

THE SERVICE IS BECOMING THE PRODUCT

Terms like digitisation and disruption have become “buzzwords” of the recent past, with everybody associating different things with them. The question is whether technological trends or new developments – apart from changing processes – actually lead to such profound shifts in the industry as is commonly believed.

The answer is probably yes, even if this usually happens indirectly. The availability of a new technology alone does not necessarily have to mean that established players on the market are able to or keen on immediately using the increases in efficiency made possible by that technology. It is often their competitors – who start their businesses from scratch with lean organisations and based on new concepts that became feasible as a result of the new technology being available – that start exploring new customer groups and thus move larger parts of the industry to follow.

Obviously, the stock market industry is no different here, if not exemplary. New players serve as an example of how the service is becoming the product. While the actual product – a security, an index, currency pairs or a derivative thereof – is already sufficiently standardised and established, certain product attributes introduced or changed properties relating to its tradability alter the quality of providing the service in such a way that this has become the decisive factor.

Unlimited trading hours, as introduced by Spectrum Markets, the new pan-European venue for securitised derivatives, a Multilateral Trading Facility (MTF), are one such factor. However, not every broker wants to change its operating schedule to 24/5 because of the inherent costs for that broker or simply because not all of their clients request the seamless trading opportunity. However, an MTF, by nature, offers decisive advantages as it constitutes strictly regulated and transparent on-exchange trading with a significantly higher security than would be available with an over-the-counter execution.

In addition, modern MTFs such as Spectrum Markets provide disciplinary and structural support to liquidity. That means, they contractually oblige their market makers to guarantee liquidity standards. Structurally, additional features such as one ISIN that is passported to several European markets are very supportive of the overall liquidity. The same is true for the Intraday Issuance – enabling issuers to replace products issued on the venue within minutes – or the fact that trading itself and market data come free of charge. Such innovation generally supports trading very much and is particularly important in volatile times as it dynamically adapts supply to the given demand at any time – and it illustrates how the service has become the product.

Get in touch today to discuss how we can help you to grow your retail client business.

Please don't hesitate to get in touch if you wish to receive further detail.

spectrum-markets.com

Spectrum Markets

+49 69 4272991 80

info@spectrum-markets.com