

Algorithmic Trading Market Size, Trends, Challenges, and Opportunities, 2032

The growth of the global algorithmic trading industry is mainly driven by factors such as rise in demand for reliable, fast, and effective order execution

WILMINGTON, NEW CASTLE, DE, UNITED STATES, January 6, 2025 /EINPresswire.com/ -- The global [algorithmic trading market](#) was valued at \$17.0 billion in 2023, and is projected to reach \$65.2 billion by 2032, growing at a CAGR of 15.9% from 2024 to 2032. By component, the solution segment exhibited the highest growth in the algorithmic trading market share in 2023 and is expected to maintain its dominance in the upcoming years, as the algorithmic trading solutions provides a number of 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. However, the services segment is expected to witness the highest CAGR in the upcoming years, due to an 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 of trader, the institutional investors segment held the highest market share in 2023, accounting for two-fifths of the global [algorithmic trading market revenue](#) and is expected to retain its dominance throughout the forecast period. Algorithmic trading has become a basis for institutional investors, offering efficiency, speed, and precision in executing trades across diverse markets. However, the retail investors segment is projected to manifest the highest CAGR from 2024 to 2032. Retail investors can benefit from algorithmic trading by leveraging the speed and efficiency of automated systems to execute trades more quickly and accurately than manual trading.

By deployment mode, the on-premises segment held the highest market share in 2023 and is expected to retain its dominance throughout the forecast period, due to increase in adoption of cloud-based applications by financial institutions to enhance their productivity and efficiency. However, the cloud segment is expected to witness the highest growth during the forecast period. Cloud-based algorithmic trading solutions are gaining popularity among the traders as they ensure the effective automation of processes and data maintenance along with cost-friendly management.

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Furthermore, the industry's growth is fueled by the quest for arbitrage opportunities, improved market liquidity, and reduced transaction costs. However, it also faces challenges such as regulatory scrutiny, market volatility, and the need for continuous innovation to maintain competitive advantage. As the industry is growing, the focus is shifting towards incorporating machine learning (ML) and artificial intelligence (AI) to enhance predictive accuracy and adapt to changing market conditions, ensuring sustained growth and resilience. 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. Such an enhancement is anticipated to create lucrative opportunities for market growth during the forecast period.

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