

# COVID-19 - The Impact on Trading, Now and in the Future

Amid the tenure of the Covid-19 pandemic, Bob Santella, the Chief Executive Officer of IPC Systems shares his insights on the impact the virus has had on the globe, noting the challenges being faced by financial institutions, the vital importance of liquidity, what the future may hold, and the movement of digital solutions into the limelight as the world rides out its almost-universal state of quarantine.



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**The COVID-19** Pandemic poses one of the greatest health threats to the global population in a generation. Our thoughts are with the first responders and healthcare workers who are on the front lines, battling the virus every day in their communities. This is a pandemic that has touched every one of us: our families, our businesses, our communities and our very way of life.

Amidst this crisis, the function of the financial markets in sustaining world trade, commerce and supply chains – in other words, the role that it plays in ensuring that workers get paid, that people can buy food, and that they can continue to access healthcare and medicines – is ever more visible and vital. I'm proud to see so many of our fellow market participants and service providers pulling together to support one another, and to support our economies and workers, in these challenging times.

Throughout our history, IPC has built its reputation on providing high-quality services to financial market participants – including the support that they need to ensure effective business continuity during times of crisis or disasters. Now, with the virus simultaneously impacting all major trading locations, we face the unprecedented challenges associated with most financial institutions having a large percentage of their staff working in isolation from home.

Reassuringly, through all of this, we have not seen the same freezes in liquidity that characterised the global financial crisis. This should give us all – whether financial institutions, regulators or policy makers – greater confidence in the resilience of the measures that have been implemented around systemic risk and the robustness of systems, processes and controls. Secure and resilient networks that meet these compliance requirements can provide much-needed support. Those market participants who have prepared for a digitally connected decentralised world are far more likely to experience better performance as a result of their more robust business continuity capabilities.

During stressed market conditions, the ability to have access to the right network and counterparties to find liquidity is absolutely vital. Large networked communities create resilience. A successful community network offers its participants

connectivity to a readymade and diverse global financial ecosystem. The constant streams of communication between community members – orders, quotes, confirmations, post-trade data – all rely on common interfaces and protocols, and on the underlying infrastructure that supports these. Speed is of the essence, not only in the timing of individual trade executions, but also in the ability of firms to quickly connect to new market participants. And the role of voice trading is critical – the ability to pick up the phone and speak to a trusted counterparty.

Prior to Covid-19, many of our customers in the Asia-Pacific region had already experienced impacts to their working practices due to the protests in Hong Kong. We have been able to apply this experience when working with our customers as the pandemic spread to the US, Europe and other regions. Our products such as **IQ/MAX® Omni, Remote Devices, EVS as a Service** and **Disaster Recovery as a Service** offer secure remote working capabilities for traders while maintaining compliance in the trading workflow. We've had to move faster than ever in order to help our clients ready themselves for lockdown; recently, we supported 1000 soft client licenses over a single Sunday night. Market participants have done a remarkable job in moving quickly, and in ensuring the stability and resilience of their systems.

And what of the post-crisis future? Our view is that this experience has accelerated the adoption of cloud in the financial markets. With a renewed emphasis on disaster recovery and business continuity, and as IT infrastructure increasingly becomes commoditised, we will see more CIOs of financial institutions shifting their attention toward finding services that enable them to plan, procure, and orchestrate cloud services from multiple vendors, across a mixture of public and private clouds, from a single pane of glass.

We see voice trading continuing to play an essential role in times of market turbulence. The transition to a cloud-based environment will be more than a tactical response. It represents a long-term shift in how trading floors will evolve towards greater interoperability and flexibility. Voice trading remains the industry's largest source of unstructured data, and having the capability to digitise voice data will be key for both strategic and compliance purposes. Constant innovation is the key to success. It is clear that this crisis has accelerated digital transformation efforts, where the impact will continue to be felt well into the future. ■