



Analysis

European Trading Firms Start to Grapple with the New Normal

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Biography

Terry Ewin is the Vice President of Sales for the EMEA region at IPC (<https://www.ipc.com/>). He has over 30 years experience in the Financial Markets and is commercially responsible for Communications (Trading Systems) and Network Services sales (Connectivity) at IPC.

During his tenure, Terry has grown IPC's regional client base whilst opening several direct European offices. He has also helped develop and grow IPC's in-direct Partner Channel business.

Prior to joining IPC, Terry held position at Global Crossing and Mercury Communications (Cable & Wireless).

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Abstract

There has been a surprising success of remote working for traders. There may have been a few hitches in financial firms switching to trading floors to people's living rooms, but owing to a rise in cloud-based technologies, many companies were able to transition fairly smoothly. We are now at the stage where companies are considering reopening their office and in this article the author share the general consensus of what he has been hearing from clients regarding the short-term, and possibly even long-term, future of trading floors.

Introduction

The phrase "never let a good crisis go to waste" has been getting a lot of usage in recent weeks. Think tanks, organizations such as the OECD, management consultancies and industry associations have all utilized it to talk about how Covid-19 presents a chance to do something new and worthwhile.

The comment is often used to suggest that the dislocation and destruction that comes with crises also offers opportunities to rebuild and do things that could not have been done before. For financial trading firms, this could mean technological projects that a year ago may not have made as much sense. In Europe, many



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banks and brokers are just starting to think about what life in a post-pandemic world will look like and how their technology strategies may need to change.



Three phases

When it comes to crises, we can think of three distinct phases. First, there was the emergency phase, this was when firms were in acute crisis management mode. Business continuity plans were activated, and banks and brokers worked to ensure mission-critical functions could be maintained so that clients could continue to be serviced.

European banks and brokers large and small were able to handle this phase well, in part because communications technology has reached the stage where effective Work from Home (WFH) strategies are feasible, practical and cost-efficient. Cloud-connectivity and the use of soft turrets for trading has enabled traders across the region to keep doing their jobs despite lockdowns. We know from our work with clients that they were able to make a relatively seamless transition to WFH operations.

The second phase – the one we are in right now – is a transition period. This is when financial firms figure out how best to cope whilst the worst effects are still ongoing however longer-term changes need to be planned for in a post-crisis world.

We don't know how long this phase will last, there is so much that we don't know about the virus and when it will be safe for businesses to operate in any way close to the ways they did before. But as restrictions are eased and medical progress is made, we can expect firms to tiptoe towards more on-site trading. Banks are



already looking at hybrid operations where traders come in on one or two days a week whilst working from home on other days. This will mean fewer people on the premises, making it easier to practice social distancing. It will also mean a continued reliance on WFH technology.



Finally, there is the post-crisis period. This is unlikely to occur before there is a vaccine that has been developed and deployed at scale, or effective remedies are found for treating the virus. Despite the magnitude of the economic disruption Covid-19 has caused, many analysts expect a strong rebound once the medical pieces of the puzzle are in place. It may not be entirely V-shaped, but the resiliency of financial markets thus far suggest it will be healthy.

Planning now

In the meantime, what many trading firms in Europe are doing is to take a two-pronged approach.

First, they are planning for the possibility of an extended phase two. If there is some seasonality to the virus, there remains the risk of new restrictions in the autumn should there be a second wave of Covid-19 cases. This would mean fine-



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tuning their current WFH strategies and taking more advantage of the cloud to power communications apps.



Second, firms are beginning to reconsider their longer-term trading system needs. In other words, they are gearing up for phase three.

It is in this last sense, that the idea of not letting a crisis go to waste resonates most clearly. At IPC, we are already beginning to work with clients in the ways that they can lay the groundwork for a communications strategy that can meet the needs of a post-crisis marketplace.