

DIGITAL TRANSFORMATION OF INVESTMENT BANKING

THE CAPITAL MARKETS' INDUSTRIAL REVOLUTION

The digital transformation of wholesale banking operations represents an industrial revolution, of sorts, for the sectors' traditional business model. Four forces underlie this change, they are:

1. Regulations;
2. Changing client demand in terms of their market engagement models;
3. The competitive landscape; and
4. Technology innovation.

Investment banks' response is to reassess their business model focussing on the manufacturing, distribution and data elements. They will adapt to the experiences of industries such as car manufacturing to ensure their business models are robust.

MANUFACTURING

Banks will become fully automated trading plants where financial products and services are generated via an outsourced supply chain with the objective of achieving straight through processing.



MULTI-CHANNEL DISTRIBUTION

The delivery of these products and services will be via a multi-channel, user experience focused interface that integrates seamlessly with client' workflows.



POWERED BY DATA

Data will be the lifeblood of the innovative investment banking business model. Piloting data across the supply chain from the client point of interaction will allow continuous, incremental improvements to products and services, ensuring that banks deliver based on demand.

Banks must reorganise to fit this new business model and incorporate external suppliers, counterparties, market infrastructure and shared utilities rather than developing these in house in a costly process.

Engaging in a syndicated industry effort will allow banks to focus on their core expertise, clients and geographies.

This new operating model will see value creation redistributed across a banks functions and value creation will be rewarded at its point of origin rather than its point of realisation.

For more information please visit:
research.greyspark.com