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RESEARCH

**MARKET DATA
PRICING**
2024 in Review



EXPAND
A BCG COMPANY

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INTRODUCTION

Data is central to all operations within financial institutions, fueling competitive advantage and innovation at an ever-accelerating pace. Consequently, it naturally ranks among the top three cost items for most firms. However, many banks and asset managers are now facing an unsustainable cost outlook due to price inflation, inconsistency, and opacity in market data, all while contending with margin compression and growth challenges.



Substantive Research and Expand Research have teamed up to shine a light on what's really going on in market data spend and pricing. Both firms have extensive benchmarking expertise, with Expand's insight into consumers' spend levels leading perfectly into Substantive's insight into vendor pricing inconsistency and discounting behaviour. This allows us to frame the key market dynamics and then dive into how they manifest themselves at the provider and product levels.

As you will see, the picture we collectively paint aligns with consumers' concerns regarding a future where the sums don't add up. Budgets are increasing, but spend is going up faster – so firms either have to deal with accommodating overspends or cutting providers. Consumer firms are working hard to foster a more flexible and agnostic approach to vendors, but progress is slow. Transparency into spend and pricing behaviour is key to understanding how best to navigate this evolution, and we are delighted to share these insights with the market.



SURVEY UNIVERSE



40 FIRMS



\$20 trillion

Total Assets under Management Represented



55%/45%

UK&EU/North America

Regional Coverage



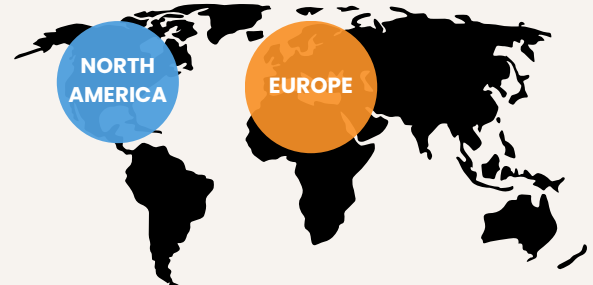
70%/30%

Long Only/Hedge Fund

Type of Asset Manager

BUYSIDE

45%



20 FIRMS



\$20 trillion

Total Assets Represented



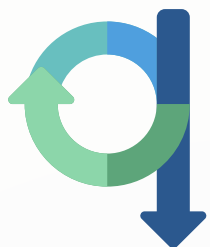
50%/50%

UK&EU/North America

Regional Coverage

SELLSIDE

50%



METHODOLOGY

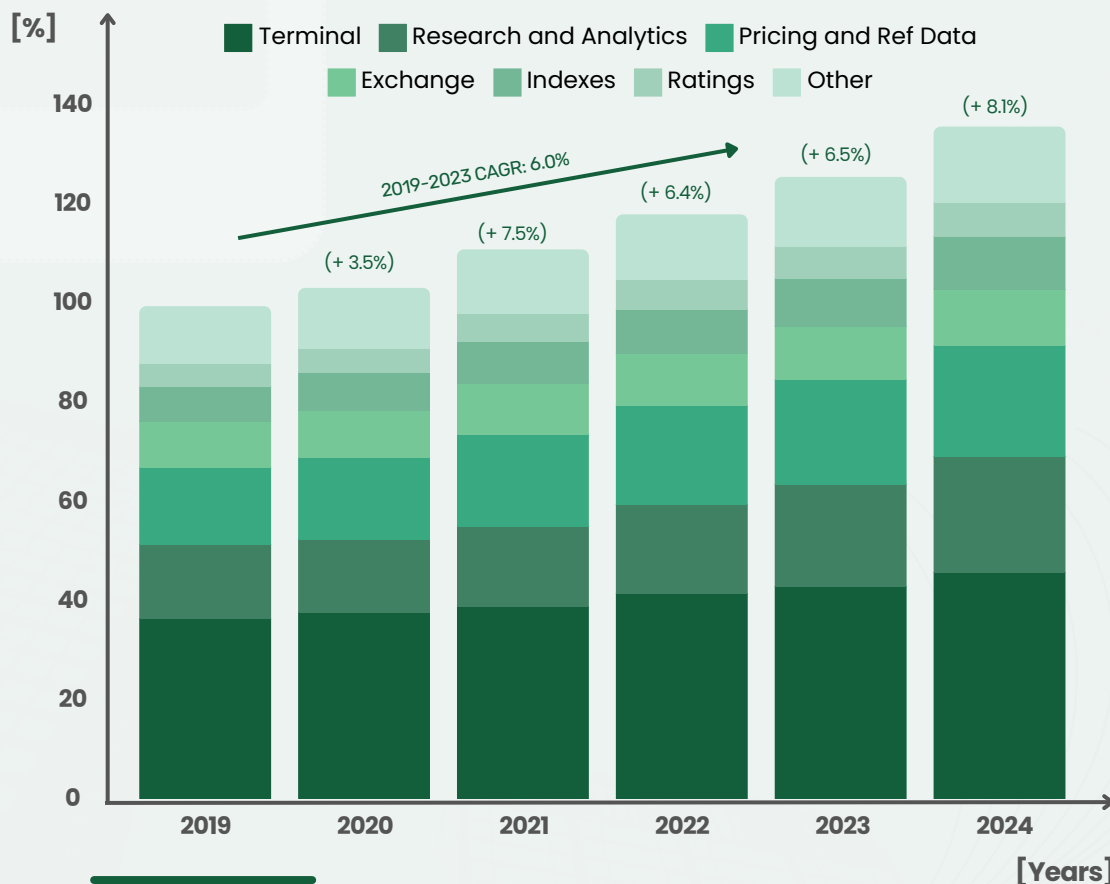
Substantive Research and Expand Research have teamed up in this report to investigate market data spending and pricing. This study examines trends in market data spending over the past 5 years and delves into pricing inconsistencies within the industry by analysing historical pricing data, surveys, and interviews. Leveraging Expand's insights in market data consumer spending levels, along with Substantive's findings on vendor pricing inconsistencies and discounting behaviours, the report aims to uncover key market dynamics.

MARKET DATA

SPEND

Overall Market Data Spend increased by 8.1% in the last year, the highest rate of increase in recent years.

Market Data Spend by Product Type



Spend increases are slowing down in some areas that have historically seen significant growth. **Pricing and reference data increased by just 5% Y-o-Y, the smallest increase since 2019.** Spend increases in this cost category have been down three years in a row.

Ratings and Indices spend continue to increase rapidly, both up ~10% Y-o-Y.

KEY FINDINGS

The key driver of the uptick is **Terminal spend**, particularly driven by increases in price.

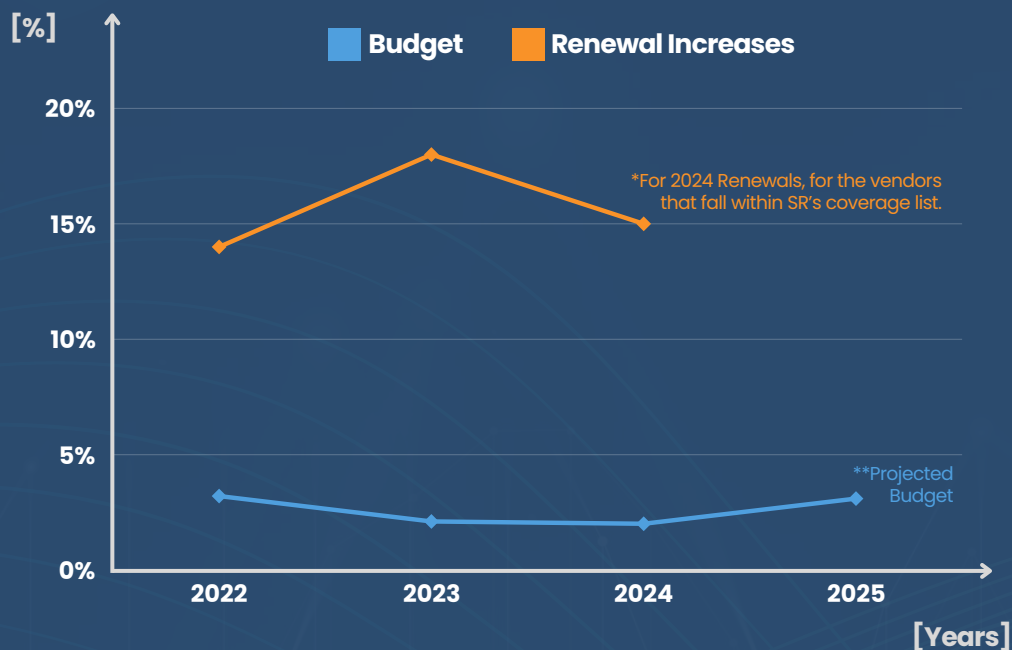
Terminal spend has increased by 7% in the last year, compared to 3% in 2023.

MARKET DATA

BUDGET

Overall Market Data budget shows relatively modest and consistent growth, highlighting a potential disconnect between budget increases and renewal rate hikes.

Market Data Budget and Renewal Increases



[2] Source: Substantive Research, 2022–2025

KEY FINDINGS

The average renewal increases for major vendors have fluctuated over the past 3 years, with rates of **14%** in 2022, **18%** in 2023, and **15%** in 2024.

In contrast, annual market data budgets have only seen modest growth, increasing by **3%** in 2022, **2.11%** in 2023, **2.01%** in 2024, and **3.1%** projected for 2025.

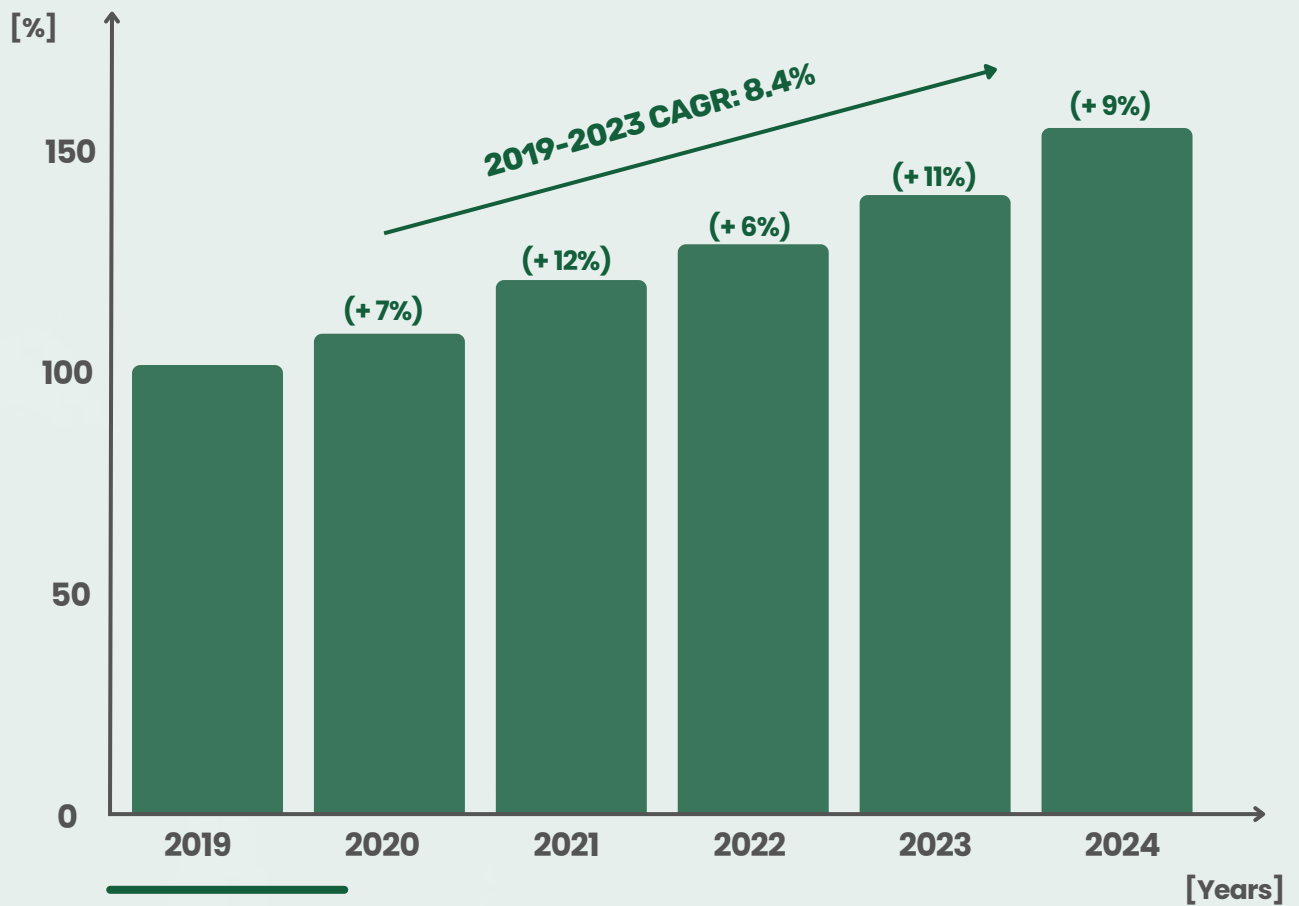
Implication

The potential disconnect between budget increases and renewal rate hikes indicates that while firms are increasing their budgets, **the rate at which they are renewing or upgrading their data services might not be keeping pace.**

MARKET DATA

INDEX

Index Spend



[3] 2019 – 2024 YTD, Indexed to 2019

Source: Expand Research, All figures Q3 YTD

INDEX SPEND HAS
INCREASED
SUBSTANTIALLY
SINCE 2019,
INCREASING BY 9%
IN 2024.



MARKET DATA

INDEX

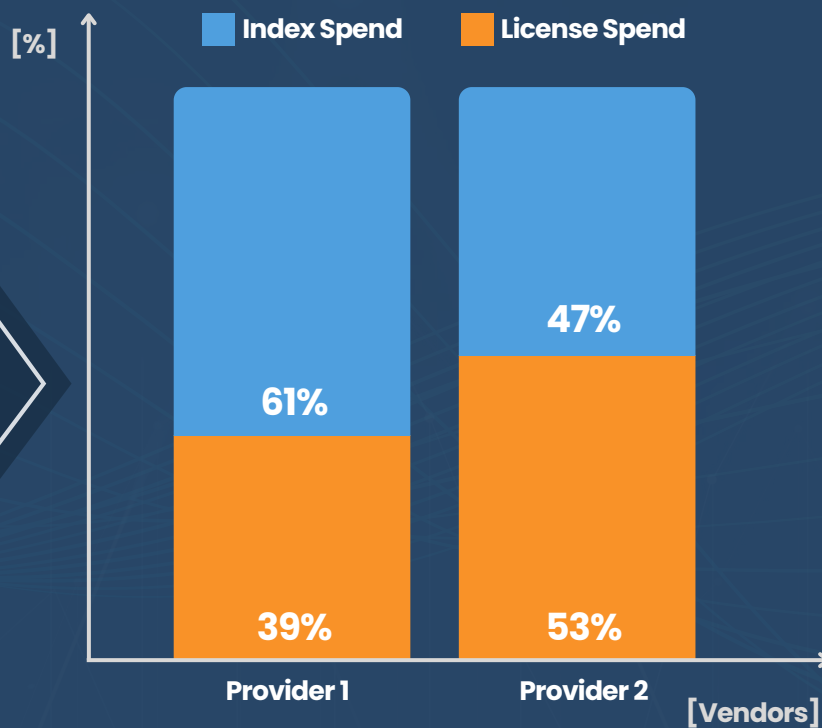


Implication

Index providers have been consistently raising their index module prices by **5%-7% annually**. However, the contract renewal costs have surged **25%** due to their new pricing strategies.

These involve introducing additional “necessary” licenses, changing the pricing drivers and levers, and unbundling or rebundling existing modules into multiple separate ones that clients must purchase individually.

Composition per \$ spend



Index Spend: Cost per module for index usage

License Spend: Additional licenses required for the use, manipulation, and reporting of indexes

[4] Source: Substantive Research, 2024

KEY FINDINGS

The breakdown of index versus license spending suggests that expenditures for Provider 1 are primarily directed towards index usage costs rather than additional licenses.

In contrast, the majority of clients' total spend for Provider 2 is directed towards additional licensing rather than the actual index itself.



MARKET DATA

PRICING TRENDS INDEX PROVIDERS

KEY FINDINGS

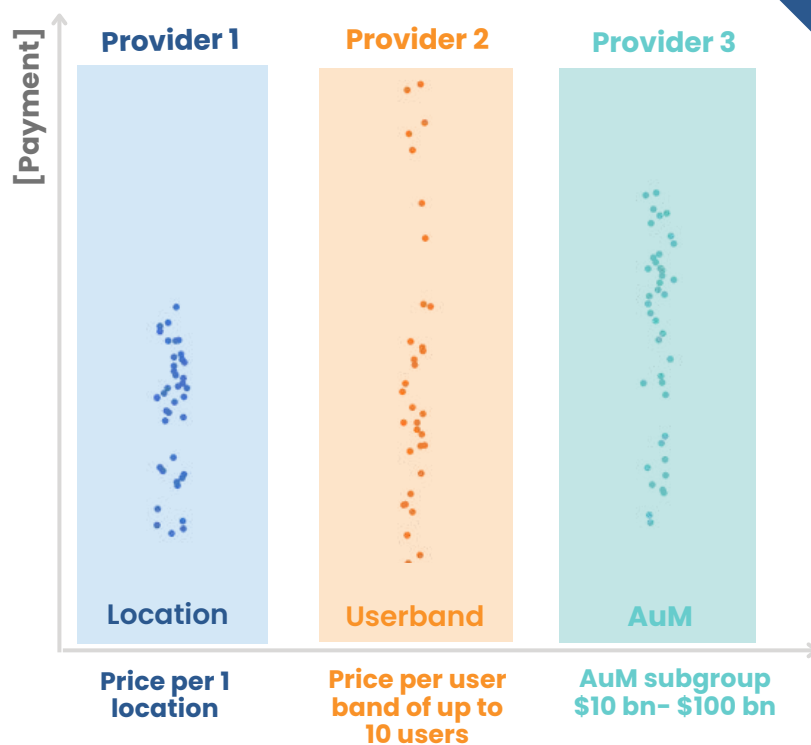
Market data vendors might provide discounts on overall renewal costs to retain clients, promote long-term contracts, and stay competitive in a market where price sensitivity and budget constraints are major concerns for financial institutions. However, these discounts can vary depending on the client.

Overall discount renewals per vendor for 2024

	Provider 1	40%
	Provider 2	20%
	Provider 3	15%

[5] Source: Substantive Research

Price variation for DM standard index across three providers



[6] Source: Substantive Research, 2024

Provider 1's range from lowest to highest pricing is **719%** (vs 323% in 2023), Provider 2's range is **1,204%** (vs 1410% in 2023), Provider 3's range is **319%** (vs 402% in 2023).

Implication

The range of pricing in index products is still extremely wide – some firms are paying **12 times** more than others for identical products and use cases.

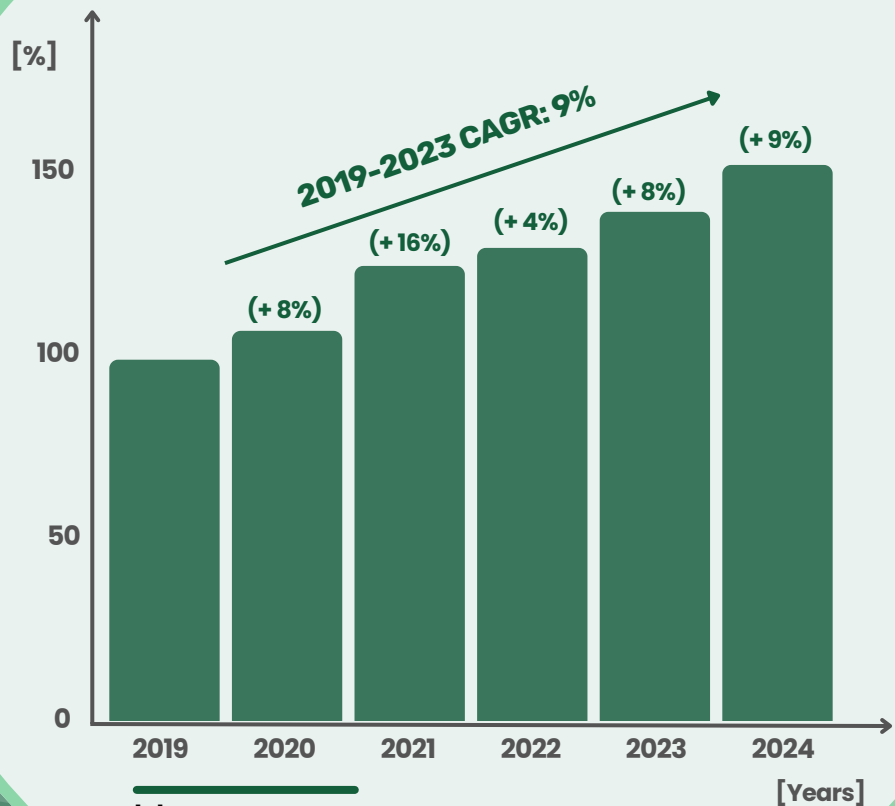
But this is an improvement from 2022, when the widest range ran **up to 26 times** for similar products.

MARKET DATA

RATINGS

RATINGS SPEND HAS INCREASED SUBSTANTIALLY SINCE 2019, INCREASING BY 9% IN 2024.

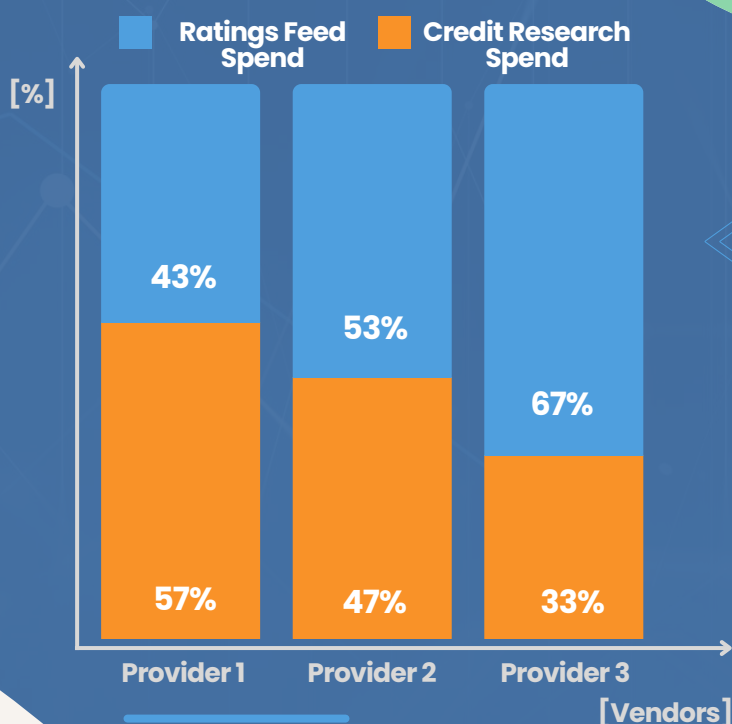
Ratings Spend



[7] 2019 -2024 YTD, Indexed to 2019

Source: Expand Research, All figures Q3 YTD

Composition per \$ spend



[8] Source: Substantive Research, 2024

KEY FINDINGS

The breakdown of ratings feeds versus credit research spending suggests that spend for Providers 2 and 3 are primarily directed towards ratings feeds access rather than credit research.

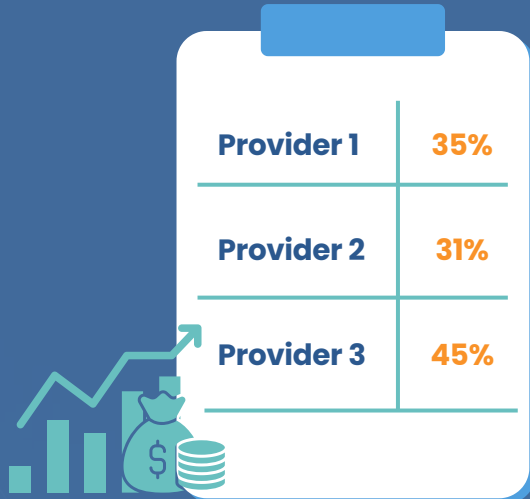
Implication

In contrast, for Provider 1, the cost of credit research has risen to match the spending on ratings.

There is a significant inconsistency in ratings and research spending for the same vendor. In the market, we observe that discounts can be applied to either side, provided the overall top-line figure meets the expected amount. For contract renewals with ratings agencies, the **average increase is around 11%**.

MARKET DATA

PRICING TRENDS RATINGS PROVIDERS



[9] Source: Substantive Research, 2024

KEY FINDINGS

Ratings vendors are particularly well-known for offering substantial discounts compared to their quoted list prices.

Implication

The discounts offered to clients, range from 20% to 50% depending on specific proposals.

For multiyear agreements however, the subsequent years witness a rise in costs, leading the average client to ultimately pay considerably more than the initially quoted list price.

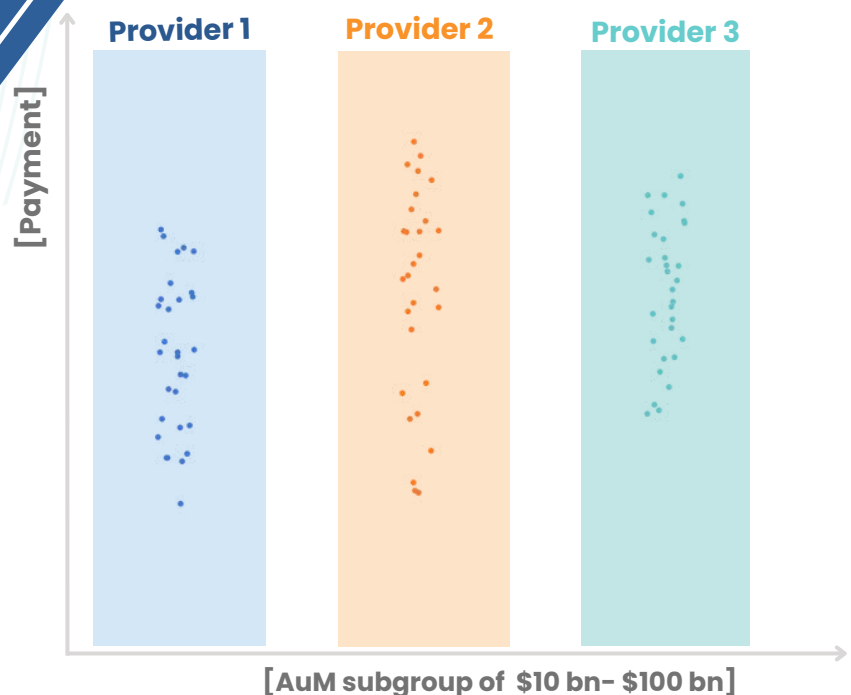
The range from lowest to highest pricing for

Provider 1 is **347%** (vs 263% in 2023),
Provider 2 is **388%** (vs 354% in 2023),
Provider 3 is **214%** (vs 475% in 2023).

Implication

Even though there is already a disparity in existing prices for identical use cases, all consumers in the range will still experience an increase in the proposed renewal agreements.

Price variation for standard ratings across three providers



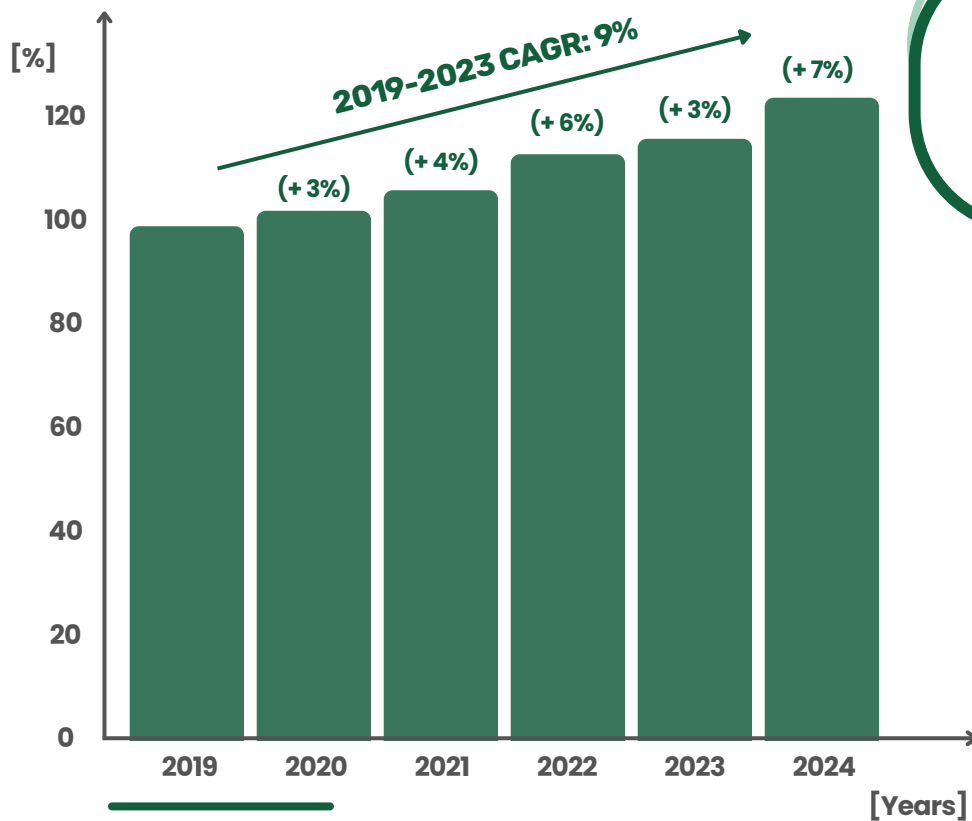
[10] Source: Substantive Research, 2024

MARKET DATA

TERMINALS

Terminal spend has increased by 7% Y-o-Y in the last year, and is the biggest driver of overall market data spend increases.

Terminal Spend



[11] 2019 -2024 YTD, Indexed to 2019

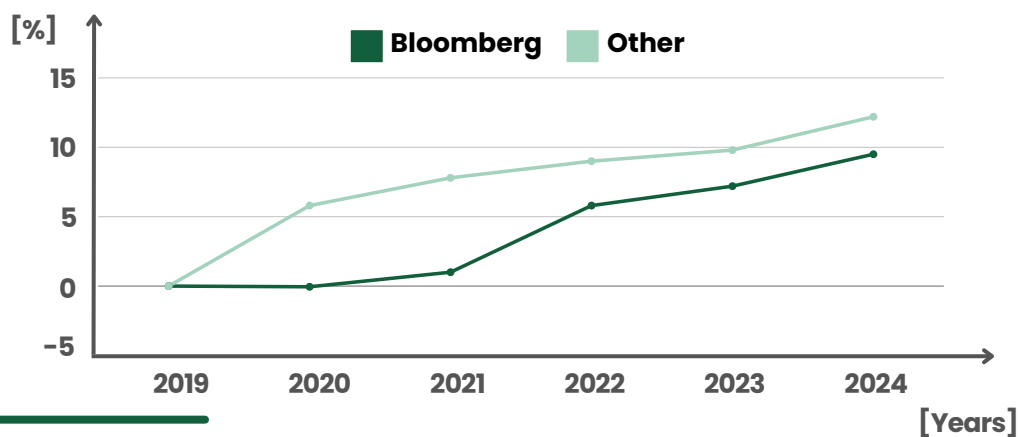
Source: Expand Research, All figures Q3 YTD

KEY FINDINGS

Overall usage of terminals — both Bloomberg and competitors — has increased consistently over the past 5 years.



Terminal user growth



[12] Bloomberg vs Others, 2019 -2024

Source: Expand Research, All figures Q3 YTD

MARKET DATA

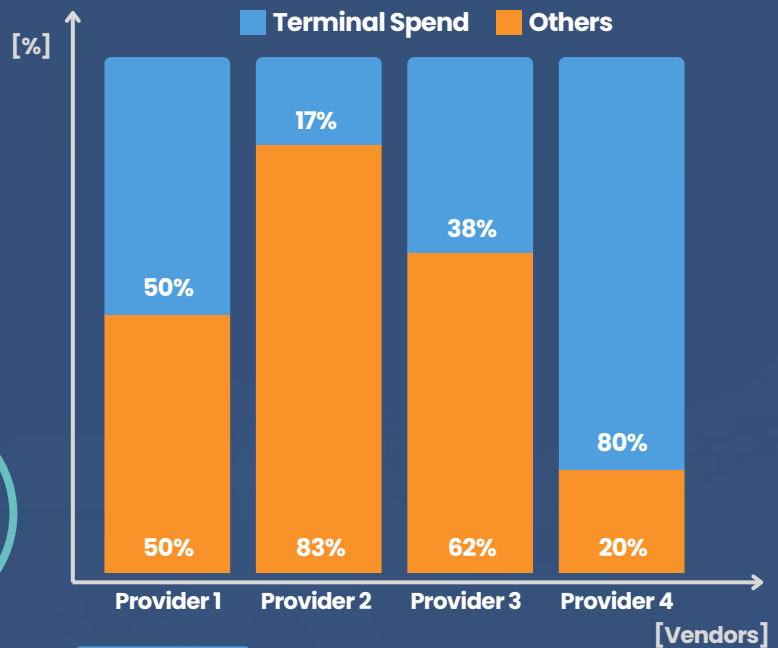
PRICING TRENDS TERMINALS PROVIDERS

KEY FINDINGS

This outlines the proportion of each client's total spend with each vendor that is allocated to terminals.

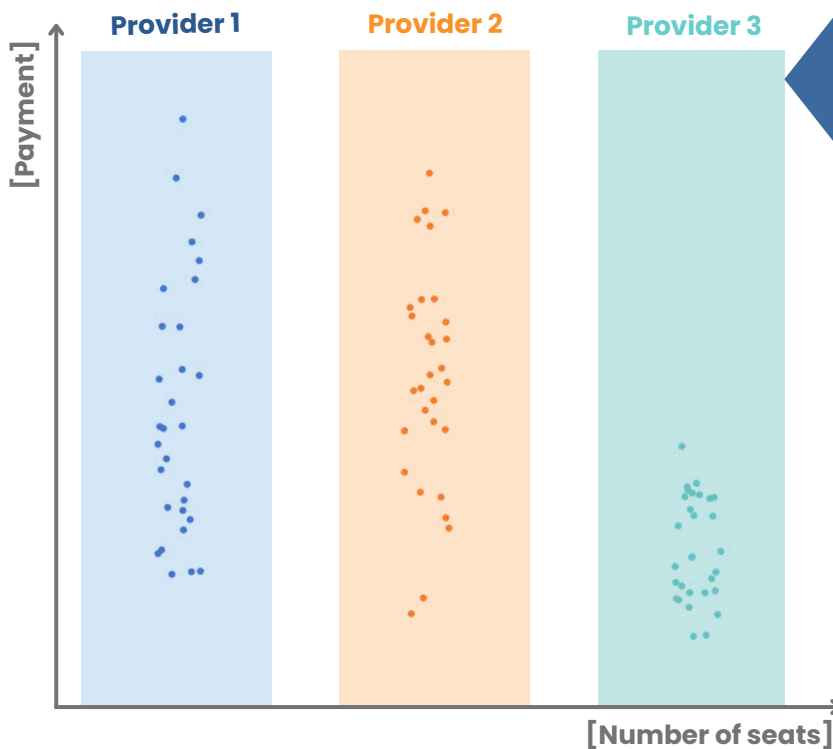
Provider 4's terminal is the most popular in the market and they have the biggest market share. Other providers have diversified their product offerings to compete for market share.

Terminals Spend vs Overall Spend



[13] Source: Substantive Research, 2024

Price variation for TERMINALS across three providers



[14] Source: Substantive Research, 2024

Provider 1's range from lowest to highest pricing is **451%** (vs 337% in 2023), Provider 2's range is **590%** (vs 578% in 2023), Provider 3's range is **465%** (vs 326% in 2023), Provider 4 is consistent in pricing – no room for negotiation.

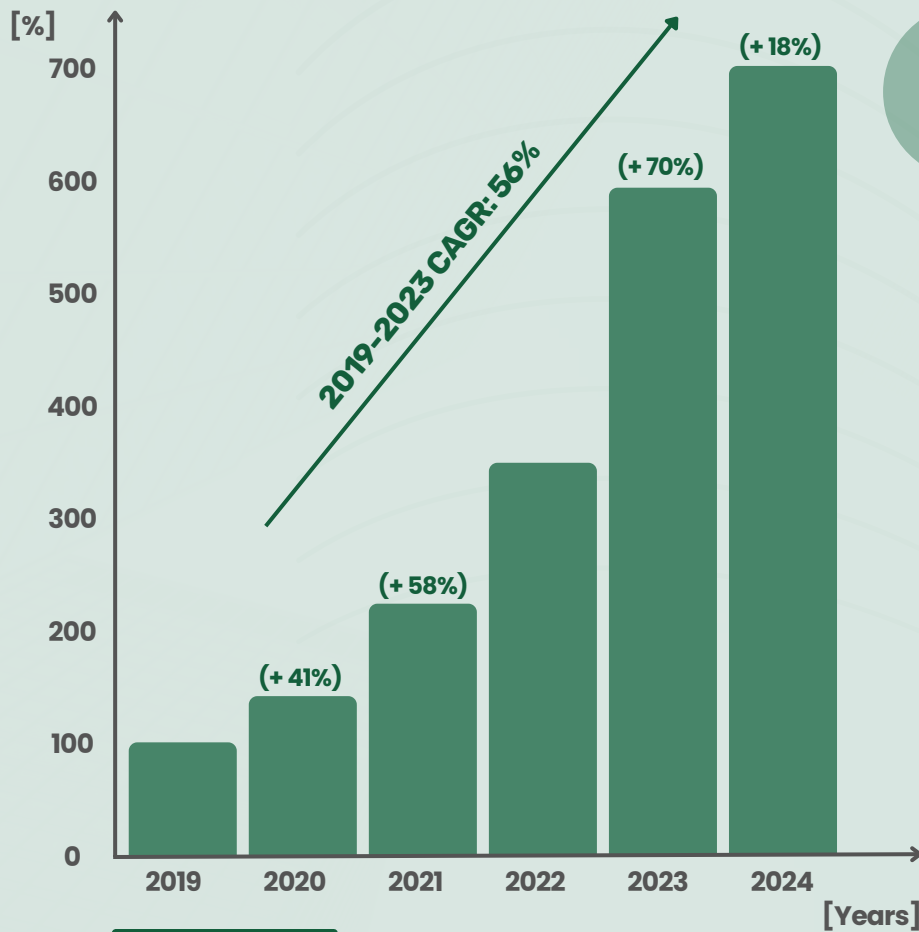
Implication

Terminal vendors operate differently compared to index and ratings providers.

Although they still offer discounts, these are typically based on the number of seats rather than a reduction from the total price.

ESG

ESG Spend



[15] 2019 -2024 YTD, (2019 = 100)

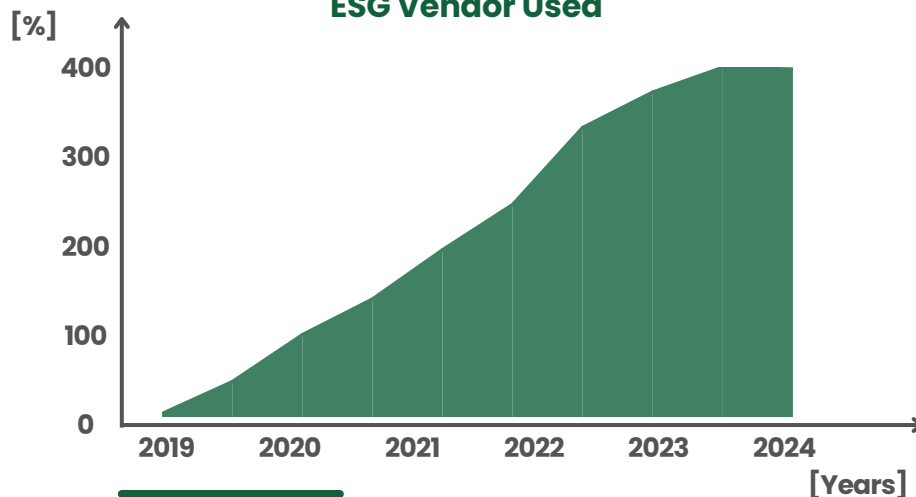
Source: Expand Research, All figures Q3 YTD

ESG data spend is showing signs of slowing, and Q3 saw the first ever decline in vendor count.

KEY FINDINGS

We are now for the first time seeing signs of spend increases slowing, with average vendor count down in Q3 for the first time.

Average increase in number of ESG Vendor Used



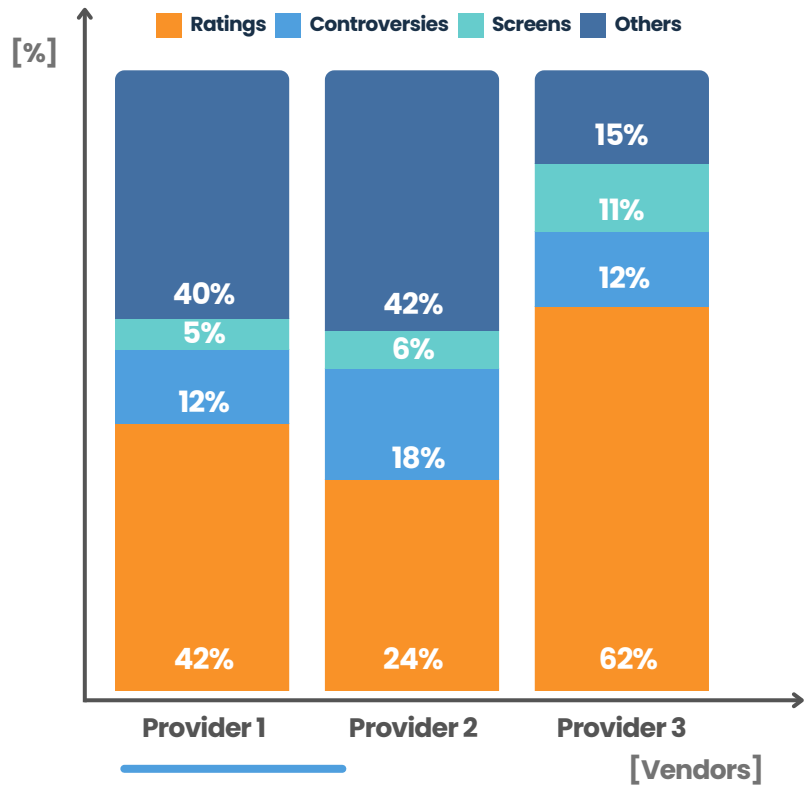
[16] 2019 -2024, Indexed to 2019,

Source: Expand Research, All figures Q3 YTD

ESG

PRICING TRENDS
ESG PROVIDERS

THE THREE MAJOR VENDORS MAINTAIN A HIGH MARKET SHARE, WITH MOST CLIENTS USING A COMBINATION OF TWO OUT OF THE THREE TOP VENDORS.

Composition: % Spend
per product type

[17] Source: Substantive Research, 2024

Implication

ESG Ratings is the highest category of spend across 3 of the major ESG providers on the market. With other products being so far behind spending-wise, this could signal future price hikes in ESG ratings from providers to take advantage of the demand.

CONCLUSION



PRICE INCREASES

When analysing market data pricing and spend, it's hard not to fixate on terminals. And with good reason – Expand's data shows that terminal costs are the driver of the overall 8.1% increase Y-o-Y versus 6.5% in 2023. But consumers are facing enormous challenges in the index and ratings areas as well – Substantive's data indicates average Y-o-Y increases of 11% for ratings agencies and 25% for index providers, which when combined with continued license proliferation is resulting in surging costs for both markets.



PRICING CHALLENGES

Opacity and inconsistency are often cited by financial institutions as key challenges when it comes to both managing costs as well as trying to understand how well they are doing when it comes to optimising their budgets. The messages here are stark – some index providers charge certain clients up to 12 times more for identical products with the same use cases, while ratings providers show a variance of up to 4 times for a subgroup of AuM clients, which they cite as a pricing factor. With this level of inconsistency, it is nearly impossible for consumers to be confident that they have negotiated well – indeed it is only due to the extensive efforts made by experienced market data professionals that spend levels have not extended even higher.



CONCLUSIONS



ESG

ESG data is entering an increasingly mature phase, with a spend increase of 18% on average in 2024 versus 50%+ increases in previous years. But the challenges of the more established market data segments are being repeated – consumers are concentrated into three main providers with spend being driven by ratings products. Lack of competitive dynamics has created provider power in pricing and agreement construction in the other segments and is being repeated here, so it will be difficult for consumers to reduce inflation to more manageable levels.



PLANNING

The combination of insights and analysis from both Substantive and Expand underline why market data consumers are focusing on how best to plan for an economically viable future. C-suite attention is giving market data teams the ability to explore a future where vendors are partners, and where competitive tension creates a better environment for budget optimisation. Our data shows why both a long term plan and a current understanding of spend and pricing dynamics is crucial to a sustainable capital market infrastructure.



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