THE INFRASTRUCTURE WARS: HOW EUROPE'S CAPITAL MARKETS ARE PIONEERING THE NEXT GLOBAL STANDARD

The story everyone tells about European Capital Markets technology goes something like this: Silicon Valley innovates, Wall Street implements, and Europe eventually follows. This narrative is so deeply embedded that even European executives often accept it as fact. Yet the evidence increasingly points to something far more interesting happening across the Atlantic.

Europe is building a fundamentally different model for financial technology transformation—one that embeds compliance and infrastructure at its core. This approach, initially dismissed as overly cautious, is proving remarkably well-suited to the convergent, data-intensive future of Capital Markets. The firms and regions that understand this shift will control the critical infrastructure of tomorrow's financial system.

THE GREAT PORTFOLIO CONVERGENCE

The most profound transformation in modern Capital Markets is happening at the foundation of how we think about portfolios. The traditional separation between public and private assets, liquid securities you trade daily versus illiquid investments you hold for years, is dissolving rapidly.

The numbers tell a dramatic story. European IPOs collapsed 60% in value during the first half of 2025, falling to just $5.9 billion. Meanwhile, European private equity deal values surged 35% in 2024, marking the third-best year on record. Nearly half of European fund selectors now plan to increase private debt allocations, up from just 19% a year earlier.

This shift fundamentally changes what a portfolio means. When Blackstone or Apollo can offer a product combining public bonds with private credit in a single vehicle, when tokenization promises to make private equity as tradeable as public stocks, and when investors demand exposure to venture capital alongside their index funds, the entire concept of portfolio construction breaks down and must be rebuilt.

For Capital Markets participants, this convergence creates immediate challenges. Risk models built for liquid assets fail when applied to quarterly-valued private investments. Performance attribution becomes complex when comparing public market volatility to smoothed private market returns. Liquidity management requires new frameworks when redemption terms vary dramatically across holdings.

Technology and process suppliers face their own revolution. Systems designed for distinct asset classes must be fundamentally reimagined. A portfolio management platform that handles public equities through one module and private

assets through another, connected by fragile interfaces and manual reconciliation, cannot serve the integrated portfolios that clients increasingly demand.

The winners in this transformation will be those who solve the infrastructure challenge comprehensively. Finbourne Technology exemplifies this approach, building from scratch to create what they call a "unified, trusted data foundation" that treats all assets equally. When Fidelity International adopted their platform, they gained the ability to manage public and private assets in a single system—eliminating the data silos that plague traditional approaches.

Similarly, ZeroBeta's BlueShift platform showcases the power of unified infrastructure, real-time risk, margin, and collateral management across all asset classes. Its cloud-native architecture supports true real-time computation, enabling buy-side firms and prime brokers to monitor and manage risk comprehensively across increasingly complex, multi-asset portfolios.

The data normalization challenge presents another critical frontier. Quod Financial's new Unity data normalization layer addresses a fundamental problem: how to create consistency across disparate data sources and asset types. By providing a unified data model that works across all asset classes and systems, Unity enables firms to build integrated workflows without the traditional friction of data transformation and reconciliation.

This convergence toward data unification represents the edge for forward-thinking firms. Those who build truly integrated infrastructure today will control market access tomorrow. Those clinging to separated systems are essentially building tomorrow's technical debt.

BECOMING THE INFRASTRUCTURE LEADER

The path to leadership in scalable investment infrastructure requires understanding a counterintuitive truth: in financial services, boring infrastructure beats exciting features. The firms that control the pipes—the core systems that everyone else must connect to—wield the real power.

Consider what scalable means in this context. It's the ability to add new asset classes without rebuilding core systems. It's supporting ten times the transaction volume without linear cost increases. It's onboarding new clients or products in days rather than months. Most importantly, it's doing all this while maintaining the audit trails and controls that regulators demand.

The European approach to building this infrastructure differs markedly from Silicon Valley's "minimum viable product" philosophy. When MiFID II forced firms to rebuild their transaction reporting systems, they didn't just meet the minimum requirements. Many built comprehensive data platforms that could adapt to future regulations and asset classes. This front-loaded investment seemed expensive at the time, but now provides a foundation for rapid innovation. The development of a European consolidated tape—a TRACE-like system for transparency—represents another layer of this infrastructure build, with firms like OPCO Advisory actively participating in shaping these foundational market structures.

Infrastructure leadership also means solving the vendor ecosystem challenge. In European financial services, obtaining approval for a new technology vendor can take 12 to 18 months—far longer than the actual technology implementation. This creates a massive advantage for providers already inside the walls.

Legacy vendors are acquiring innovative Fintechs at a rapid pace to maintain their infrastructure dominance. SS&C's $1 billion acquisition of Calastone demonstrated how incumbents can leapfrog innovation cycles through strategic M&A. Trading Technologies' strategic investment in Sigma AI represents a particularly savvy approach — TT's existing relationships and client approvals can fast-track Sigma's AI technology adoption, bypassing those lengthy 12-18 month supplier onboarding timescales.

The acquisition spree continues across the sector: FIS acquired Worldpay for $43 billion, the London Stock Exchange acquired Refinitiv for $27 billion, and Intercontinental Exchange acquired Black Knight for $13 billion. Each deal represents legacy infrastructure providers absorbing innovation to maintain their central position in the market structure.

For technology suppliers, this dynamic suggests a different strategy than the typical Fintech playbook. Building for eventual acquisition by a major platform might generate better returns than trying to scale independently. The most innovative startups now design their architecture and compliance frameworks specifically to ease integration with larger platforms.

The infrastructure leaders emerging today share several characteristics. They provide unified data models that work across all asset classes. They offer both cloud-native architecture and the data sovereignty guarantees that European regulations require. They integrate deeply with existing systems rather than demanding wholesale replacement through sophisticated API frameworks and plug-and-play capabilities that make interoperability seamless.

Companies like 3Forge exemplify this approach seamlessly plugging into multiple systems and summarizing diverse data types into customizable dashboards, creating a unified operational view without forcing firms to abandon existing investments. Quod Financial's Unity platform similarly demonstrates how modern data normalization bridges legacy and modern systems. The Unity platform serves as a new technology layer for interconnecting any trading applications through normalized plugins. Most critically, these platforms solve workflow problems, not just data problems. They recognize that in financial services, process is as important as technology.

THE ASSET AND WEALTH MANAGEMENT CONVERGENCE

The boundaries between institutional asset management and private wealth management are rapidly blurring, driven in part by Europe's demographic transformation. With Europe's population aging faster than any other continent—by 2030, one in four Europeans will be over 65—wealth is increasingly concentrated in older generations who demand sophisticated investment solutions previously reserved for institutions.

This demographic shift is forcing fundamental reorganization across European financial services. Traditional wealth managers are building institutional-grade capabilities to serve increasingly sophisticated older clients. Asset managers are creating wealth management divisions to capture the massive intergenerational wealth transfer underway, estimated at €2.6 trillion over the next decade in Germany alone.

Consider how firms are restructuring: Amundi, Europe's largest asset manager, acquired Lyxor to strengthen its wealth management capabilities. Schroders merged its wealth and asset management divisions into a single unit. UBS's combination with Credit Suisse creates a behemoth serving both institutional and high-net-worth individual clients through integrated platforms.

Traditionally, these were distinct worlds. Asset managers ran institutional money with sophisticated tools and strategies. Wealth managers served individuals with simpler products and more personal service. The technology, processes, and even regulatory frameworks were largely separate.

Today, wealthy European retirees want access to the same alternatives and strategies as their pension funds. They want private equity, hedge funds, direct deals, and complex derivatives. Meanwhile, asset managers are moving downstream, offering their capabilities to smaller clients through technology-enabled platforms. The convergence is happening from both directions.

For investors, this convergence should be overwhelmingly positive. It democratizes access to previously exclusive strategies. It enables more sophisticated portfolio construction for individuals. It should reduce costs through economies of scale and increased competition. Technology makes it possible to deliver institutional-quality analytics and risk management to individual portfolios.

Yet significant challenges remain. Regulatory frameworks still largely treat retail and institutional investors as separate categories, creating compliance complexity for firms that serve both. Technology platforms struggle to provide institutional functionality with retail-friendly interfaces. Operations teams must handle vastly different processing requirements within a single workflow.

The most successful firms are those building unified platforms from the ground up. BlackRock's Aladdin, originally built for institutional portfolios, now powers wealth management operations globally. SimCorp One provides a "total portfolio view across all assets" that works equally well for pension funds and family offices. These platforms prove that convergence is possible when infrastructure is designed for it from the start.

The key insight for investors evaluating firms: look for those with truly integrated platforms, not those bolting wealth capabilities onto asset management systems or vice versa. The benefits of convergence only materialize when the underlying infrastructure supports it seamlessly.

CRACKING THE AI PUZZLE

Artificial Intelligence promises to transform financial services, but most institutions struggle to prove its value. Nearly half of organizations cannot effectively demonstrate ROI on their AI investments. In financial markets, where every investment faces scrutiny, this measurement challenge threatens to stall AI adoption despite its potential.

Yet increasingly, it's not the established banks but emerging European AI companies that are achieving breakthrough implementations. Claira, founded in 2019, exemplifies this dynamic: its AI platform reads complex financial legal documents and extracts key data points. With clients including Citi, MetLife, and Barclays, they're demonstrating that specialized AI Fintechs can often move faster than internal bank initiatives.

AllocateRite's AskNewt AI platform shows another path to success—an autonomous AI agent trained on client data that provides solutions for market analysis, portfolio management, and financial reporting. By focusing on specific use cases within wealth and asset management, these emerging firms bypass the organizational complexity that slows AI adoption at larger institutions.

The problem for traditional firms starts with how they measure returns. Traditional ROI calculations work well for straightforward technology investments—implement a new trading system, measure cost savings and revenue increases, and calculate payback period. AI defies these simple metrics. Its benefits often emerge gradually and indirectly. An AI system that improves risk detection might prevent losses that never materialize. One that enhances customer service might boost retention in ways that take years to quantify.

European financial institutions are developing more sophisticated measurement frameworks. They track three distinct types of returns. Direct financial ROI captures immediate cost savings and revenue gains. Strategic ROI measures progress toward longer-term transformation goals. Capability ROI values the data assets, skills, and cultural changes that AI investments create.

Real examples show this framework in action. NatWest's AI assistant handled 11.2 million customer conversations in 2024—yielding a clear operational ROI through cost reduction. But the strategic value came from freeing human agents to handle complex, high-value interactions. The capability value emerged from the data and experience gained, enabling more sophisticated AI applications.

The regulatory environment shapes ROI calculations significantly. A compliance-focused AI system might show modest direct returns but massive strategic value in reducing regulatory risk. European banks report that 88% see enhanced risk management from AI implementations. When a single compliance failure can trigger millions in fines, prevention becomes profoundly valuable.

Infrastructure plays a crucial role in AI ROI. Firms with clean, well-governed data can deploy AI models faster and more reliably. Those with fragmented systems spend most of their AI budget on data preparation rather than value creation. This is where Europe's regulatory requirements—initially seen as burdens—become advantages. GDPR forced firms to document and organize their data comprehensively. This upfront investment now accelerates AI deployment.

THE EU/UK INNOVATION PARADOX

While the US leads in venture funding and unicorn creation, Europe pioneers in creating sustainable, regulated innovation models that others increasingly emulate.

Consider the regulatory sandbox concept, pioneered by the UK's Financial Conduct Authority in 2015. This framework allows Fintechs to test innovations with real customers under regulatory supervision. Over 50 countries have since copied this model. The sandbox approach reduces risk for all parties—startups gain regulatory clarity, investors see reduced uncertainty, and customers get protection. Studies show that firms entering the UK sandbox raise 15% more capital post-entry and have significantly better survival rates.

The sandbox model is spurring concrete infrastructure investments across Europe. In 2024 alone, over 200 firms participated in various European regulatory sandboxes, testing everything from tokenized securities to AI-driven compliance tools. The European Commission's new Digital Finance Package explicitly builds on sandbox experiences, creating pathways for tested innovations to scale across all 27 member states.

Europe's data protection framework tells a similar story. When GDPR launched in 2018, American firms complained about compliance costs. Now, multiple US states have enacted similar laws, and discussions of federal privacy legislation

explicitly reference European precedents. What seemed like a regulatory burden became a global standard that European firms had already mastered.

In open banking, Europe moved first with PSD2, forcing banks to share customer data through APIs. This created an explosion of fintech innovation built on bank data access. The US is now trying to replicate this with various open banking initiatives, but years behind. European firms built their infrastructure for open data sharing while American banks still resist.

The pattern reaches its apex with the Markets in Crypto-Assets (MiCA) regulation, by far the most significant piece of financial legislation in Europe this decade. MiCA provides the world's first comprehensive framework for digital assets, covering everything from stablecoins to crypto exchanges to tokenized securities. While the US struggled with regulatory uncertainty that drives crypto firms offshore, Europe offered clear rules that attract compliant players.

MiCA's impact extends far beyond crypto. By creating legal clarity around digital assets, it's spurring massive infrastructure investments. Major banks are building tokenization platforms, knowing they have regulatory cover. Asset managers are creating digital asset funds with clear compliance frameworks. Technology providers are developing MiCA-compliant infrastructure that will likely become the global standard.

The numbers demonstrate MiCA's catalytic effect: digital asset firms established over 100 new EU entities in 2024 alone. Coinbase chose Luxembourg for its EU headquarters specifically because of MiCA's regulatory clarity. Circle received the first MiCA license for stablecoin issuance. Traditional firms like Société Générale and Deutsche Bank are launching digital asset platforms built on MiCA's framework.

Combined with sandbox initiatives, MiCA creates a virtuous cycle: innovators can test new concepts in sandboxes and then scale them under MiCA's comprehensive framework. This one-two punch of experimentation and regulation is driving infrastructure investments that position Europe as a global leader in regulated digital finance.

Where Silicon Valley's "move fast and break things" creates innovation followed by crisis and regulation, Europe's approach builds the regulatory framework alongside innovation. The result might move more deliberately initially, but it avoids the costly retrofitting and crises that plague unregulated innovation.

INFRASTRUCTURE AS DESTINY

The battle for European Capital Markets technology is reaching an inflection point. Multiple trends—converging asset classes, scalable infrastructure requirements, regulatory complexity, and AI adoption—point toward a single conclusion: control over integrated, compliant infrastructure platforms will determine market leadership.

The winning characteristics are becoming clear. Tomorrow's dominant platforms will handle any asset class seamlessly—from liquid stocks to private equity to tokenized real estate. They will provide real-time risk analytics across entire portfolios, not just individual positions. They will also embed regulatory compliance into core processes rather than adding it through interfaces. Critically, they guarantee data sovereignty—keeping European data within European jurisdiction.

This infrastructure battle differs from previous technology waves. It's not about having the best point solution for trading, risk, or compliance. It's about providing the foundational layer that connects everything else. The firms controlling these platforms will shape how markets operate, who can participate, and at what cost.

For Capital Markets participants, infrastructure investment represents strategic positioning, not just operational improvement. Quality infrastructure determines what business you can pursue, which clients you can serve, and how quickly you can adapt to change. The convergence of public and private markets rewards those with unified platforms. The rise of AI rewards those with clean, governed data. The regulatory environment rewards those with embedded compliance.

Technology suppliers face their own strategic choices. Pure-play Fintechs must decide whether to build standalone businesses or position for acquisition by platform providers. Legacy vendors must balance defending existing franchises with investing in next-generation capabilities. New entrants must find niches where superior technology can overcome incumbent advantages.

The European model—regulated-first, infrastructure-driven—might seem less exciting than Silicon Valley's disruption narrative. But in financial services, where trust and stability matter as much as innovation, this approach builds lasting advantage. The firms and regions that recognize this shift will write the rules for tomorrow's global Capital Markets.

THE PATH FORWARD WITH OPCO

This infrastructure transformation doesn't happen in isolation. It requires a deep understanding of both technology capabilities and business imperatives, as well as regulatory requirements and commercial realities. OPCO Advisory stands at the intersection of these forces, helping shape the infrastructure that will define tomorrow's Capital Markets.

As active participants in building Europe's market infrastructure—from contributing to the development of the European consolidated tape to advising on major platform transformations—OPCO brings a unique perspective to this evolution. The firm's work spans the entire ecosystem: helping buy-side firms navigate vendor selection and platform integration, supporting sell-side institutions in technology transformation, and guiding Fintechs through the complex journey from innovation to implementation.

The infrastructure wars are here. The winners will be those who see beyond individual technologies to the platforms that connect everything. They'll build for a world where all assets converge, where data drives competitive advantage, and where infrastructure determines market access. Whether you're a large institution evaluating platform strategies or an emerging fintech seeking market entry, the choices made today about infrastructure will determine competitive position for the next decade.

OPCO invites organizations of all sizes—from global banks to innovative startups—to explore how strategic infrastructure decisions can unlock new opportunities. In a market where the right technology partnerships and platform choices determine success, having an experienced guide who understands both the technology and the business imperatives has never been more critical.

The European model is creating the blueprint others will follow. Those who understand and act on this shift today will shape the global Capital Markets of tomorrow.

Steven Barrett of OPCO Advisory Inc. authored this article with contributions from other members of OPCO Advisory and Oliver King of Mythmaker.io.