

# TRENDS IN STRUCTURED PRODUCTS & DERIVATIVES TRADING 2019

## SELLSIDE TECHNOLOGY IMPERATIVES FOR EQUITIES DELTA ONE DERIVATIVES & STRUCTURED PRODUCTS TRADING

In 2019, the functional lifecycle of most Tier I and Tier II investment bank equities Delta One derivatives programme trading platforms are nearing their end. Although electronified, these systems largely replicated pre-digital, manual processes and fail to fully meet the banks' current functional and non-functional business requirements while imposing a high financial cost.

11

Median age, in years, of relevant Tier I bank platforms

15

USD million average annual platform cost

7/10

Banks to make platform replacement decisions in the next 2-3 years

100%

Of Tier I and Tier II banks that must engage in Buy&Build, Best-of-Breed platform strategies to compete with the market leader

3/10

Assessed criteria where average vendor solutions meet Tier I bank functional requirements

0

Vendor solutions that meet all Tier I bank requirements

In light of changing market structure and business realities facing Tier I and Tier II banks in 2019, GreySpark believes that the time for equities Delta One derivatives programme trading replacement should also be used to make the strategic choice of whether the bank wishes to continue to cede the market segment to more specialised competitors or whether the bank wishes to compete for market leadership. In the latter case, the bank should take advantage of sophisticated vendor offerings as the core of the redesigned technology stack and create competitive differentiation through in-house builds where vendor offerings fall short of client expectations.

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