

Up to USD 4.23 billion p.a. in incremental revenues up for grabs for Asian stock exchanges by 2025 through improved commercialisation of data

Quinlan & Associates sees sizeable revenue pool on offer in Asia from sale of exchange data, with investor demand set to soar on the back of key regional megatrends

Hong Kong, 25 November 2020 – Quinlan & Associates, a leading independent strategy consultancy specialising in the financial services industry, has released a report exploring the various avenues through which Asian exchanges can diversify their revenues and monetise the large volumes of data that they have access to.

The report, titled *Time To (Ex)change: The Evolution of Stock Exchanges from Trading Venues to Data Providers*, explores in detail how stock exchanges in Asia can accelerate their growth and prepare for a digital future by selling their exhaust data, developing index services, and striking lucrative third-party partnerships.

‘The demand for market data is growing rapidly, representing a clear shift in what investors and traders are looking for. Advanced tools and value-added information are now in high demand, in a world where traditional financial information and investment analysis tools have become heavily democratised’ said Benjamin Quinlan, CEO & Managing Partner of Quinlan & Associates and lead author of the report.

The report discusses how revenues from information services have risen considerably in recent years and now represent a major cash generator for a number of western exchanges, though Asia-Pacific exchanges lag significantly behind in terms of monetising their exchange data. According to the authors, in 2019, the average percentage contribution of revenues from information services for exchanges in the Americas was ~3x that of exchanges in developed Asia and ~5x that of exchanges in emerging Asia.

‘With a view to diversify away from their core revenue streams, Asian exchanges should focus on developing a data strategy, revolving around offering of real-time and historical market data, reference data, analytics, and index services’, said Hugo Cheng, an Associate at Quinlan & Associates and co-author of the report.

‘We see several paths through which Asian exchanges can commercialise the large quantities of data that they possess, including but not limited to, the sale of proprietary data / exhaust data, development of market indices, sale of alternative data, forming third-party partnerships, and/or establishing a data marketplace’, said Mr. Quinlan.

The report points out that Asian exchanges have thus far been slow to innovate in developing relevant capabilities in the data and analytics space, owing to legacy IT infrastructure, a lack of urgency due to sparse competition, a perception that customers have less sophisticated data needs, and an outdated focus on transaction facilitation.

‘By not establishing an effective monetisation model for exchange data, up to USD 4.23 billion p.a. in incremental revenues from information services will be left on the table by Asian exchanges by 2025. Asian markets are presently on the verge of several key trends, including growing ETF flows, a rise in large-scale domestic listings, and increased data sophistication; making information services the sweet spot for exchanges looking to grow rapidly’, continued Mr. Quinlan.

The report concludes that now is the right time for Asian exchanges to look beyond their core trading and listing businesses and develop a robust data strategy, especially if they are to keep pace with their global counterparts. Through developing a well-defined data strategy, exchanges can achieve better revenue diversification and offset the impact of market volatility on their traditional businesses, while successfully building out credible information services capabilities to drive subscription-style revenue growth.

About Quinlan & Associates

Quinlan & Associates is a leading independent strategy consulting firm specialising in the financial services industry. The Company is the first firm to offer end-to-end strategy consulting services. From strategy formulation to execution, to ongoing reporting, communications, and employee training, Quinlan & Associates translates cutting-edge advice into commercially executable solutions. With a team of top-tier financial services and strategy consulting professionals, and a global network of alliance partners, Quinlan & Associates provides its clients with the most up-to-date industry insights from around the world, positioning the Company as a leader in its field.

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