# Algorithmic Trading Market Overview: Trends, Challenges, and Forecasts

The global algorithmic trading market is expected to be driven by a rise in demand for a reduction in transaction costs.

PORTLAND, PORTLAND, OR, UNITED STATES, February 26, 2024 /EINPresswire.com/ -- As per a report by Allied Market Research, the global [algorithmic trading market](#) is anticipated to reach $31.49 billion by 2028. The market was valued at $12.14 billion in 2020 and is set to witness a rise at a CAGR of 12.7% during the 2021-2028 period. The report provides

Algorithmic Trading Market Size

a comprehensive study of the latest market updates, regional landscape, and the competitive scenario of the industry.
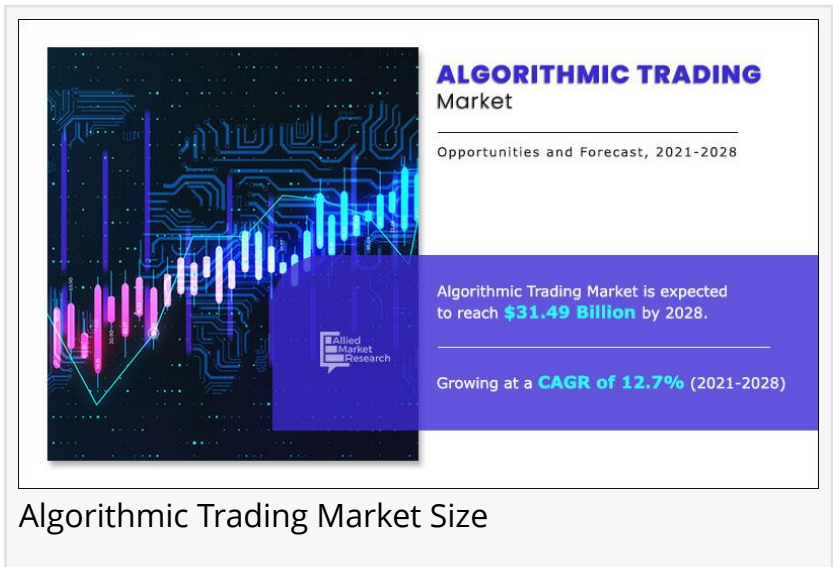
Algorithmic trading, also known as automated trading, involves the use of computer programs to carry out a specific set of instructions or rules for buying or selling assets based on changing market data. These instructions or rules are typically centered around factors like timing, quantity, price, or mathematical models. This method provides numerous advantages to market participants, including executing trades at optimal prices, conducting simultaneous automated checks on multiple market conditions, ensuring trades are correctly timed and executed instantly, and lowering transaction costs by eliminating the need for human intervention.

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Rise in demand for quick, reliable, and efficient order execution, along with growing adoption of technologies to reduce transaction costs is expected to drive the growth of the global algorithmic trading market. Moreover, several governments across the globe are formulating supportive regulations which are further helping the market to surge ahead. However, the absence of proper risk valuation techniques might create hurdles in the growth of the market. Nonetheless, widespread adoption of AI and cloud-based solutions in financial services might create new growth opportunities in the coming period.

Asia-Pacific is expected to witness highest growth rate during the forecast period, due to heavy investments by public and private sectors to enhance their trading technologies fueling the demand for algorithmic trading solutions to automate trading process. In addition, the rapid expansion of global algorithmic trading market players creates lucrative growth opportunities for the market growth. For instance, in March 2021, Quantitative Brokers, the U.S. trading algorithm provider announced to extend its services to Japan, following a similar move in Singapore in previous year.

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The growth of the global algorithmic trading market is mainly driven by factors such as rise in demand for reliable, fast, and effective order execution; the emergence of favorable government regulations; and the need for market surveillance. In addition, rise in demand for reducing transaction costs fuels the demand for algorithmic trading. However, insufficient risk valuation capabilities may hamper the market growth to some extent. On the other hand, emergence of AI and algorithms in the financial services are expected to provide lucrative opportunities for market growth during forecast period. In addition, rise in demand for cloud-based solutions is anticipated to be opportunistic for the market growth during the forecast period.

In 2020, the solution segment exhibited the highest growth in the algorithmic trading market share, and is expected to maintain its dominance in the upcoming years, as the algorithmic trading solutions provide several benefits such as reduced transaction costs due to lack of human intervention and instant and accurate trade order placement. In addition, the market players are introducing advanced algorithmic trading solutions to serve various needs of their customers. For instance, in September 2019, BNP Paribas introduced an upgraded FX trading platform with real-time analytics and interactive algorithms. However, the services segment is expected to witness the highest growth, due to extensive adoption of professional services among end users, as it ensures effective functioning of algorithmic trading solution throughout the process.

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By type, the global algorithmic trading market share was dominated by the stock markets segment in 2020, and is expected to maintain its dominance in the upcoming years, due to increase in adoption of algorithmic trading solutions by investors to trade stocks as it operates through a computer program without a need for human interventions. However, the cryptocurrencies segment is expected to witness the highest growth, owing to rise in interest of trading professionals toward crypto-currency trading.

Some of the key algorithmic trading industry players profiled in the report include 63MOONS,

Virtu Financial, Software AG, Refinitiv Ltd. MetaQuotes Software Corp. Symphony Fintech Solutions Pvt Ltd. Argo SE, Tata Consultancy Services, Algo Trader AG, and Tethys. This study includes algorithmic trading market trends, algorithmic trading market analysis, and future estimations to determine the imminent investment pockets.

The current estimation of 2028 is projected to be higher than pre-COVID-19 estimates. The COVID-19 outbreak has low impact on the growth of the algorithmic trading industry, as the algorithmic trading adoption have increased in the face of unprecedented circumstances. For instance, Reserve Bank of Australia, in its recent publication stated that the COVID-19 pandemic may have only furthered the industry's shift toward electronic trading. In addition, the market players have introduced innovative algorithmic trading products during the pandemic to ensure better serving the increased volumes of trading. This factor drives the algorithmic trading market growth. For instance, in March 2021, Cowen, an American multinational independent investment bank and financial services company launched an algorithmic trading solution to help institutional clients navigate market dynamics caused by increased volumes of retail trading.

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Lastly, this report provides market intelligence most comprehensively. The report structure has been kept such that it offers maximum business value. It provides critical insights into the market dynamics and will enable strategic decision-making for the existing market players as well as those willing to enter the market.

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