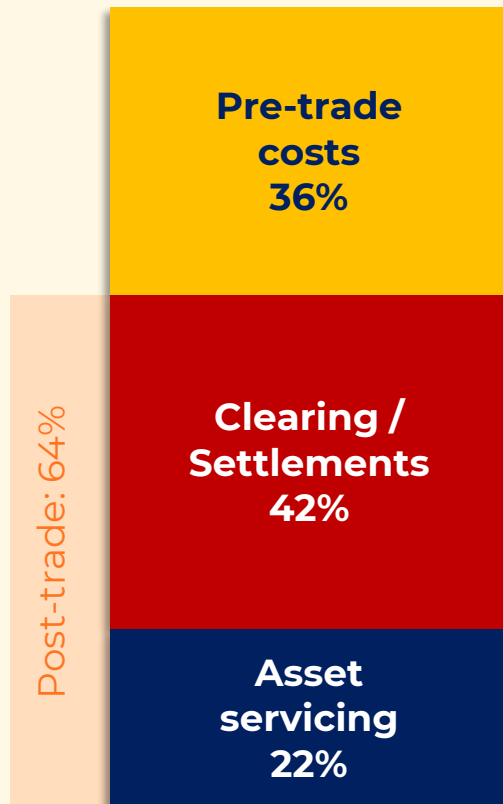
What are our costs per trade?



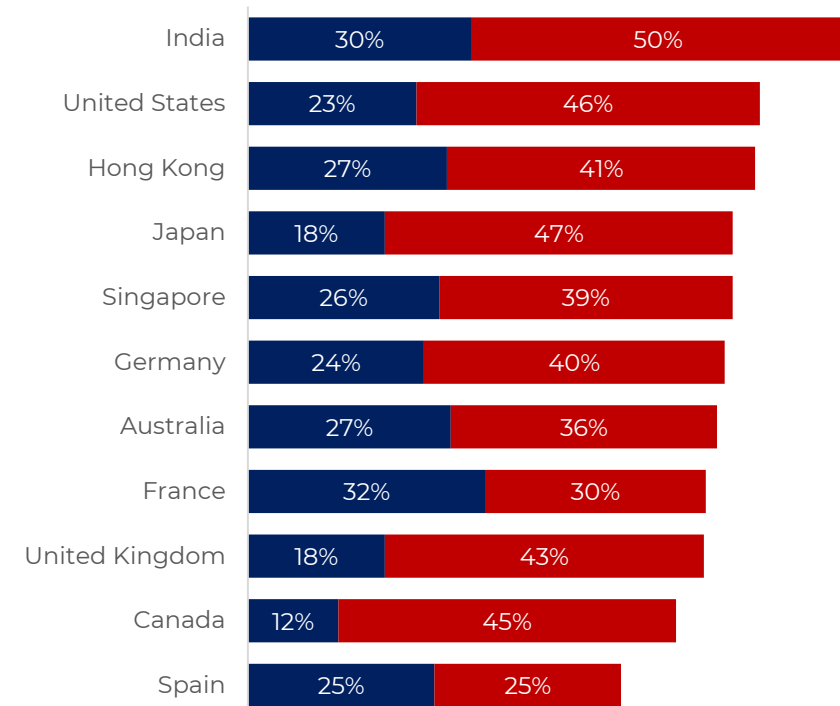
What makes up the cost of a trade?

Post-trade costs are on the rise

What is the Cost of a Trade?

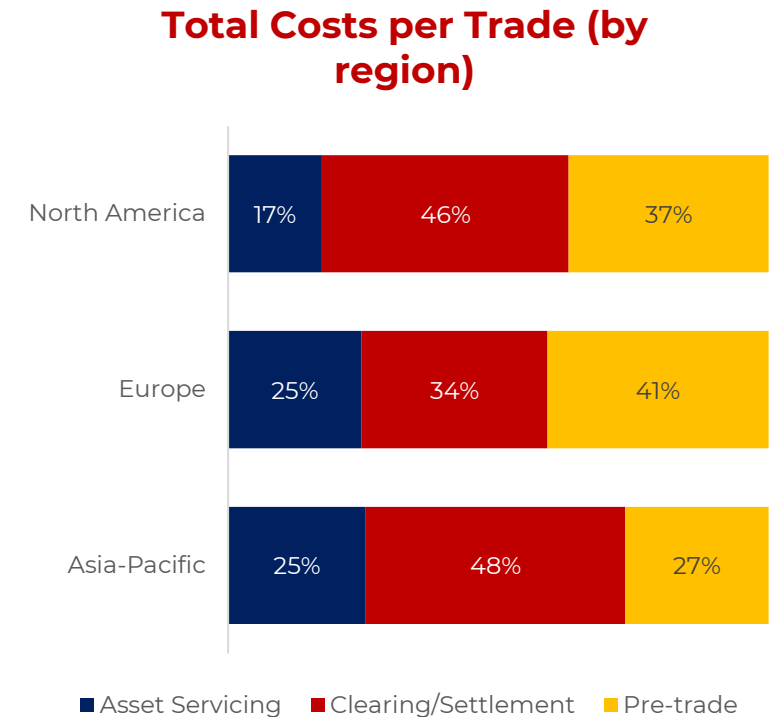
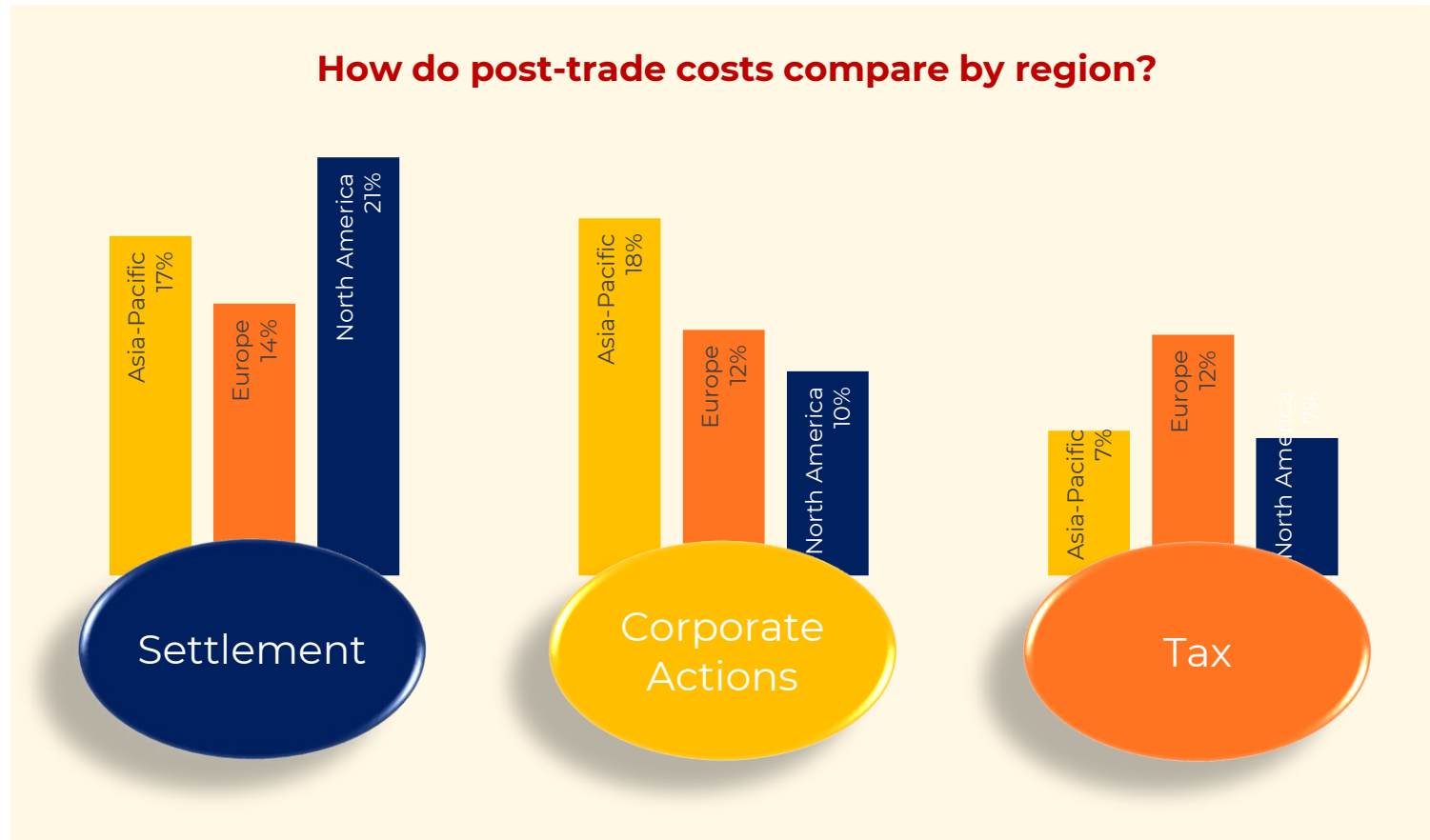


Post-trade costs per market (as % of the total cost of a trade)



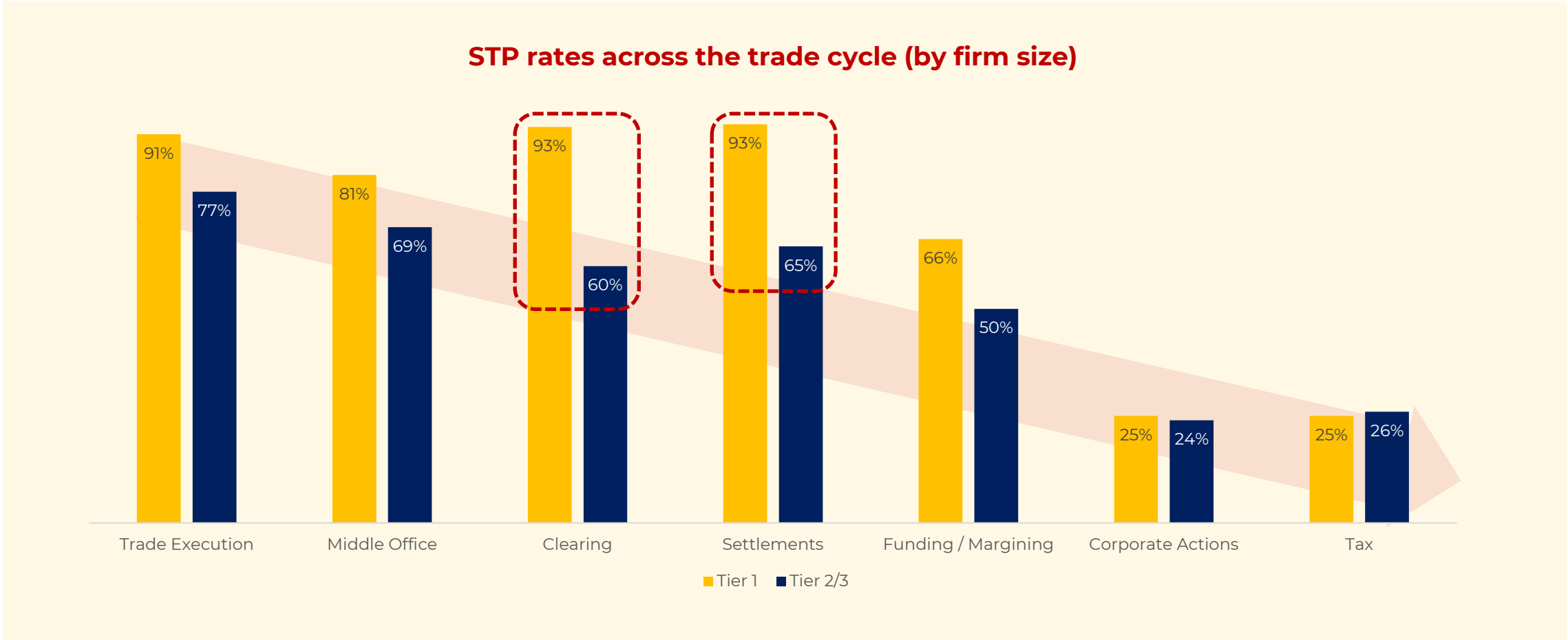
What is driving our post-trade costs?

Different hot-spots in each region



What is driving our post-trade costs?

The cost and risk is in the mid tier

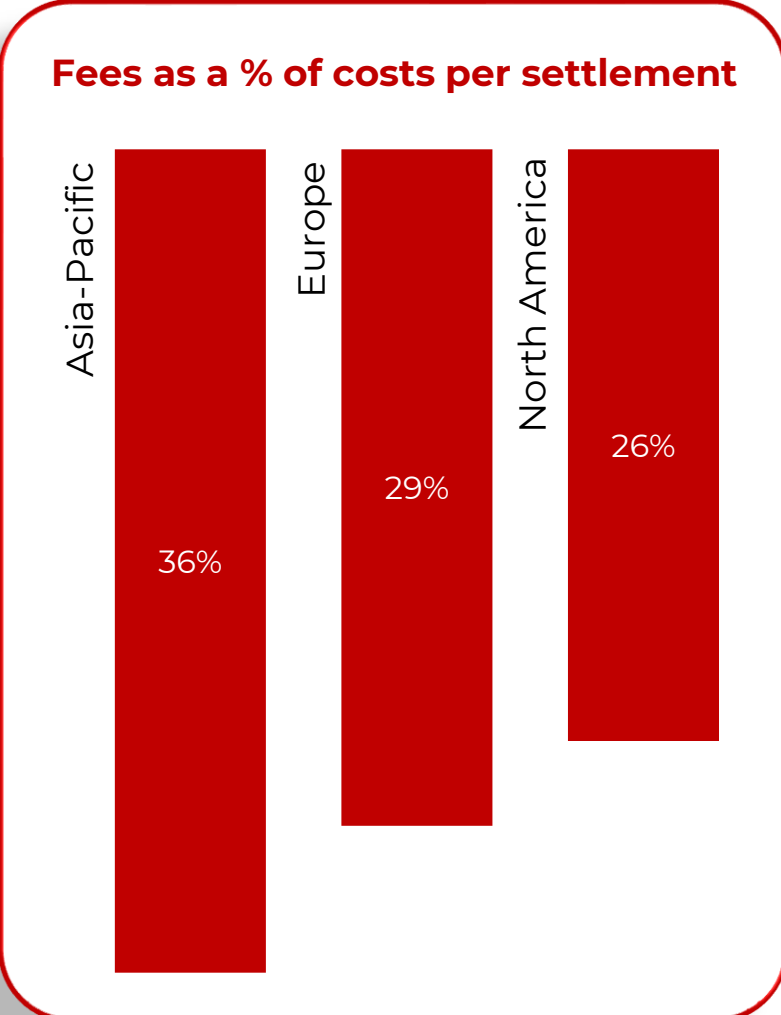
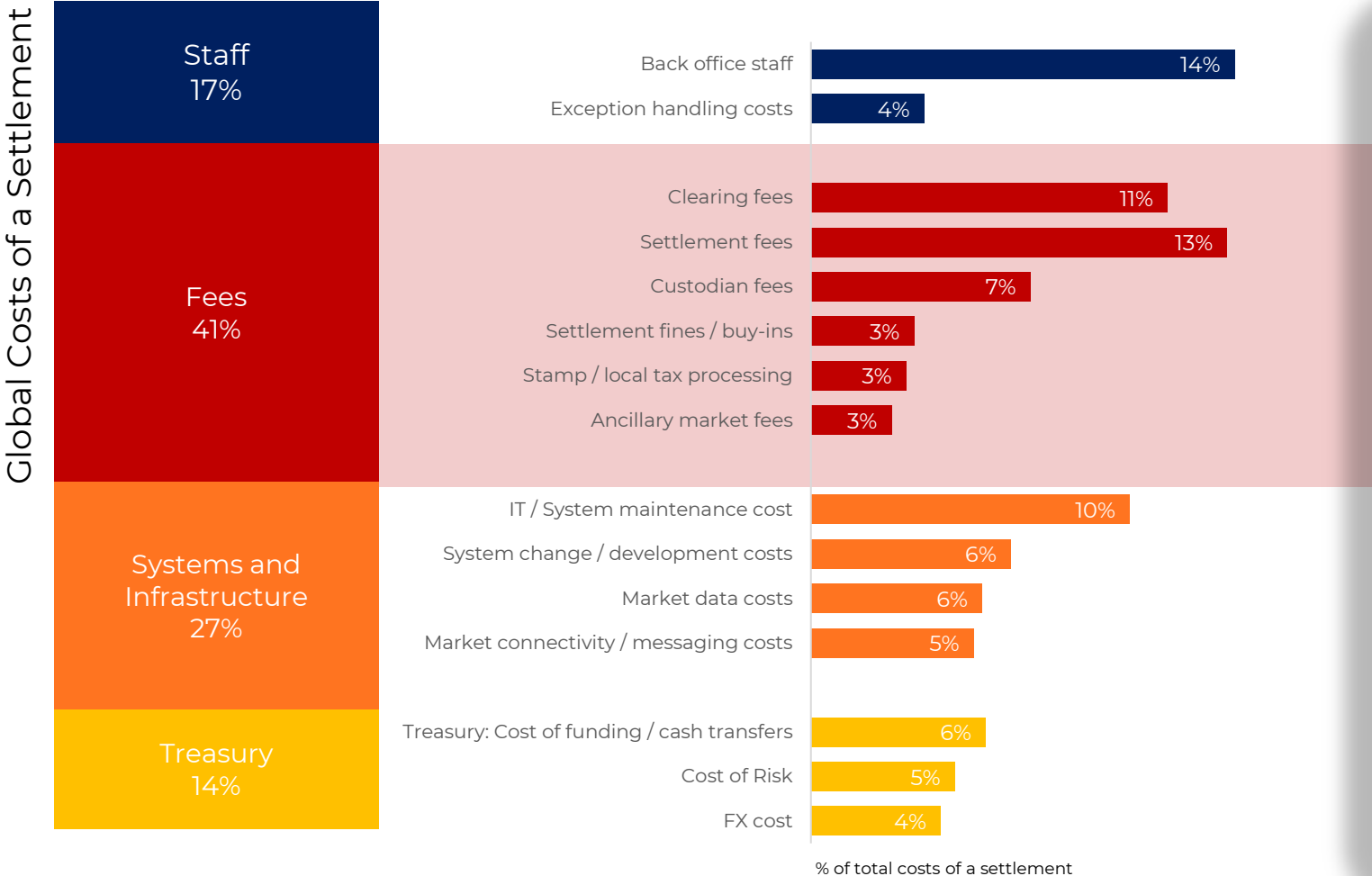


What does it cost to settle a trade?



What's in a settlement?

Fees remain an immovable settlement cost



What's in a settlement tomorrow?

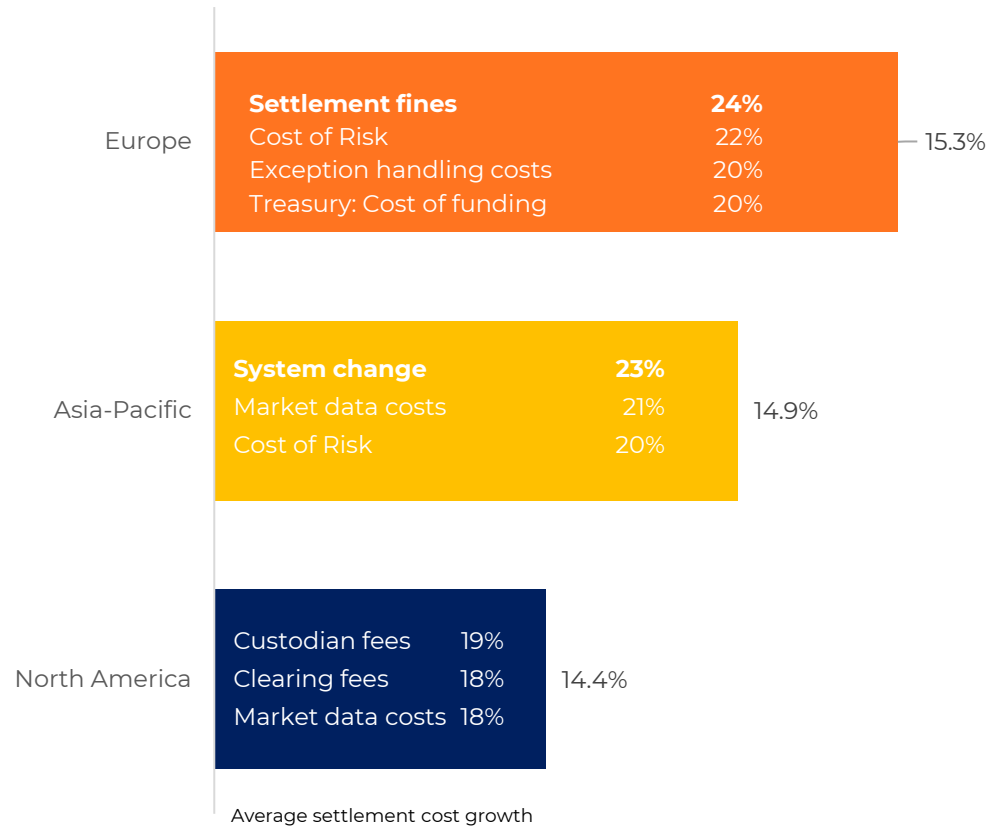
Hidden consequences of change

Major drivers of settlement cost growth – by region

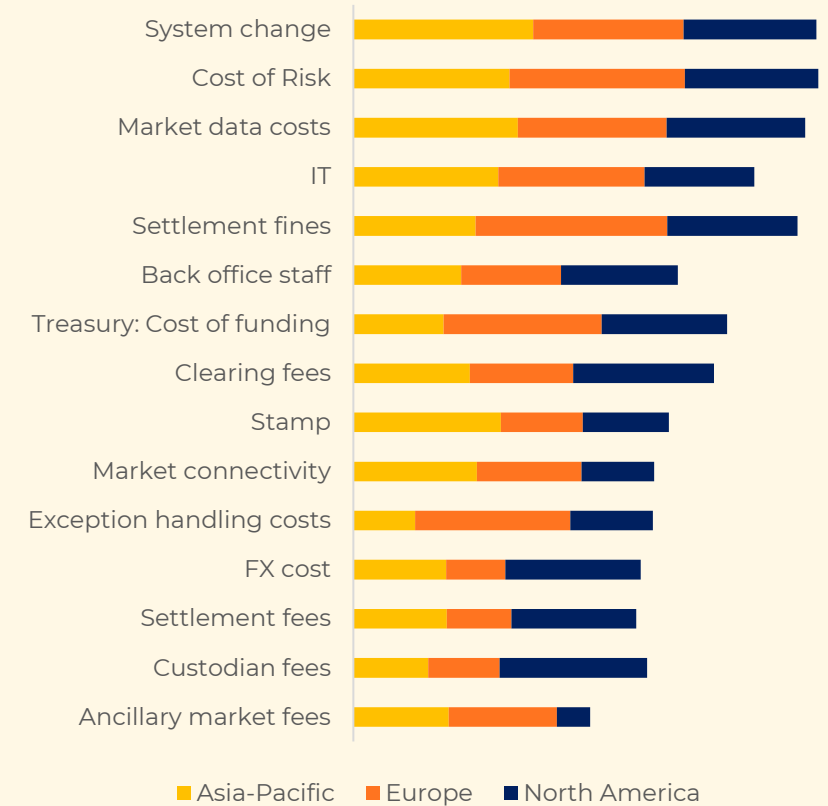
CSDR's hidden impact

Automation, now

Fees and fees



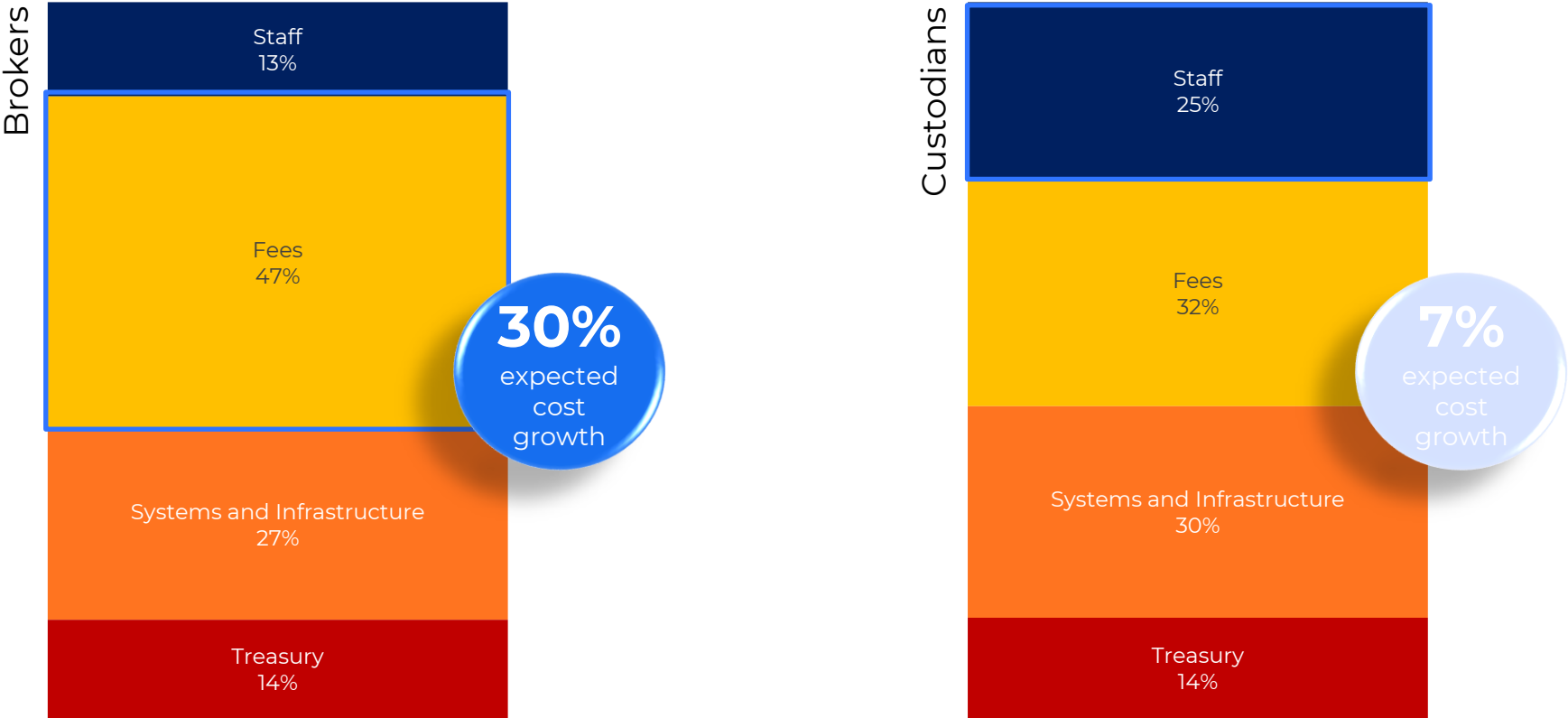
Average Expected Settlement Cost Growth (by region)



What's in a settlement today?

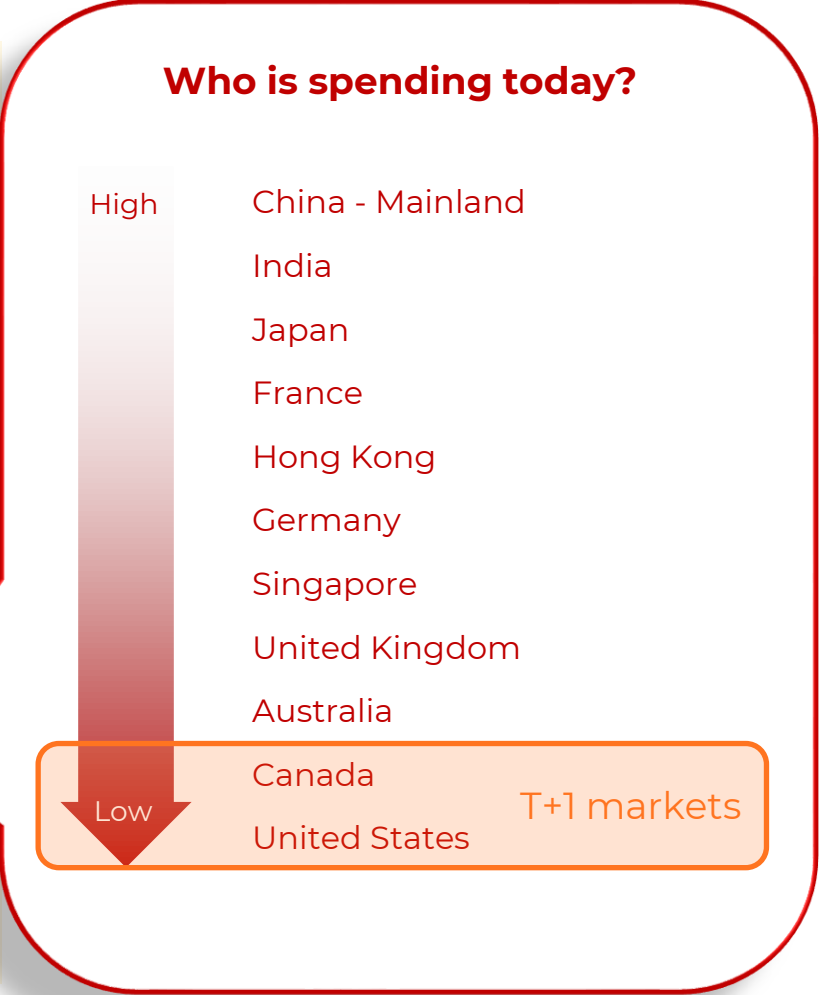
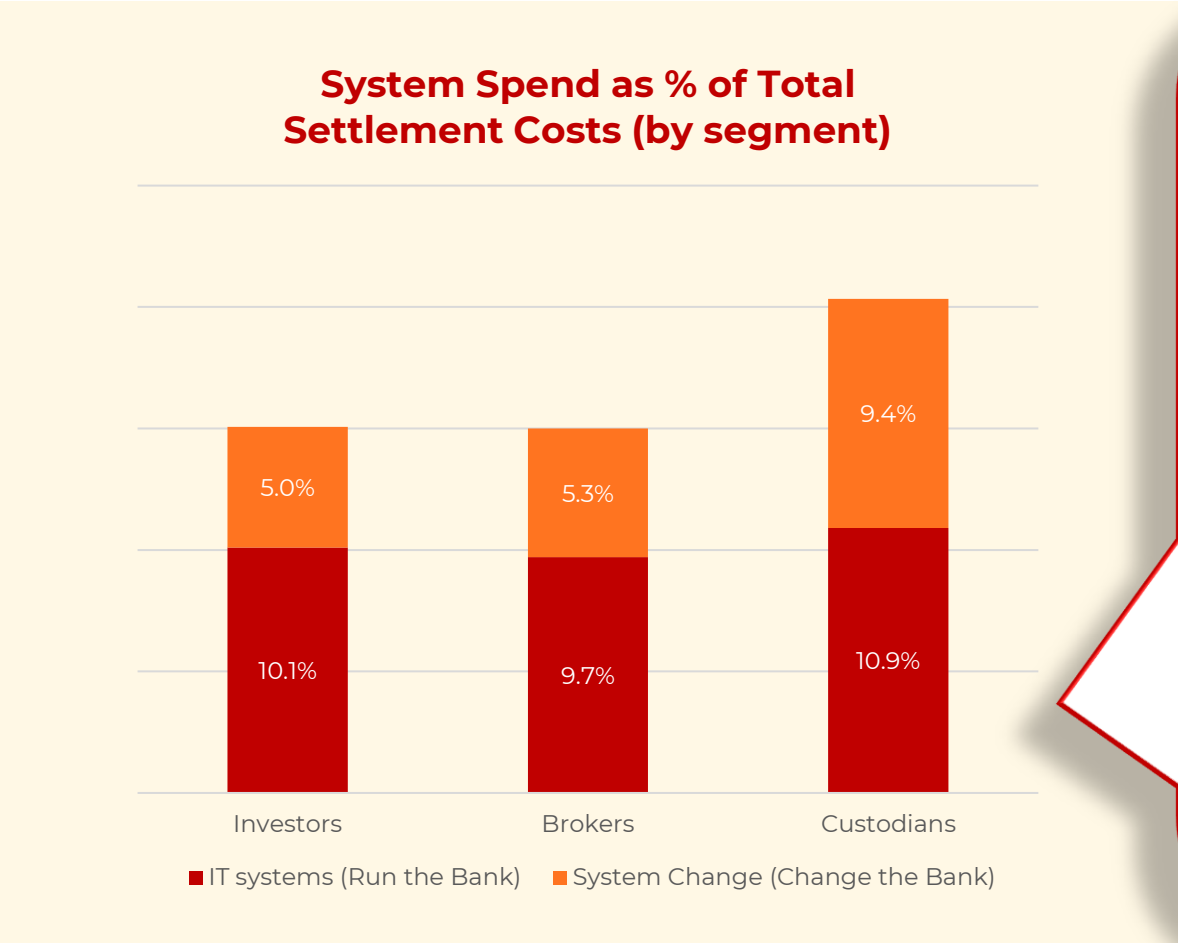
Different business drivers: but brokers are under huge cost stress

How do the costs of a settlement compare between brokers and custodians?



Where is the investment spend today?

Are we spending where we need to be?



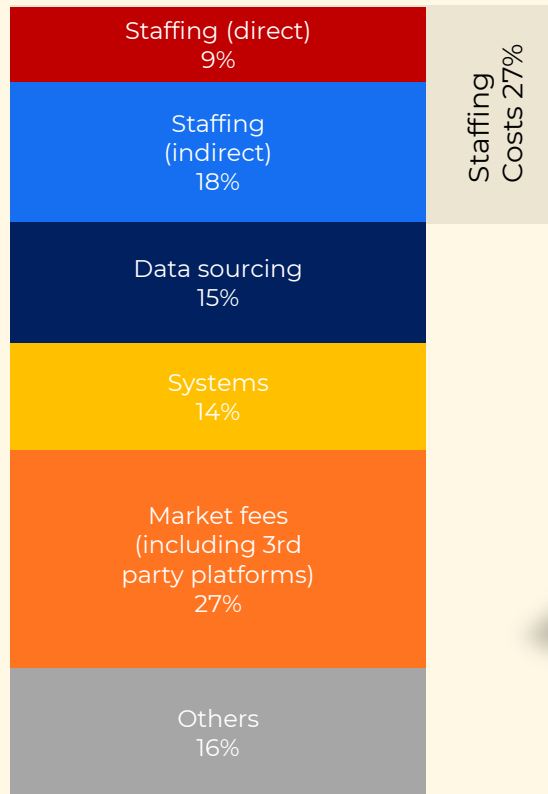
What's in the cost of a corporate action?



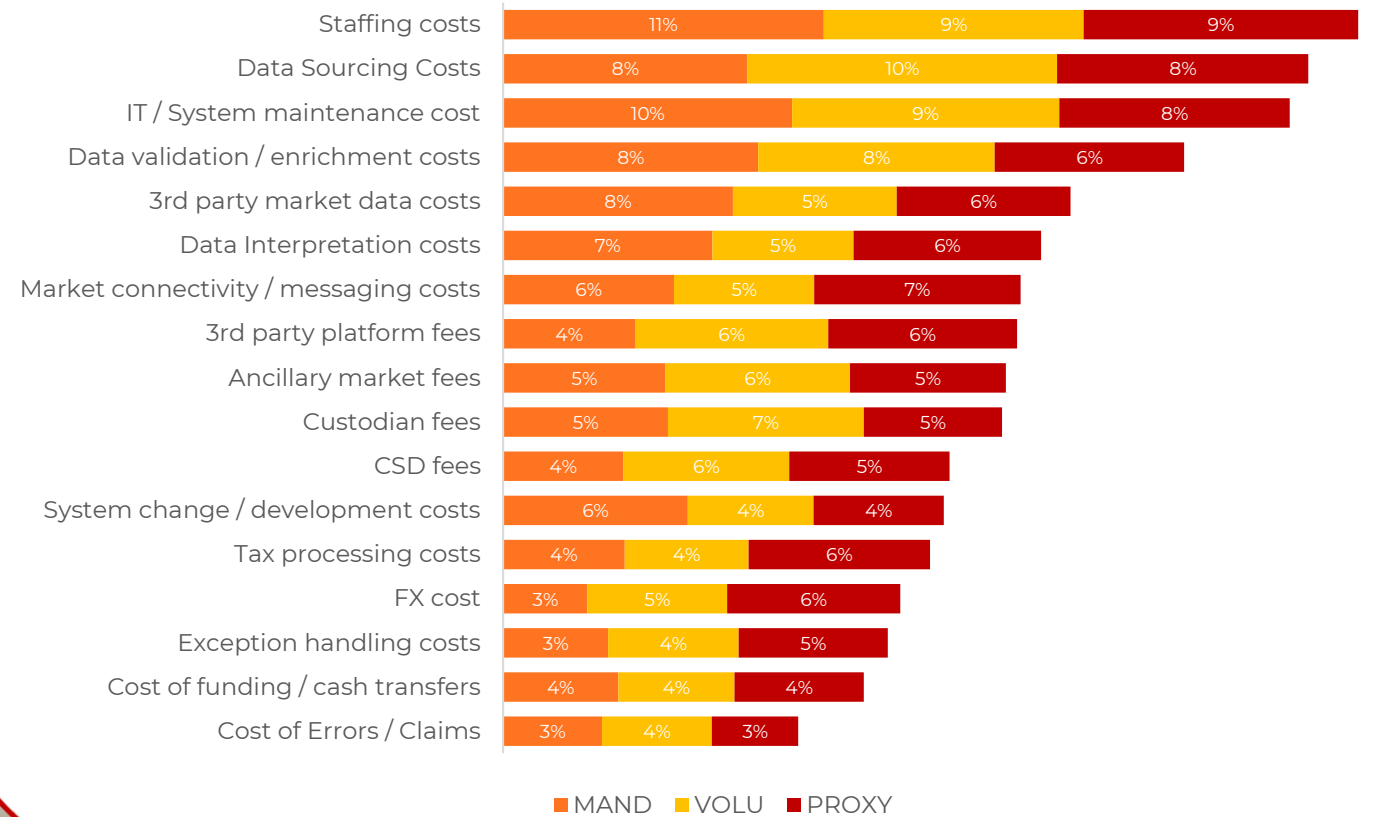
What's in a corporate action?

People and data

Costs of a Corporate Action



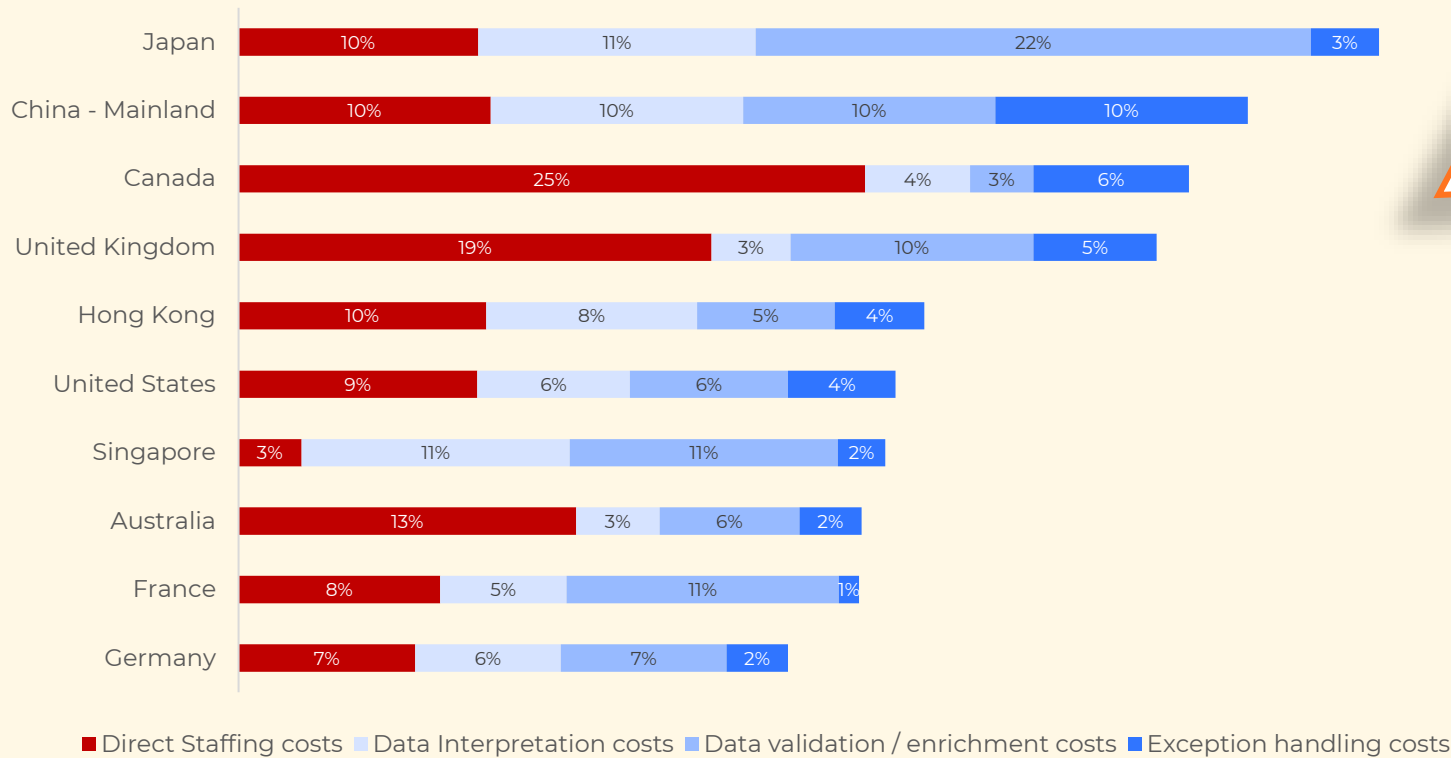
Costs of a Corporate Action (global)



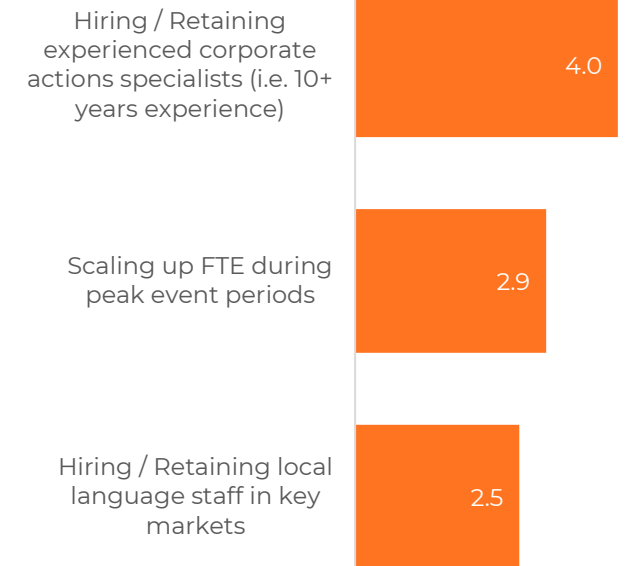
What's in a corporate action today?

The hidden costs of manual processing

Direct and Indirect staffing costs as % of total corporate action costs (by market)

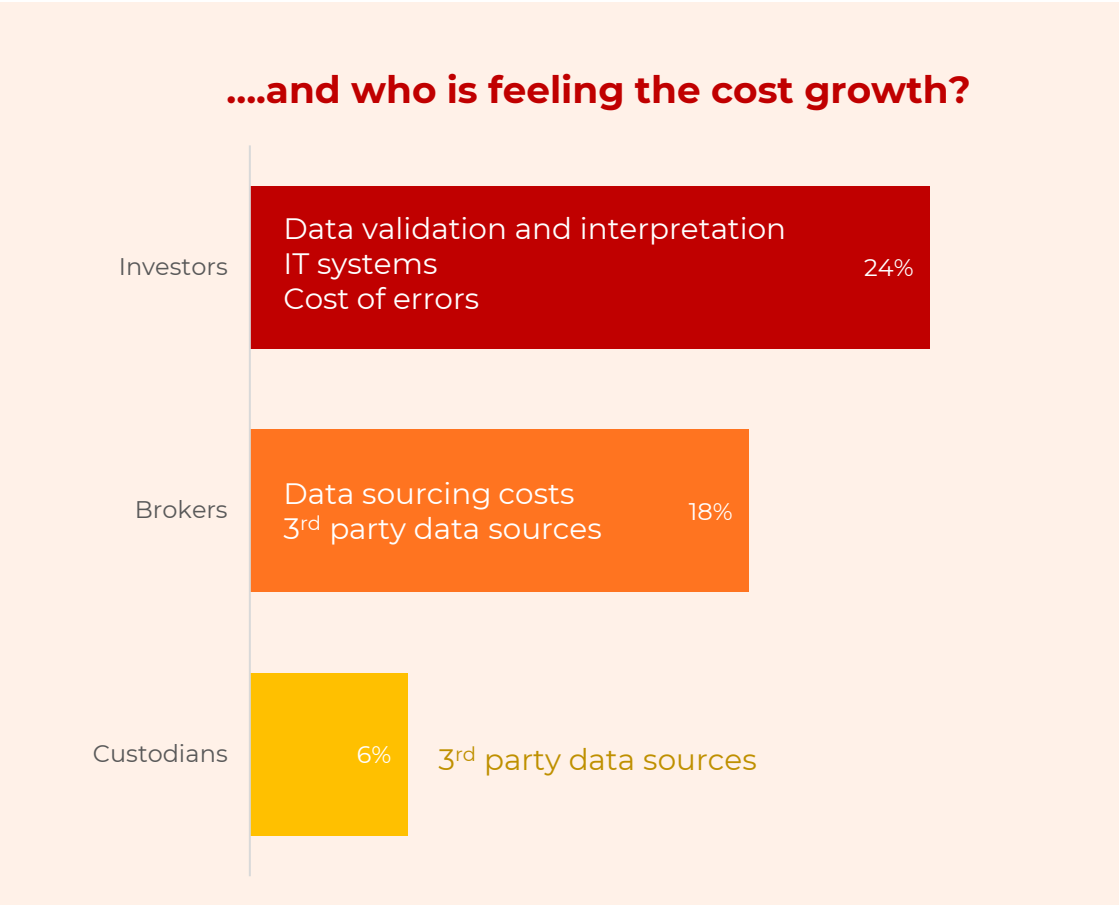
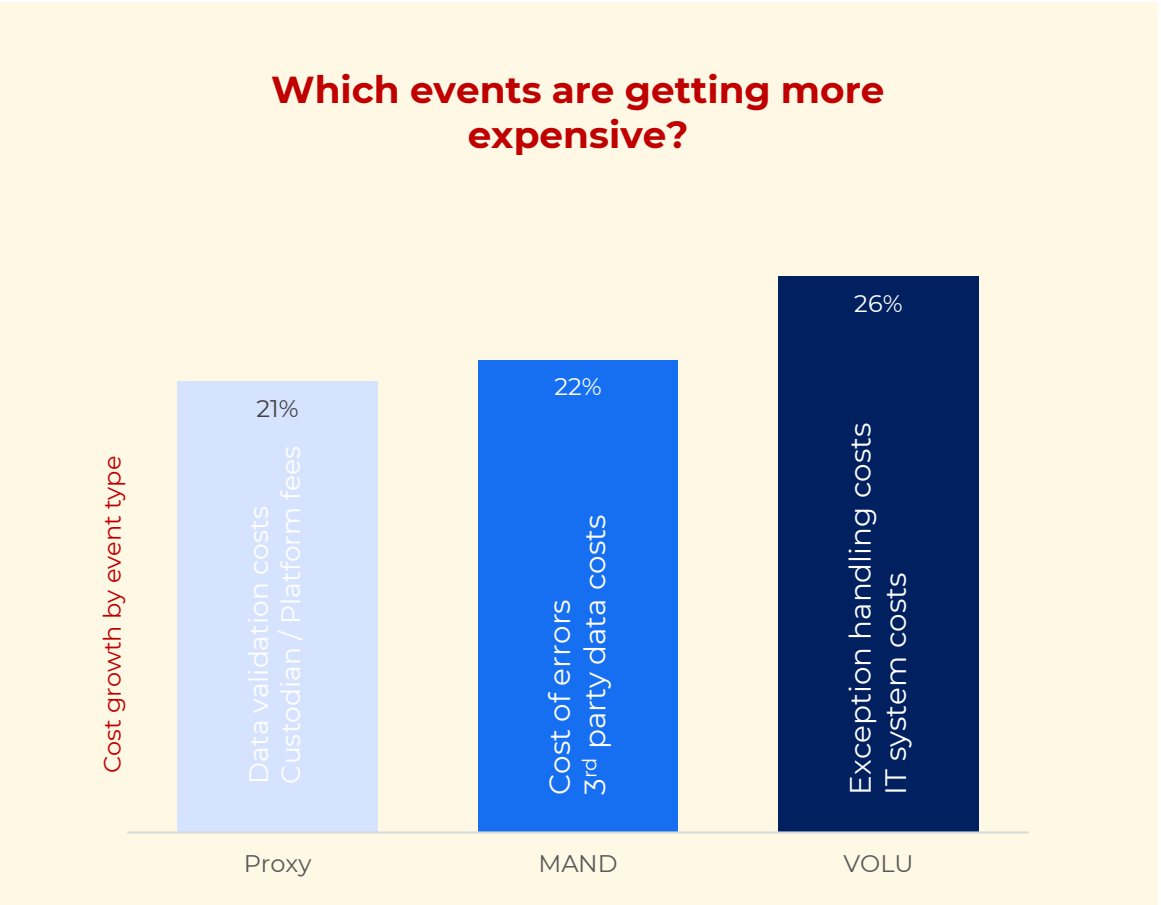


Key people-based risk factors in corporate action processing (out of 5)



What's in a corporate action tomorrow?

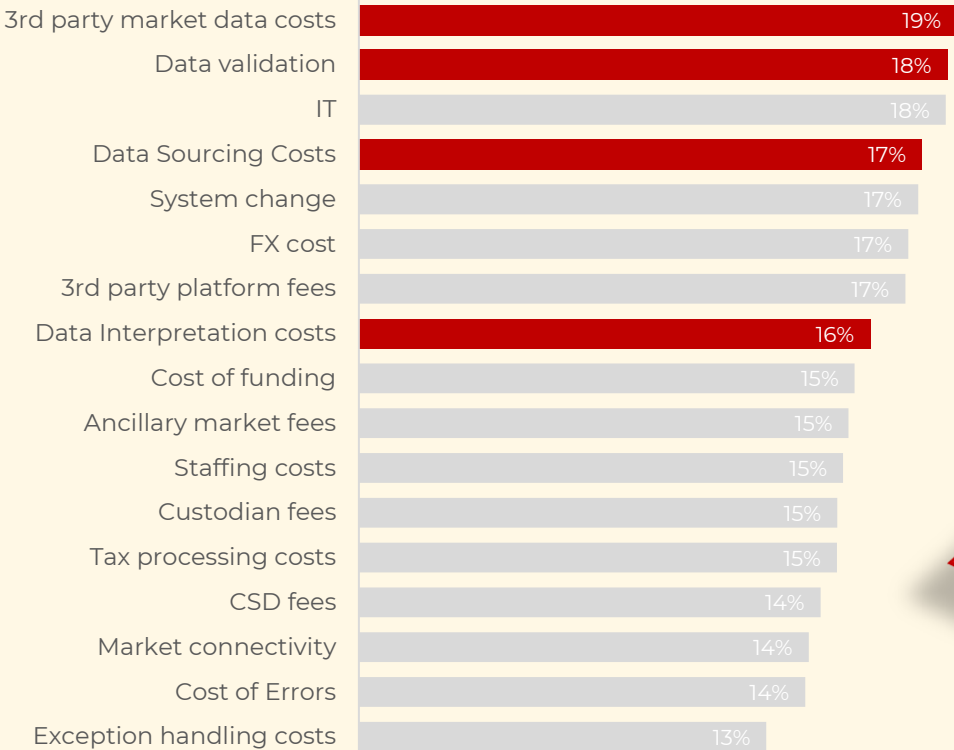
22% cost growth expected across the industry



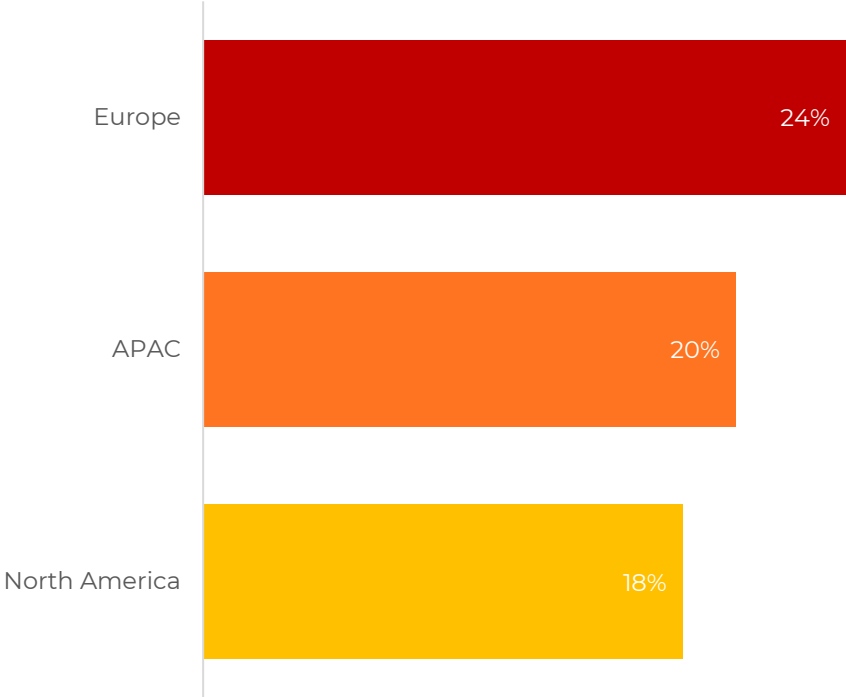
What's in a corporate action tomorrow?

The urgent case for golden copy data

Cost Growth in Corporate Actions

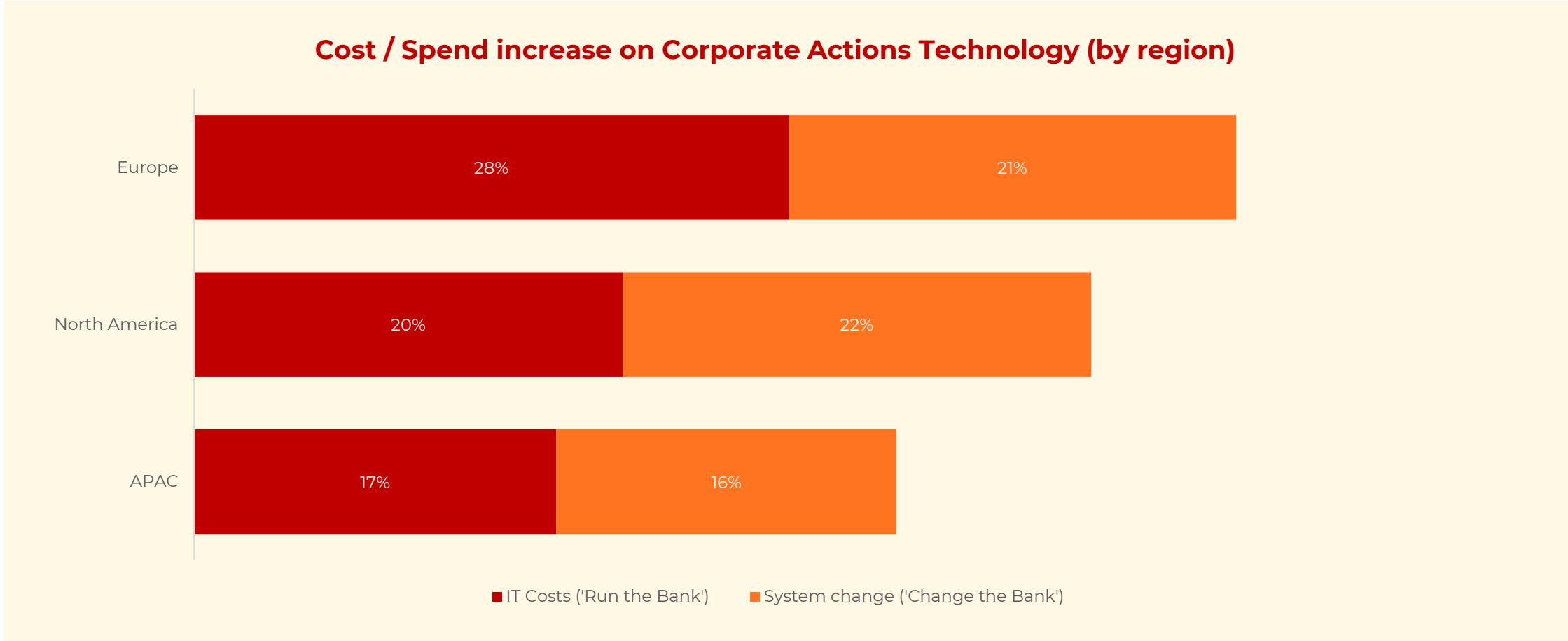


Expected growth in data sourcing costs (by region)



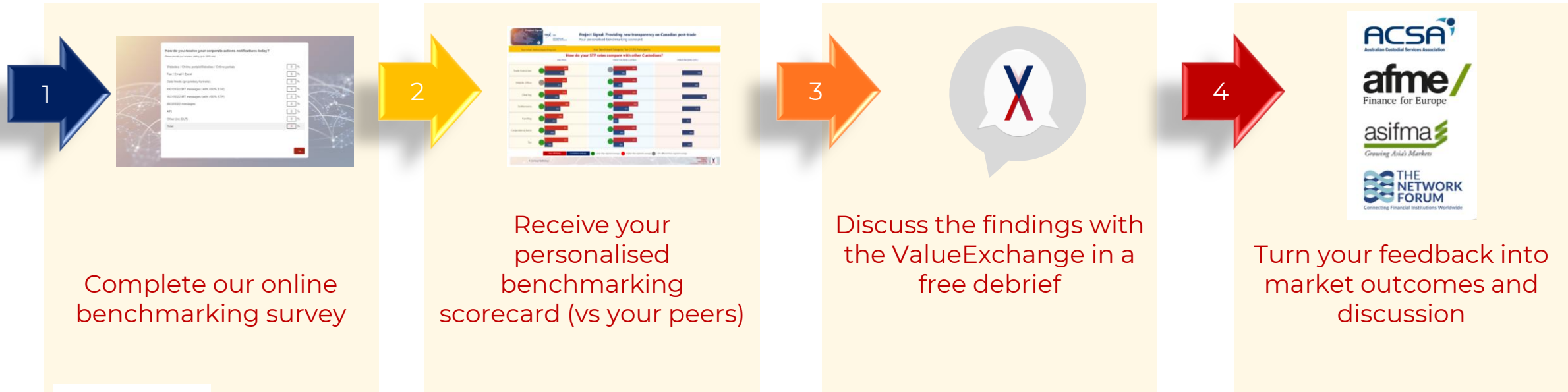
What's in a corporate action tomorrow?

...because the clock is ticking



Can't see yourself in the data?

Turn our data into your own case for transformation



[Click here to begin your own case for transformation](#)

