

TRENDS IN E-COMMERCE 2019

DATA AS A REVENUE DRIVER IN A POST-FINANCIAL CRISIS LANDSCAPE

E-commerce services are an integral element of the long-term transition to and successful implementation of sellside agency-trading business models. Nonetheless, GreySpark's review of trading channel functionality across 15 Tier I and II investment banks demonstrates that high-touch voice services continue to be offered more broadly than low-touch electronic services.

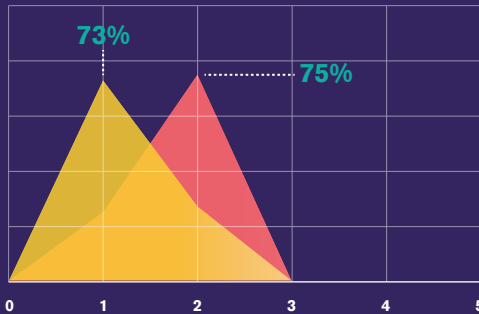
15 TIER I & TIER II CIBs SURVEYED

Investment Bank Asset Class Coverage

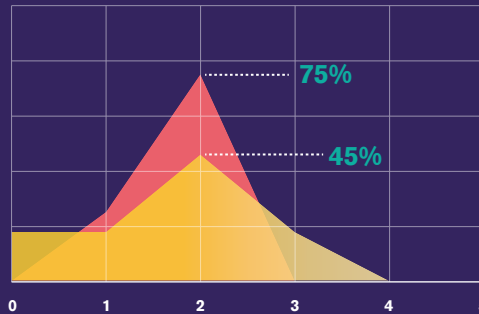


Delta-X Assessment of CIB Data Asset Management, Overall & Pillar Components

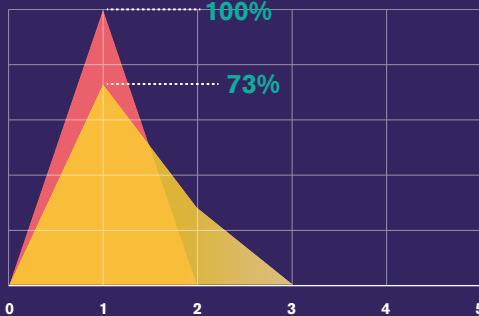
Active Data Management



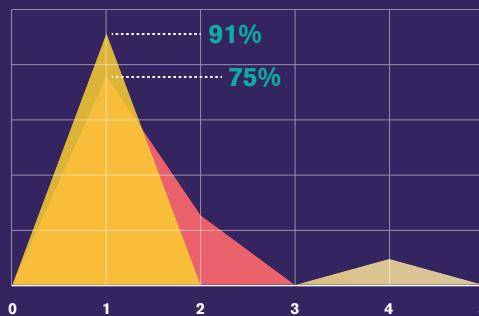
Data-centric Design & Architecture



Insight Generation



Monetisation of Data



Score Description

- 0: None
- 1: Defined on paper / planned / aspirational
- 2: Piloted by few / understood by some
- 3: Adopted by some, understood by most, majority of people following the "old way"
- 4: Adopted by most, understood by all, fast decreasing legacy
- 5: The norm

Tier I Tier II

x-axis = Score, y-axis = Share of Banks

THE PREPONDERANCE OF VOICE OVER E-SERVICES IS PARTICULARLY TRUE FOR THE PRE- AND POST-TRADE SPACES THAT CAN, AND OFTEN DO, EXTEND INTO THE MIDDLE- AND BACK-OFFICE. IN GREYSPARK'S VIEW, BANKS' INABILITY TO OFFER SUCH SERVICES TO CLIENTS ON A LOW-TOUCH, ELECTRONIC BASIS IS INDICATIVE OF THE UNDERINVESTMENT OF CHANGE-THE-BANK (CTB) EFFORTS IN THE MIDDLE- AND BACK-OFFICE, THE LACK OF WHICH CONTINUE TO DIRECTLY AND NEGATIVELY IMPACT THE CLIENT EXPERIENCE AT FRONT-OFFICE INTERACTION POINTS. MORE FUNDAMENTALLY, BANKS DO NOT HAVE THE UNDERLYING DATA ARCHITECTURE IN PLACE TO EFFECTIVELY RE-ENGINEER THEIR BUSINESS MODEL FROM KNOWLEDGE-ASYMMETRY DERIVED REVENUES TO DATA-CENTRIC SERVICES.

In 2019, investment banks experiment with offering data-centric services to their clients as a supplement to – and potential successor of – knowledge-asymmetries that traditionally fuelled trading revenues. While it is too early to assess the robustness of these revenue lines, GreySpark finds that the overall picture in the investment banking industry is not supportive of providing these services.

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