Equities outsourced trading is alive and well in 2025

June 3, 2025

Executive Summary:



Buy-side equity traders in the U.S. continue to warm up to outsourced trading (OT), with nearly 10% using such platforms for the second year in a row. While the top-line figure may suggest a lack of growth year over year, some OT providers say they have made significant inroads and adoption is more widespread than the numbers show.

Cultural shifts on the buy side are helping to drive the change. Once a taboo topic that suggested you were "hiring your own assassin," traders now are more data-driven and experimental while being less married to traditional methods. Motivated by the need for cost savings, improved efficiency and enhanced trading capabilities, OT is now better understood as a way to supplement core trading functions, freeing up internal resources for more strategic activities.

Still, while providers say sentiment has improved, a wall of resistance remains. Not every trader wants to cede that much control over execution to a third-party provider, and using an OT makes it more difficult for internal traders to build their own relationships with the sell side. Alas, converting OT prospects into paying clients remains a challenge.

Methodology:

From July through September 2024, Crisil Coalition Greenwich interviewed 40 buy-side equity traders in the United States. The study was conducted over the phone, online and in-person. Respondents answered a series of qualitative and quantitative questions about their daily workflow, broker selection and evaluation, technology platforms used, commissions, technology budgets, and business practices in the U.S. cash equity space.

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