

LSEG FX

The FX market in 2025: Future-proofing FX

lseg.com/fx



Introduction

2



FX market participants are facing numerous challenges, from world events and their effect on markets to the need to keep pace with new technology and regulatory developments. By examining the focus areas cited by FX trading firms, this research paper allows market participants to benchmark themselves against broader market trends and identify opportunities to drive growth and remain competitive.

This second paper in a two-part series looks at managing technology spend, innovation and next-gen solutions, managing liquidity fragmentation and automating FX workflows – all identified as important themes by our 400 research respondents.



The FX market in 2025:
Managing risk and regulation

[Download the first paper](#)

LSEG FX

Methodology and respondents



The LSEG FX market research was conducted in Q4 2024. It was commissioned to provide detailed insight into the trends and challenges in today's FX market. By identifying the issues faced by FX market participants and recognising the key areas of investment needed to address them, the research reveals the appetite of FX trading institutions to better manage risk, capture new trading opportunities, deploy new technology and streamline workflows.

Survey respondents comprised 400 FX market participants globally, holding a variety of roles across a range of functions and organisation types. The buy-side represented 62% of respondents and sell-side 38%. The majority of respondents worked in FX trading, with other roles including risk, middle and back-office, technology, FX sales, and corporate treasury. Results were analysed across regions, organisation types and company size.

For the profile of respondents, see [Appendix](#).



Key findings

LSEG FX

Key findings

Top focus areas for firms in the FX market

01

Trading platforms, data analytics and risk management systems dominate technology investment

50% of respondents prioritised managing technology spend and its allocation, as they look for increased efficiency across FX workflows. This year, the top three priority areas within this category are investment in trading platforms (54%), data analytics / market intelligence (51%), and risk management systems (50%).

02

Innovation and next-gen solutions like APIs, algorithmic trading, AI / machine learning and regulatory technology are key

These four areas were highlighted by between 44% and 46% of all respondents.

03

Market fragmentation continues to be a challenge for FX trading firms

Liquidity fragmentation has been a central theme for the FX market for many years, with 40% of respondents seeing it as a focus area. Interestingly, respondents predicted that managing FX liquidity fragmentation would become less of a challenge as they moved through 2025.

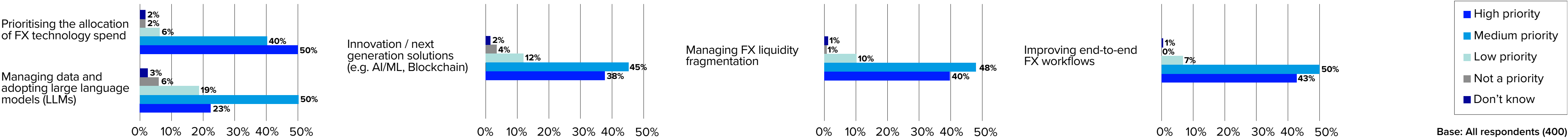
04

Streamlining workflows is a priority for risk management, CRM and data management and analysis

Workflow automation is being implemented to enhance operational efficiency, manage costs and improve client experience.

Chart 1: Top priorities for the global FX community

Question: To what extent are the following areas a priority for your organisation?



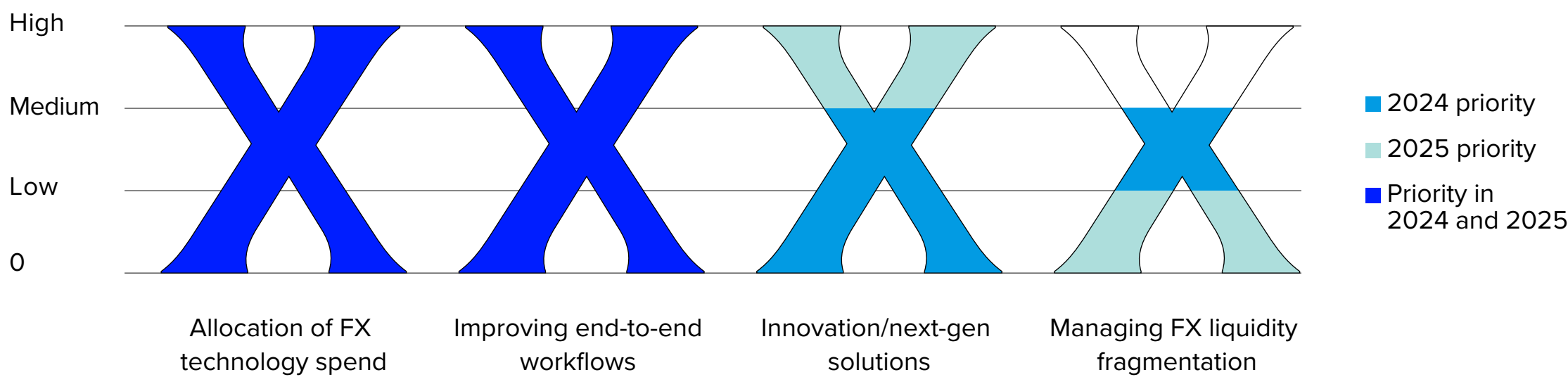
Key findings

Utilising technology and innovation to increase efficiency and drive growth

The allocation of technology budgets continues to be a priority as trading firms navigate the fragmented FX market. In addition, buy- and sell-side firms are automating large parts of their trading workflows as they look to cut costs and increase accuracy. This might be as simple as using execution algorithms to trade faster, which reduces slippage and improves trade outcomes. Or in post-trade processing, where firms are reliant on automation to streamline post-trade activities such as settlement, confirmations and regulatory reporting.

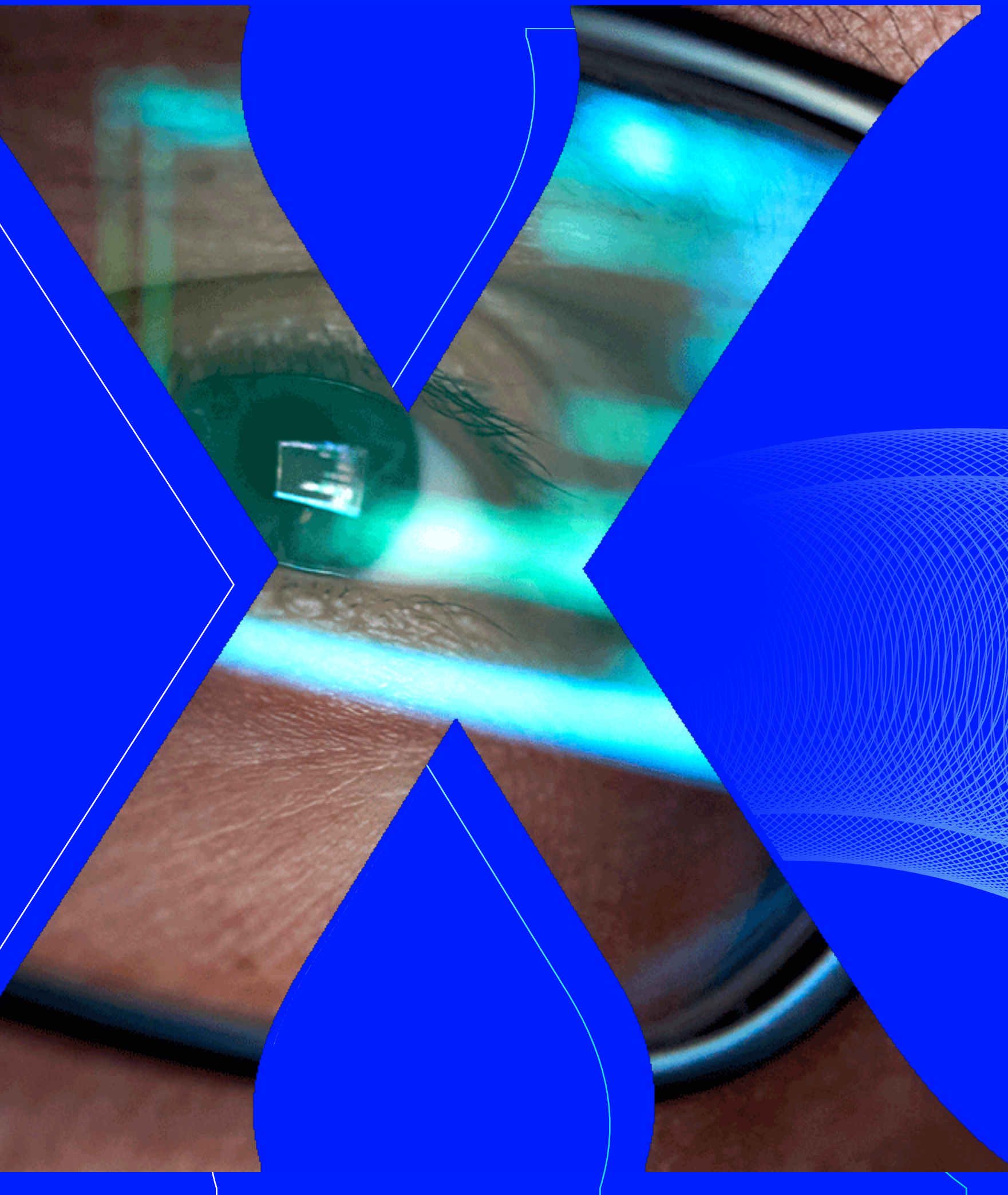
Selecting and adopting innovative technology is seen as key for firms to achieve future growth and ultimately stay competitive. In some cases, that will involve capturing and analysing data from more sources to improve trading strategies, or using technology to collaborate – sharing trade data and post-trade performance reports via open, federated messaging. All these important themes are enablers which will drive profitability and efficiency for FX trading firms of all sizes.

Priorities in 2024 and 2025



Priority 1

Managing technology spend



LSEG FX

Managing technology spend

Trading firms are prioritising investment in three key areas: trading platforms, data analytics and risk management systems.

Overall, 50% of respondents identified prioritising the allocation of technology spend as a key focus (see chart 1), which increased to 59% for those working in risk, middle and back office roles. In general, firms recognise the importance of continuing to deploy technology to maintain a competitive edge, reduce costs and increase efficiency.

FX market respondents recognised the need for ongoing investment in technology, especially given the rapid pace of advancement in areas such as **algorithmic trading, AI and analytics**.

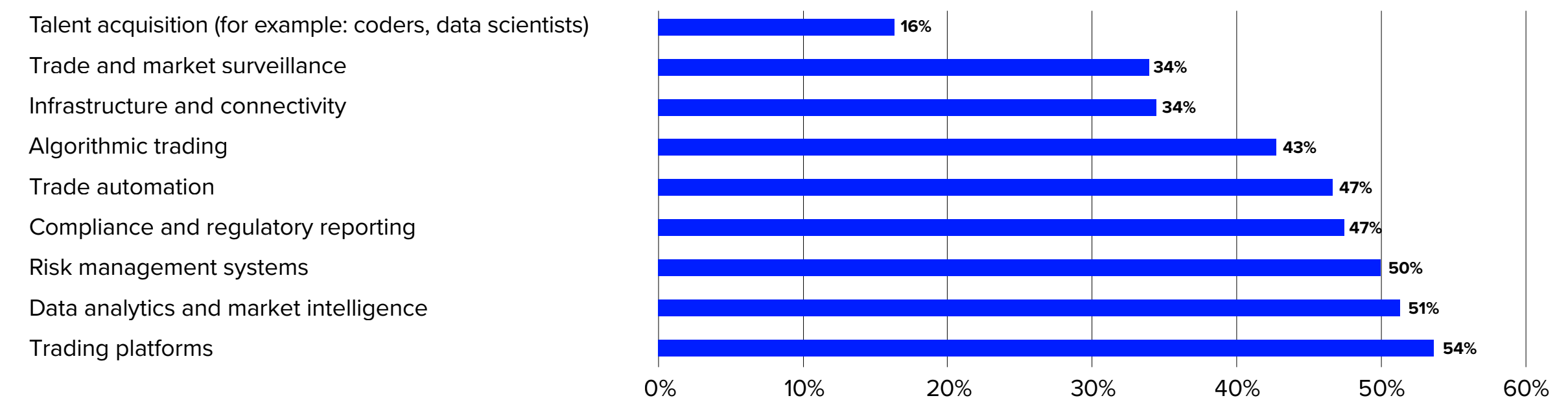
While they were aware of the impact that insufficient investment in technology can have on a firm's ability to stay competitive, respondents also acknowledged that successfully integrating any new technology with legacy systems is vital, even though it can be time-consuming, complicated and often expensive. One of the challenges of managing technology spend is the pressure to innovate continuously, which requires investing time and resources into researching multiple technologies.

“Insufficient investment in technology impacts performance in a quickly changing market.”

FX professional, India

Chart 2: Allocation of technology spend

Question: To what extent are the following a priority for investment for your organisation in the next 12 months?

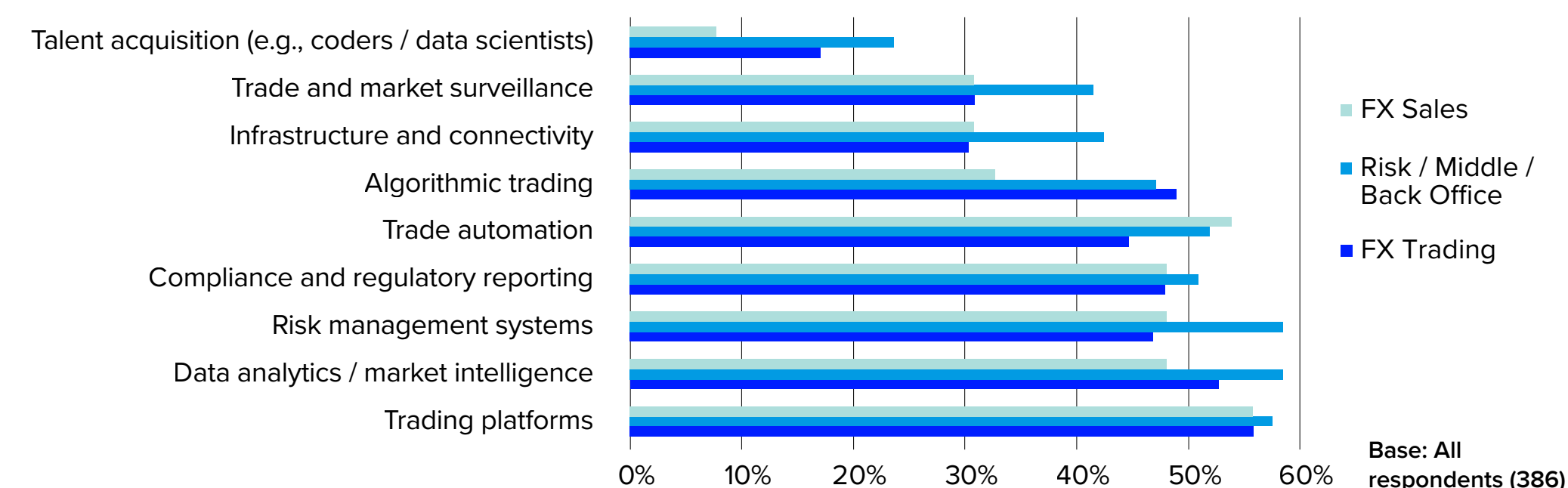


Base: All respondents (386)

Managing technology spend

Chart 3: Allocation of FX technology spend across roles

Question: To what extent are the following a priority for investment for your organisation in the next 12 months?



The top four listed priorities, trading platforms, data analytics, risk management systems and compliance, are the key elements for market participants to trade FX successfully. 54% of respondents globally cited their highest priority for technology spend as managing or implementing **trading platforms**. Advanced trading platforms were recognised as important to enhancing access to market data, making trade execution easier and boosting market growth. **Algorithmic trading** was lower than expected at 43%, but the figure rose to 49% for respondents in FX trading roles, highlighting the fact that the front office tends to be the area where the benefits of algorithmic trading are most obvious. Algorithmic trading tends to be important to more active trading firms than to smaller buy-side firms or corporates.

Over half of respondents cited **data analytics and market intelligence** as priorities for technology investment. This is due to the growth of execution analytics, peer benchmarking and the increased transparency created by data analytics, which all help firms to better manage risk.

As an example, while Transaction Cost Analysis (TCA) was traditionally a post-trade service, growing data sets and more advanced analytics now enable pre-trade TCA where analytics can identify the strategies most likely to result in the best returns.

Investment in **infrastructure and connectivity** was of greater priority to smaller organisations and buy-side companies as well as to respondents working in risk, mid/back-office roles.

It is surprising that trade and market surveillance was only prioritised by 34% of respondents, especially given the scale of recent fines. However, this could reflect the buy-side audience not being impacted as much as the sell-side.

When asked about innovation and next-gen solutions, APIs and connectivity were cited by most respondents (46%) overall as being a priority for the next 12 months (see chart 9). This is most likely due to APIs being the most appropriate method for firms to manage market

“Adapting to advancements like algorithmic trading and AI requires ongoing training and investment.”

FX professional, France

Priority 2

Improving end-to-end workflows



LSEG FX

Improving end-to-end workflows

11

This year, FX firms are focusing on risk management, CRM, and data management and analysis.

Streamlining workflow processes to enhance operational efficiency, manage costs and improve client experience is a challenge for all firms in the FX market. When looking at the whole trade lifecycle, it is generally acknowledged that firms use numerous applications to complete a trade - anywhere from four to more than ten different applications - so automating this workflow will deliver sizeable efficiency gains.

Risk management workflow was at the forefront of respondents' concerns, with 57% globally citing this as a priority for their company to optimise in 2025 (see chart 4).

Client relationship management (CRM) was a priority for 55% of respondents overall, rising to 60% for those in FX trading roles, who recognised the benefits of tools that help salespeople to efficiently present content to clients in a structured, impartial and balanced manner. Respondents in these roles recognised the need to cater to a wide range of clients with varying experience and expectations. As technology has evolved, many clients now expect faster execution, more efficient pricing and enhanced levels of service enabled by more user-friendly interfaces.

Regionally, CRM was deemed to be of greater importance to respondents in Asia (63%) than in the Americas (46%). This may be due to Asia having a greater number of smaller banks and asset managers in the region, compared to Europe and the Americas.

Data integration and API integration were cited as the two top investment areas to improve end-to-end workflows (see chart 5). 73% of larger firms were focused on data integration and automating manual tasks, compared to 56% of smaller organisations. As larger organisations have numerous trading relationships and have access to significant volumes of data it is likely that integration with clients and analysis of trading data holds more value than for smaller organisations.

Investing in unified trading platforms was of greater importance for respondents in sell-side firms, particularly those in FX trading and sales roles, while respondents in risk, mid/back-office roles gave higher priority to **investment in real-time monitoring/alerts** and **customised workflows/dashboards**. These advances reduce manual processes and the possibility of human error, in addition to freeing up time to work on other tasks.



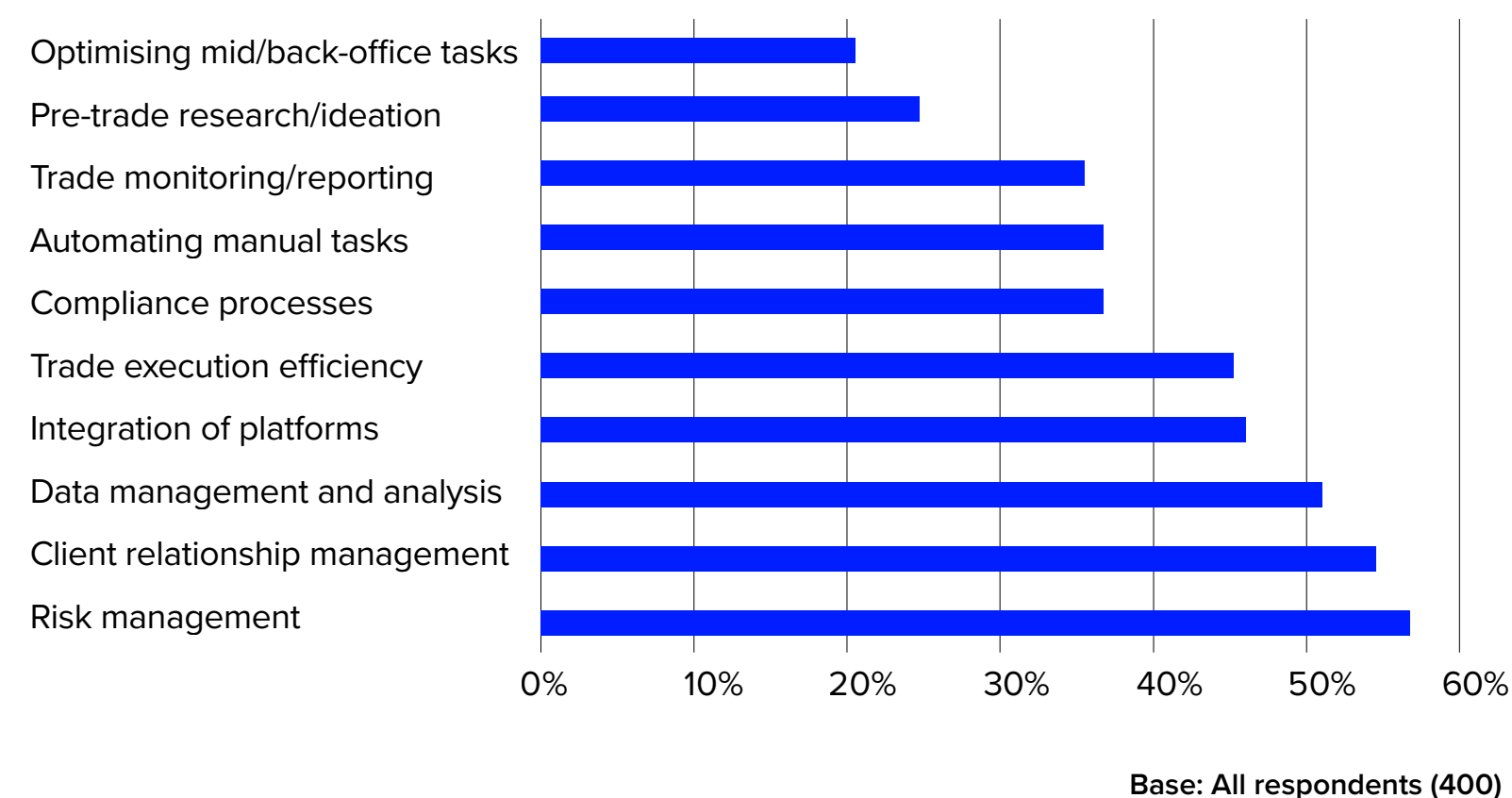
“As technology has evolved, clients expect faster execution and better pricing along with enhanced customer service, which has strained existing resources.”

FX professional, Singapore

Improving end-to-end workflows

Chart 4: Priorities to optimise FX workflows

Question: Which aspects of workflow are a priority for your company to optimise in the coming year?



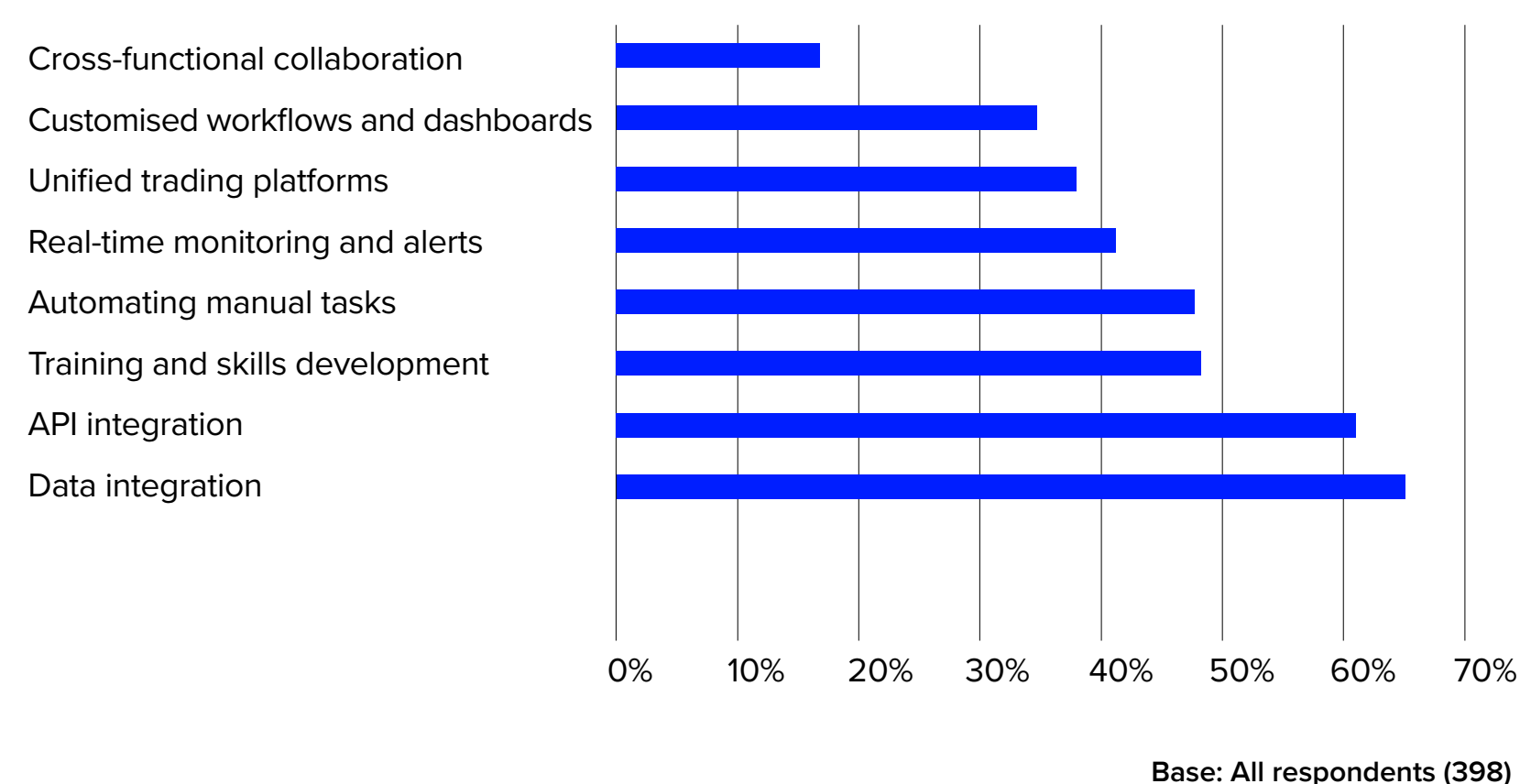
“As organisations grow, ensuring that their infrastructure can scale effectively becomes increasingly challenging.”

FX professional, UK

LSEG FX

Chart 5: Priorities to invest in FX workflows

Question: Is your organisation looking to invest in any of the following approaches to improve end-to-end workflows in the next 12 months?

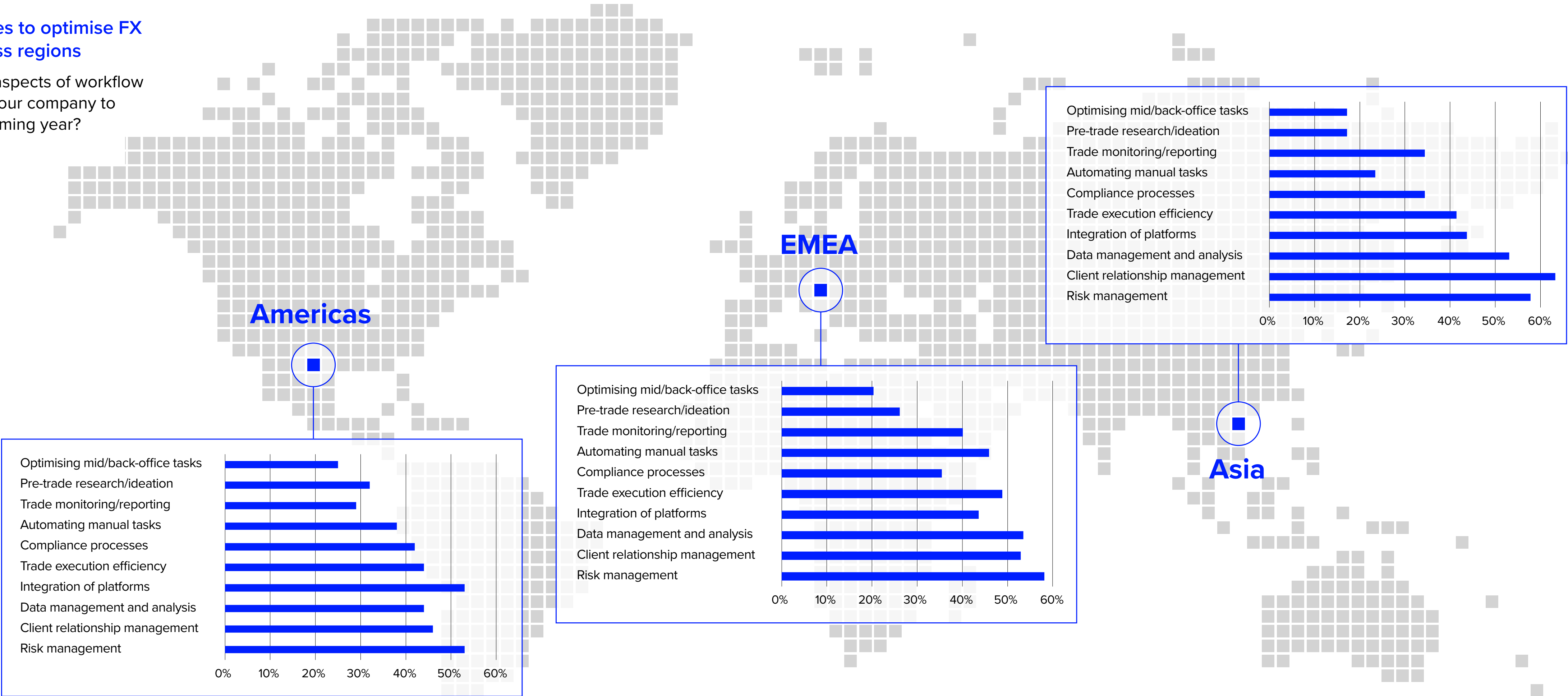


Technology to automate workflows is becoming embedded across all parts of FX trading and is likely to increase further as Natural Language Processing (NLP) enables faster technology development and services are designed to be interoperable with platforms like Microsoft Teams, for example.

Improving end-to-end workflows

Chart 6: Priorities to optimise FX workflows across regions

Question: Which aspects of workflow are a priority for your company to optimise in the coming year?



Priority 3

Managing FX liquidity fragmentation



LSEG FX

Managing FX liquidity fragmentation

According to 37% of respondents prioritising FX liquidity fragmentation, the main challenge facing their organisations is the higher cost of trading.

Managing fragmentation is generally a higher priority for sell-side firms and larger asset managers that access multiple liquidity pools. It is less of an issue for corporates, or smaller trading firms, which can access most of their relationship banks via multi-dealer platforms like FXall.

For some respondents, the cost of trading can mean the spread and market impact, while for others it may also include the cost of technology such as O/EMS, connectivity, infrastructure, data centre hosting and technology staff.

Also cited were the challenges of liquidity management across multiple sources, managing disparities in data and information across different venues and the management of additional risk and compliance activities. Managing disparities in data and information was a higher priority for the buy-side (31%) than the sell-side (20%), which is most likely due to lower technology budget being available at sell-side firms.

Technology is needed for firms to access FX liquidity from across multiple trading venues and exchanges, and TCA helps these firms to identify the most appropriate source of liquidity. However, humans with deep market knowledge are also vital, as they understand trading issues, like recycling liquidity and trading during times of market stress, like the volatility surrounding the “Liberation Day” tariff announcements on 2 April 2025. LSEG FX saw an Average Daily Volume (ADV) of \$562.4B traded across our venues in April 2025 – demonstrating the increased volatility the market has seen this year.

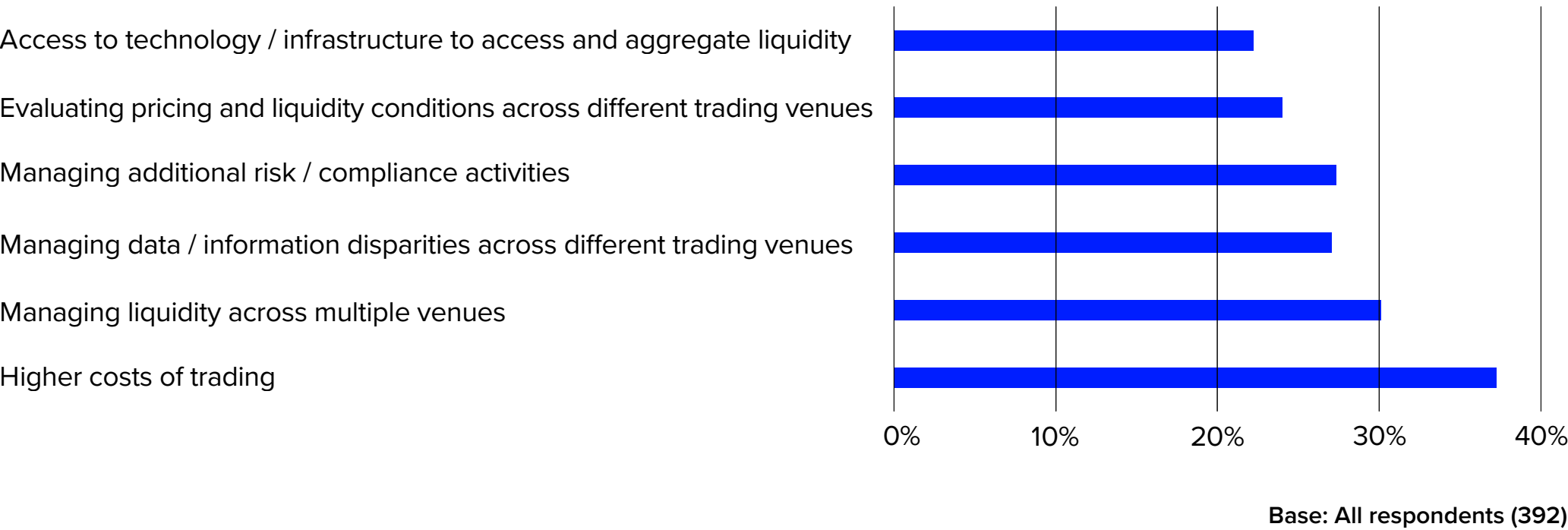
“We deploy algorithmic trading strategies that can analyse market conditions and execute trades at optimal times, reducing associated costs.”

FX professional, US

Managing FX liquidity fragmentation

Chart 7: Challenges in managing liquidity fragmentation

What are the main challenges facing your organisation in managing the fragmentation of liquidity?

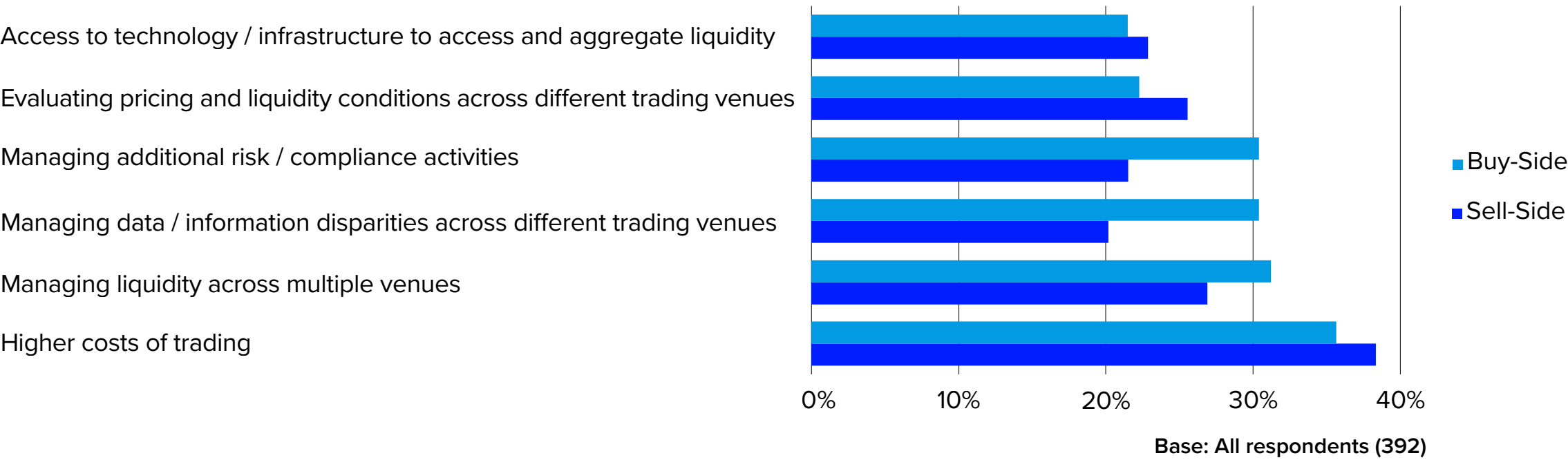


“We invest in technologies for real-time data integration that offer ongoing updates on the liquidity available across all platforms.”

FX professional, Hong Kong

Chart 8: Challenges in managing liquidity fragmentation across the buy- and sell-side

What are the main challenges facing your organisation in managing the fragmentation of liquidity?



Managing FX liquidity fragmentation

The survey indicated that challenges in managing liquidity were being addressed in a variety of ways:

Investing in technology infrastructure

Upgrading to cloud-based systems for better flexibility, using algorithms to dynamically choose the best trading venues based on real-time liquidity and implementing intelligent order routing systems.

Using market data and analytics tools

Subscribing to detailed market data feeds, creating regular market analysis reports and developing benchmark pricing models for informed decision-making.

Aggregating liquidity providers

Accessing multiple venues to capture scattered liquidity, using smart liquidity aggregators to combine data effectively and investing in real-time data aggregation technology.

Adapting trading strategies

Splitting large orders into smaller ones to reduce price impacts, employing algorithmic trading strategies and diversifying trading across different currency pairs.

Enhancing risk and compliance management

Adopting strong risk management strategies, improving procedures to prevent ineffective transactions and staying updated with new regulations and technologies.

Focusing on data management

Building internal data warehouses for better control, using automation and machine learning to verify and ensure data accuracy and regularly validating data for consistency and reliability.

“Using a smart liquidity aggregator has helped us manage trades across multiple liquidity providers efficiently.”

FX professional, UK

Priority 4

Next-generation solutions



LSEG FX

Next-generation solutions

APIs, algorithmic trading, AI / machine learning and regulatory technology are the main opportunities for innovation and next-gen solutions.

Asked to what extent certain innovations or next-gen solutions were going to be a priority within their organisation in 2025, APIs and connectivity was cited as a priority by 46% of all respondents. These were of notably higher importance to buy-side firms (51%) than sell-side (36%), probably because the sell-side already implemented these solutions to manage connectivity to multiple pools of liquidity.

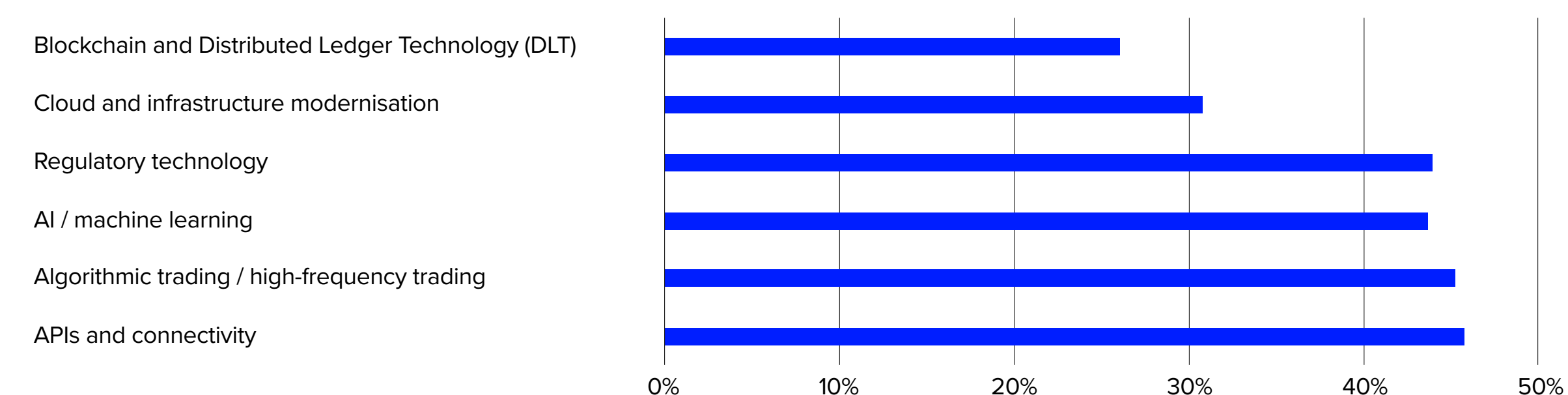
While APIs have been available for many years, implementation is still difficult, as each API is different. Managing five API feeds, for example, is not only time consuming when establishing connectivity, but also when APIs are upgraded. Many firms have more APIs than this, but even when a small number APIs are aggregated, they must be tested and optimised to ensure that the aggregator works correctly.

“Technology is playing a major role in the growth of the forex market, as companies are now using AI-generated technology to minimise the market risk.”

FX professional, UK

Chart 9: Priority next-generation solutions

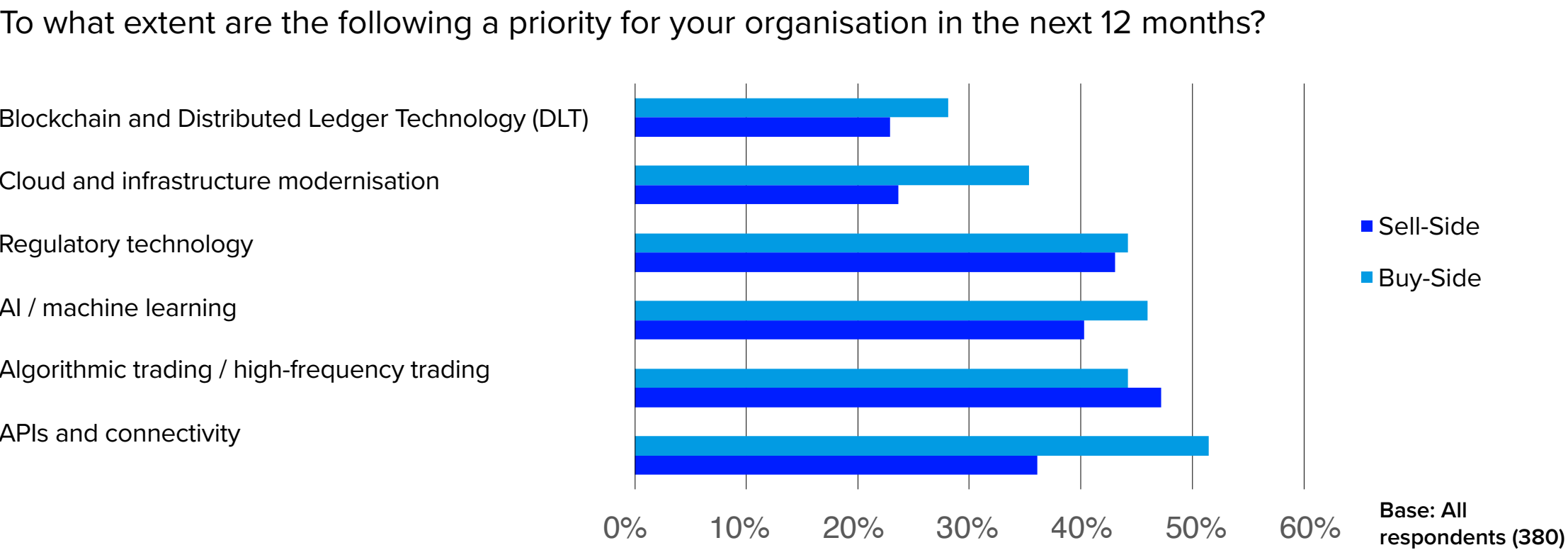
To what extent are the following a priority for your organisation in the next 12 months?



Base: All respondents (380)

Next-generation solutions

Chart 10: Priority next-generation solutions across the buy- and sell-side

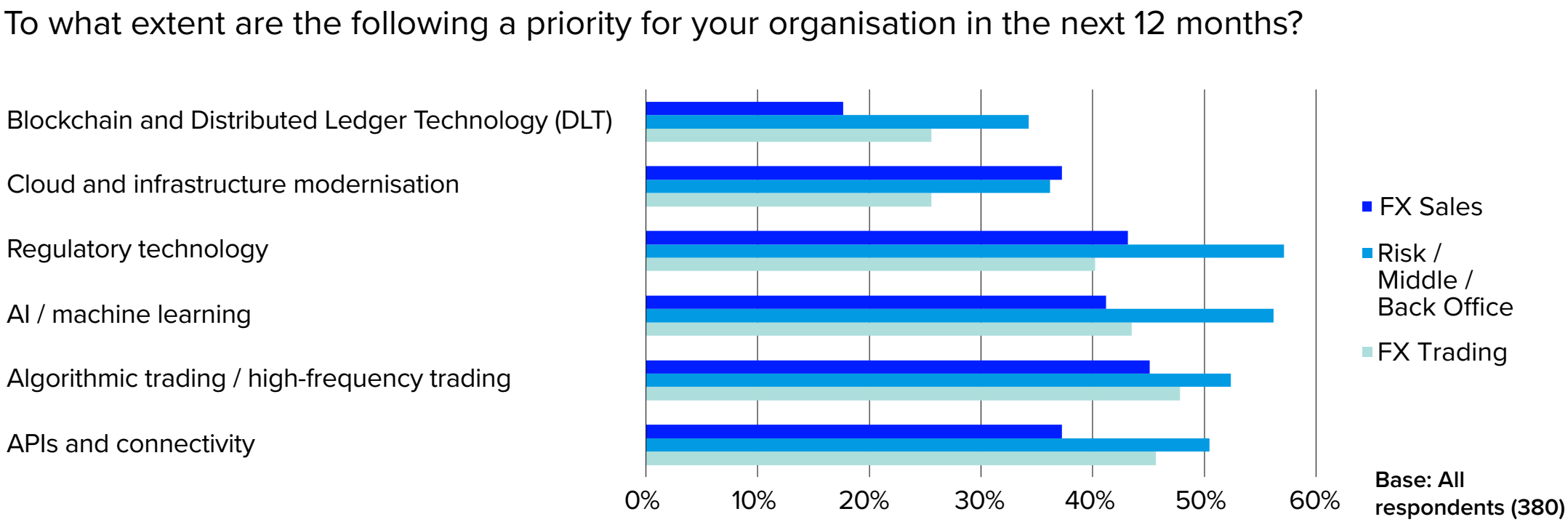


Algorithmic / high frequency trading was cited by 45% of respondents overall, with 44% citing **AI and machine learning** and **regulatory technology**. It is likely that algos will evolve as more data becomes available with increased usage of AI. For example, FX forward curves are likely to become more accurate as data is captured and analysed using AI from an almost infinite number of sources.

Risk, middle and back-office roles attached greater importance to AI / machine learning and regulatory technology, with over 50% of respondents in these roles identifying them as high priorities. AI undoubtedly has the potential to deliver significant benefits to the middle and back office, since it can reduce reliance on manual processes, reducing errors and improving overall efficiency. While there will be some failures, there will certainly be successes, which can be quickly adopted by market participants. **Regulatory technology** was also deemed a higher priority by larger firms than by smaller firms.

Other technologies mentioned by respondents were **cloud and infrastructure modernisation** (31% overall, but of considerably higher priority to small and mid-cap companies) and **blockchain and DLT** (26% overall, with 34% of respondents in risk, mid/ back-office roles citing this technology as a priority). In fact, it is likely that DLT, which is dependent on being adopted by multiple parties, has already been superseded by AI, since this technology is evolving at pace, can be deployed at scale or in isolation and firms are already seeing the efficiencies it delivers on multiple different projects.

Chart 11: Priority next-generation solutions across roles



“Our organisation is planning on implementing a verification and data accuracy system using automation and machine learning.

FX professional, Germany

Technology

**The key to driving
growth and staying
competitive in FX**



LSEG FX

The key to driving growth and staying competitive in FX

Looking to the future, the survey identified five main growth drivers, all of which relate to technology:

01 Investing in technology to enhance speed and efficiency

Firms stressed the importance of leveraging advanced trading platforms and analytical tools to make trading more efficient. In addition, respondents cited utilising algorithms and AI / machine learning to evaluate market conditions and improve trading decision-making and adopting low latency solutions to increase trading speed.

“Using sophisticated technology can lower latency and increase trade speed.”

FX professional, Hong Kong

“Leveraging advanced trading platforms and analytics tools can enhance trading efficiency.”

FX professional, Hong Kong



The key to driving growth and staying competitive in FX

23

02 Utilising data and insights to inform decisions and mitigate risk

Respondents emphasised the need for access to real-time data and news to respond effectively to market movements. High-quality economic data and forecasting, research and analysis were considered to be of high importance to traders in anticipating market conditions. It was also remarked that access to unique insights and opinions are valuable and help to drive market growth.

“Understanding geopolitical factors allows traders to anticipate potential market disruptions.”

FX professional, UK

“Quick access to timely information enables traders to respond effectively to market shifts.”

FX professional, France



The key to driving growth and staying competitive in FX

24

03 Diversifying and adapting strategies to stay competitive and mitigate risk

Portfolio diversification, in terms of spreading investments across different currencies as a way of managing risk, is an important aspect in remaining competitive. Entering new markets can provide unique trading opportunities with less competition, but it's important to be agile and able to adapt quickly to successfully leverage market changes and grow an FX business profitably.

“Identifying specific markets can provide less competition and unique trading opportunities.”

FX professional, Australia

“Always innovate and diversify trading strategies and offerings to your clients.”

FX professional, Hong Kong



The key to driving growth and staying competitive in FX

25

04 Nurturing client relationships

Respondents placed considerable importance on client relationships and customer service. This includes providing regular updates on markets, demonstrating market knowledge, building trust, being transparent and providing highly customised services backed by a good current understanding of clients' businesses. Providing regular feedback was also mentioned as an important factor in enhancing customer service based on client needs.

“Client feedback for continuous improvement assists organisations in enhancing services based on client needs.”

FX professional, Canada

“Regularly updating clients on market conditions and company news will enhance engagement and hence earn client trust.”

FX professional, India



The key to driving growth and staying competitive in FX

05 Implementing AI

AI and machine learning are playing an increasingly important role in driving efficiencies and increasing transparency in FX markets.

Although the use of AI to date is limited, most agree that it will become vital in the future because it allows firms to automate manual, time-consuming tasks, freeing up valuable human resources to work on higher-value projects.

The increased adoption of AI will, however, impact risk, compliance and technology upgrades.

“Using artificial intelligence tools helps improve predictive analytics in trading methods.”

FX professional, Singapore

“The rapid pace of technological advancements, including algorithmic trading and AI analytics needs continuous investment in technology and upgrade of old systems.”

FX professional, US



Conclusion

27

FX firms are committed to investing resources and technology to grow their businesses efficiently and remain competitive.

Technology investment and its allocation is a high priority as firms look to increase profitability and efficiency.

Risk management investment remains a priority this year, highlighting the concerns firms have about the financial losses which can result from failing to properly assess risks. To better manage risk, firms are increasingly using execution analytics, peer benchmarking, and the enhanced market transparency these solutions provide.

Workflow automation is recognised as an important way for firms to become more efficient and retain a competitive edge. In this regard, it is hugely beneficial to reduce the number of applications required – and hence the time spent – to complete a trade. For example, with LSEG Workspace for FX Trading, FX professionals can access an end-to-end range of tailored FX trading workflows – all within a single solution.

AI is evolving quickly and has the potential to deliver new efficiencies, particularly in terms of streamlining processes, identifying trends and reducing the reliance on manual operations - thereby both reducing the likelihood of human error and freeing up team members for higher value tasks.

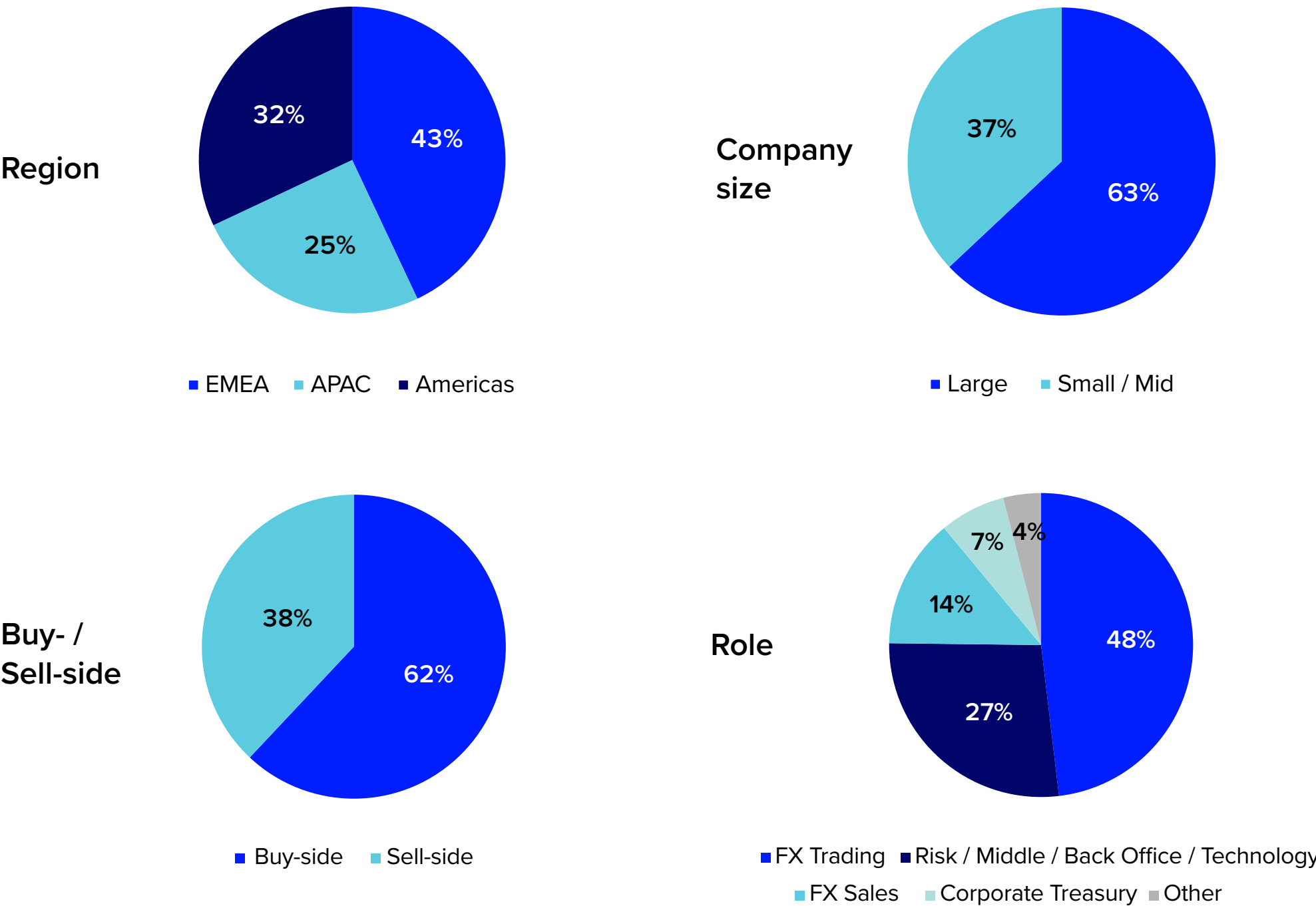
The top three priority areas for FX technology spend across all firms are investment in:

1. Trading platforms
2. Data analytics and market intelligence
3. Risk management systems

As the FX market continues to evolve it is interesting to note that globally respondents' priorities remain consistent now, and in the future – innovation and next-gen solutions, workflow automation and the allocation of FX technology spend.

The LSEG FX market research was conducted in Q4 2024. It was commissioned to provide detailed insight into the trends and challenges in today’s FX market. Survey respondents comprised 400 FX market participants globally.

Sample profile



About LSEG FX

29

LSEG FX offers the world’s leading independent source of trusted FX market insight, interbank and dealer-to-client electronic trading venues, workflow management, and post-trade and regulatory support for both sell-side and buy-side market participants.

The LSEG FX portfolio includes:

LSEG Workspace for FX Trading

Supercharge your impact with a powerful and customisable workflow solution that equips you with the information and analytics you need to succeed in FX.

FXall

Dealer-to-client trading and workflow solutions for more than 2,300 institutions worldwide, including asset management firms, banks, broker-dealers, corporations and hedge funds, with liquidity from more than 200 bank and non-bank market makers.

FX Matching

Anonymous central limit order book for spot and FX swaps trading for the dealer-to-dealer community, with over 1,000 subscribers and spot matching in over 80 currency pairs. We also offer NDF Matching – which brings together the benefits of an NDF central limit order book and clearing as you execute your NDF FX requirements.

Electronic Trading

Powerful e-commerce solutions adopted by over 300 banks across 60 countries to shape, configure and automate FX price flows, whilst streamlining risk management to meet the growing demand for electronification.

Deal Tracker

Deal Tracker captures every FX trade deal on all major foreign exchange platforms around the world, so you can take control of your conversational deals, confirmed tickets and post-trade notifications before, during and after trading.

PriceStream

Organise off-venue SEF and NDF trading through PriceStream’s efficient and standardised interface.

Advanced Dealing

Advanced Dealing brings together messenger and dealing communities to deliver a collaborative trading workflow.

Trade Notification

A high-speed messaging hub designed to manage post-trade requirements across a wide range of trade types and asset classes. Connect seamlessly with counterparties worldwide through our venue-agnostic network.

Trade Surveillance

Reinforce your FX trade surveillance with a new solution built on a breadth of high-quality and trusted FX data.

Compliance Archive

Reconstruct, supervise and analyse your message and trade activity in an efficient and compliant way, in one unifying portal.

LCH ForexClear

Developed in partnership with market participants, ForexClear empowers you to increase your capital, margin and operational efficiencies through clearing, while benefiting from LCH’s proven risk management framework and robust default management procedures.

Visit lseg.com/en/fx |  @LSEGplc  LSEG

© LSEG 2025. All rights reserved.

LSEG does not guarantee that any information contained in this document is and will remain accurate or that use of the information will ensure correct and faultless operation of the relevant service or equipment. LSEG, its agents and employees, accepts no liability for any loss or damage resulting from reliance on the information contained in this document.

This document contains information proprietary to LSEG and may not be reproduced, disclosed, or used in whole or part without the express written permission of LSEG. Any software, including but not limited to, the code, screen, structure, sequence, and organisation thereof, and documentation are protected by national copyright laws and international treaty provisions. This document is subject to U.S. and other national export regulations. Nothing in this document is intended, nor does it, alter the legal obligations, responsibilities or relationship between yourself and Refinitiv, an LSEG Business, as set out in the contract existing between us.

LSEG FX