

Asian Brokerage in Transformation

#theValueExchange's Key Findings





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InteractiveBrokers

Overview

Who's in our survey?



Insights from over 60 brokerages and over 120 investors

CEOs, Sales heads, Finance, Treasury, Operations and Compliance

Fund managers, Hedge Funds, Private Banks, Personal Investors, Investment Banks, Wealth Managers and Brokers

In an era of significant market, investors' behaviours are evolving faster than ever.

Our “**Asian Brokerage in Transformation**” survey, conducted in May 2020 in cooperation with Broadridge and Interactive Brokers, is designed to provide with actionable insights on how Hong Kong's investors are changing and how its brokerage industry is adapting to keep up.

Drawing on views from market-leading brokerages and investors, our survey provides new, statistical benchmarks that will help you to understand where your customers and your competitors are focusing: so that you can plan and manage your international expansion.

These *Key Findings* are an early, snapshot of the outcomes of this unique market survey: designed to raise new questions and to drive industry discussion. We would welcome your views ahead of the publication of our industry whitepaper handbook in July 2020.



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Key Findings

the case for expansion



Investors are focused on Asia and North America: but across a growing range of asset classes



Brokers are broadly aligned: but they are overlooking some key growth opportunities



Brokers are expanding heavily in 2021: but is that fast enough for investors?



Expansion is funded and coming: but how much will COVID slow us down?



the expansion journey



Investors are expanding to seek returns: yet expertise is still key



Brokers systems: what got us here isn't future-proof



System architecture is at the heart of brokers' expansion plans



Brokers are looking beyond costs in their system choices: support and expertise are key



But outsourcing is very rarely the answer

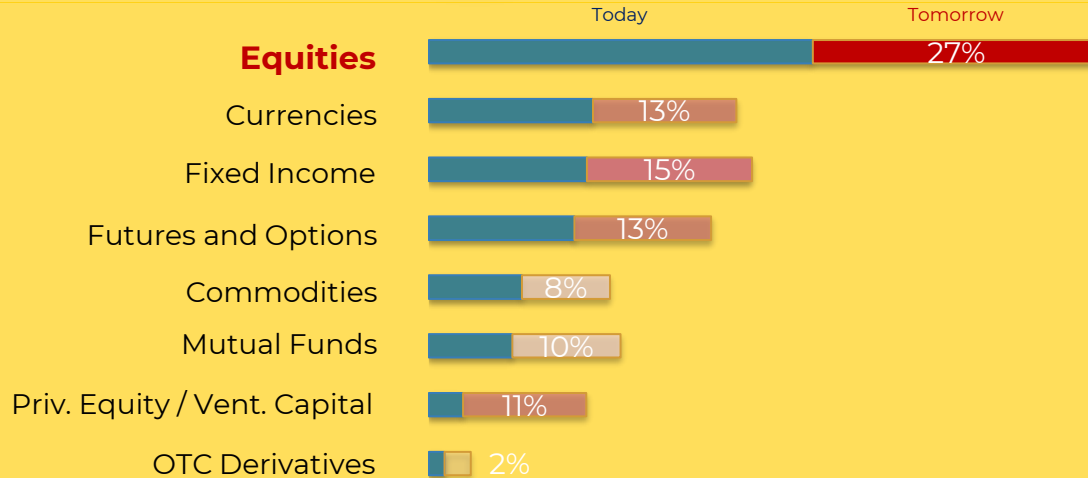
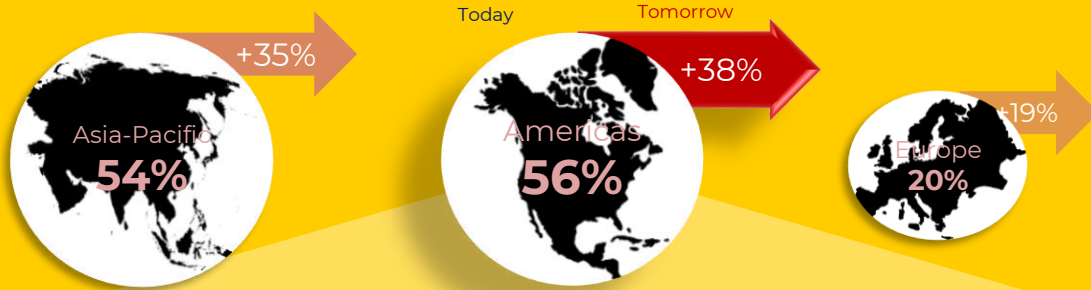
the case for expansion



1. Where are Hong Kong's investors today and tomorrow?

North America & APAC today and tomorrow... but through a fast-expanding range of assets

Where are **Hong Kong Investors** investing?



Tomorrow's key asset classes

North American
Equities

APAC Equities

APAC Fixed
Income

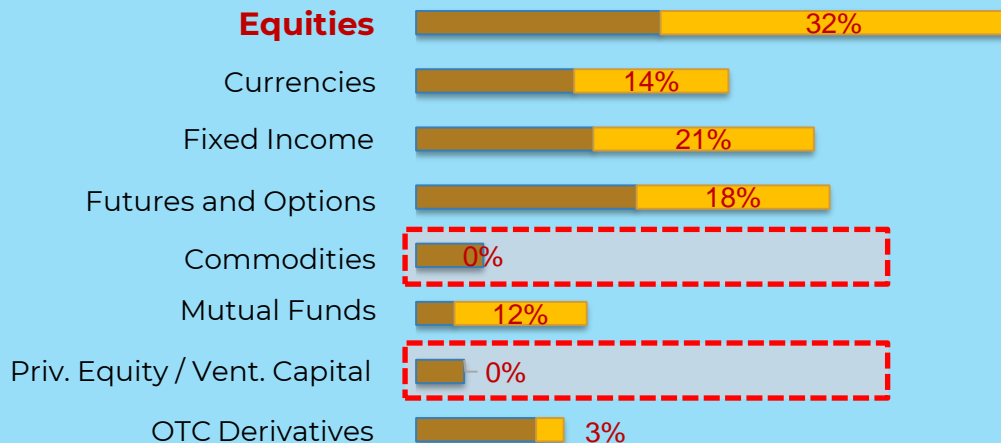
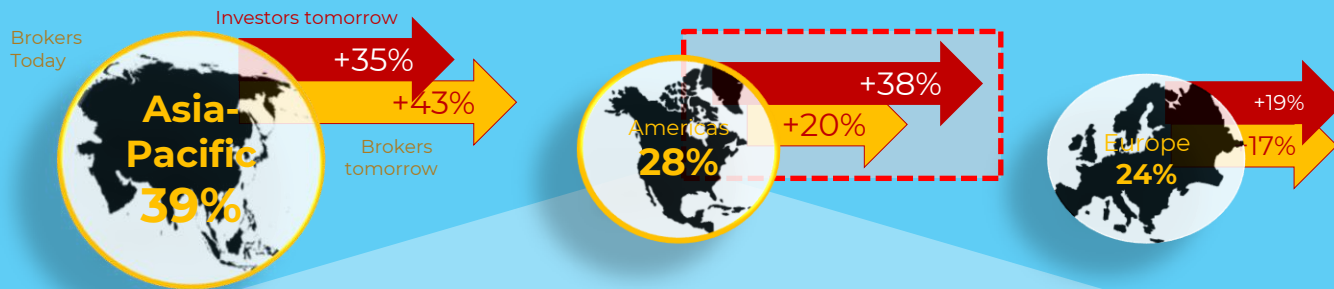
North American
Futures &
Options

North American
Fixed Income

2. How are Hong Kong's brokers keeping up with investors?

Broad alignment: but investors are asking for more

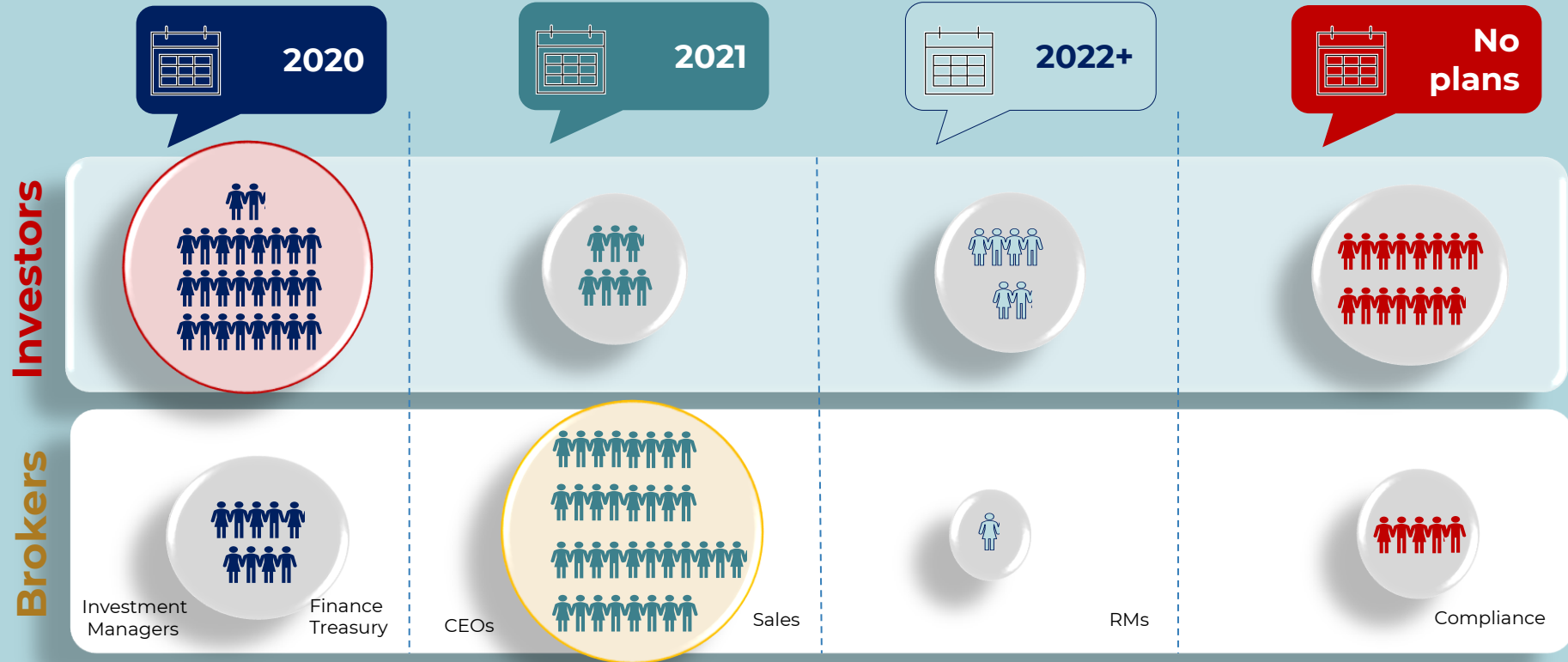
Where are **Hong Kong Brokers** investing?



3. When is expansion happening?

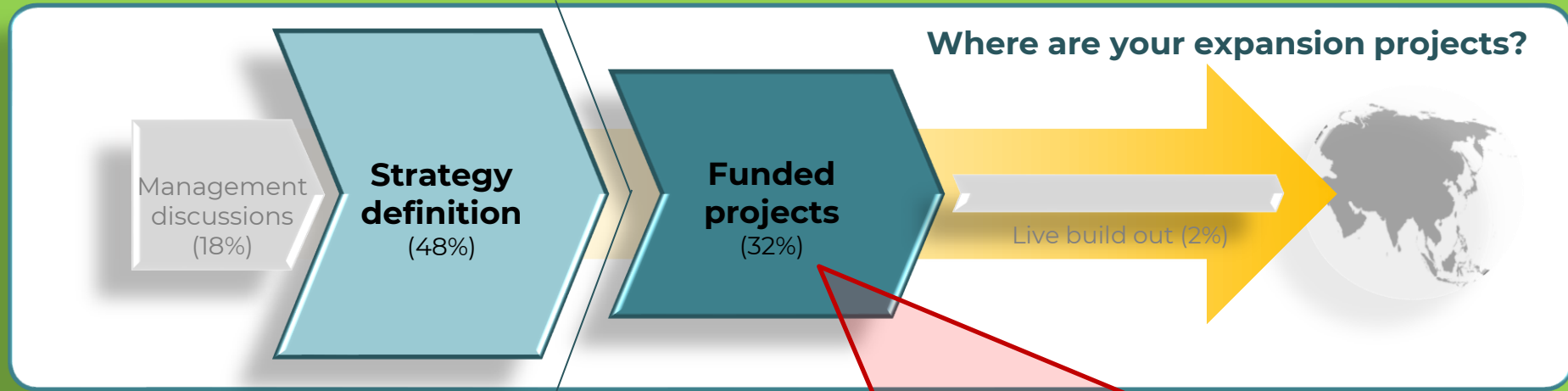
Brokers are clearly expanding: but is it fast enough to keep up with investors?

When is your expansion happening?



4. How ready are brokers to expand?

Expansion is funded and ready to happen soon: but how much will COVID delay progress?



How much have your plans been impacted by COVID?

No impact (31%)

Negative (65%)

Strongly negative (4%)

Returns are driving investors: but the strategic plan is still almost as important for brokers

Investors



4.3/5

Appealing investment returns

4.2/5

Risk diversification

Challenging economic conditions

2.1/5

Advice

BROKERS 經紀

Client demand

49/5

Challenging economic conditions

4.2/5

HQ strategy

4.1/5

Need to build a global footprint

3.9/5



the expansion journey



6. How can brokers win over investors as they expand?

Investors want returns, backed by expertise: yet they buy platform capabilities

Investors' concerns...



Return on investment



Local market expertise



Single platform for
market access



Regulatory, legal and
tax complexity



Account opening

...driving investors' needs



Cost



Market data & information



X-asset capabilities & hedging



Portfolio analytics



Existing accounts open



Funding / margin financing



Educational tools

7. How ready are brokers' systems to expand?

What got us here isn't future-proof: especially not in the retail space



8. What are brokers' key concerns in expanding?

System architecture is at the heart of expansion: but one expansion means multiple concerns

**System
Architecture**

3.7/5

**Regulatory
Complexity**

3.6/5

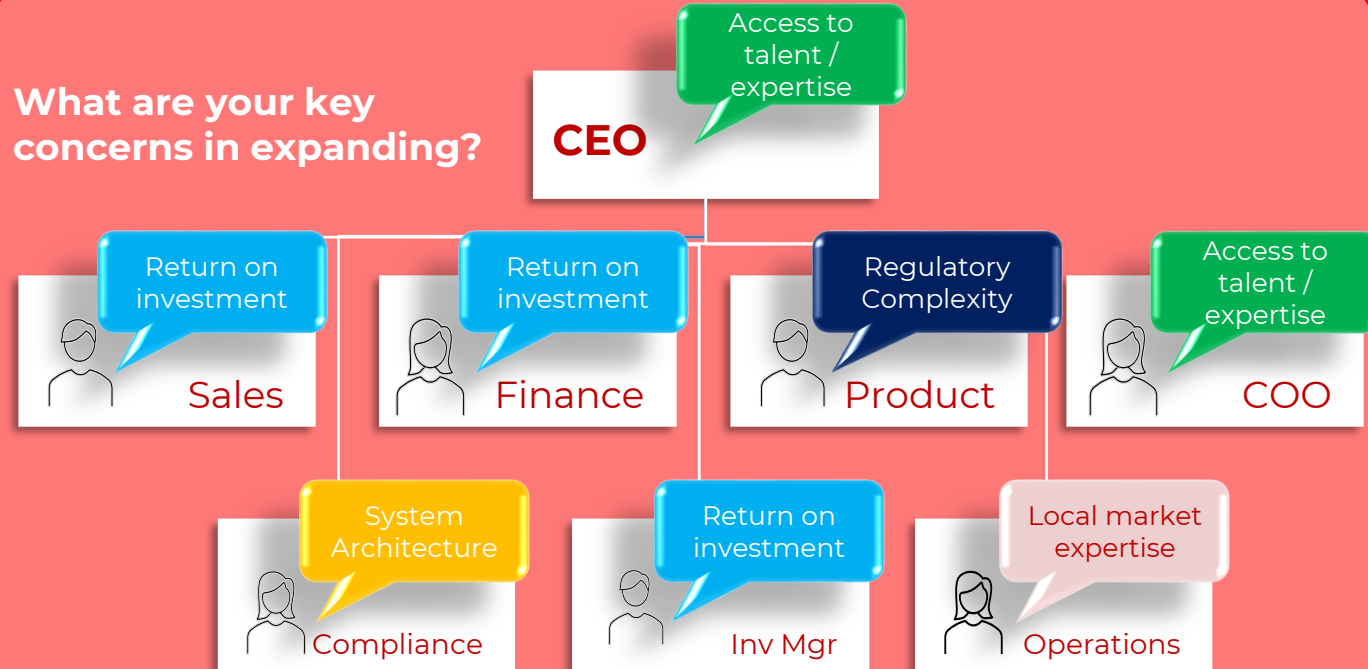
**Return on
investment**

3.6/5

**Access to talent
/ expertise**

3.3/5

What are your key
concerns in expanding?



9. What solution are brokers looking for to meet their concerns?

Don't get distracted by costs: support and expertise are key assets during expansion

Brokers' Buying Criteria

- 1 **Cost**
- 2 Customer support / expertise
- 3 Market reputation and references
- 4 Workflow automation
- 5 Customisation and ability to solution
- 6 Features and technical capabilities
- 7 Innovation (use of AI, blockchain, cloud, digital)

CEO

Cost



Sales

Cost



Inv Mgr

Cost & Innovation



Treasury

Market Reputation /
References

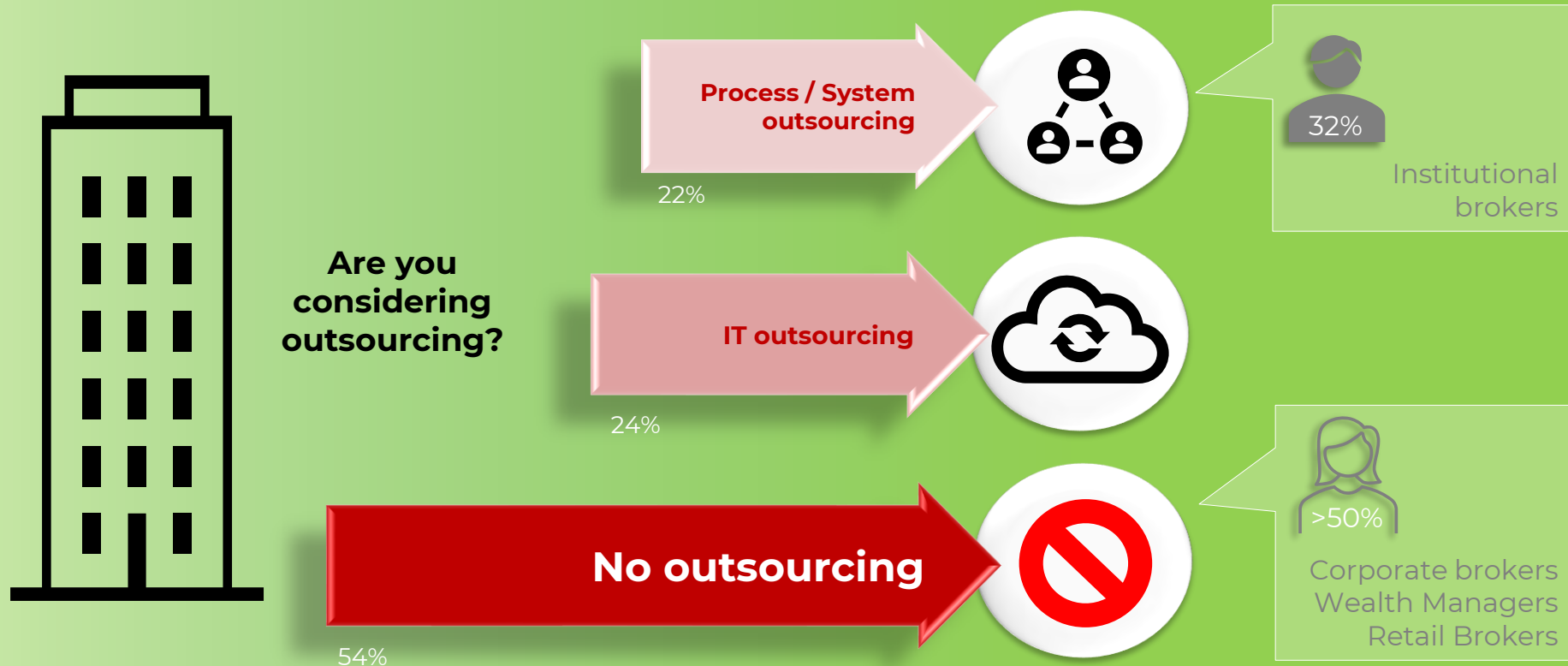


Ops

Ability to customise

10. Can outsourcing help on the outsourcing journey?

Possible interest: but only in the institutional space





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World**

ISSA



How the global securities industry is using DLT today; where the new technology is delivering against expectations and where people are investing
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Per Trade**



How our industry is tracking and managing its trading costs today in the light of MIFID and other regulations. Are we delivering true best execution and what risks are we creating today for ourselves?
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2020^U
in perspective

a leading market survey from the ValueExchange

How does our industry view 2020: where are we investing in technologies, regulation and collaboration in order to deliver on our aspirations for the year ahead.
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DLT in the Real World

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**DLT in
the Real
World**

