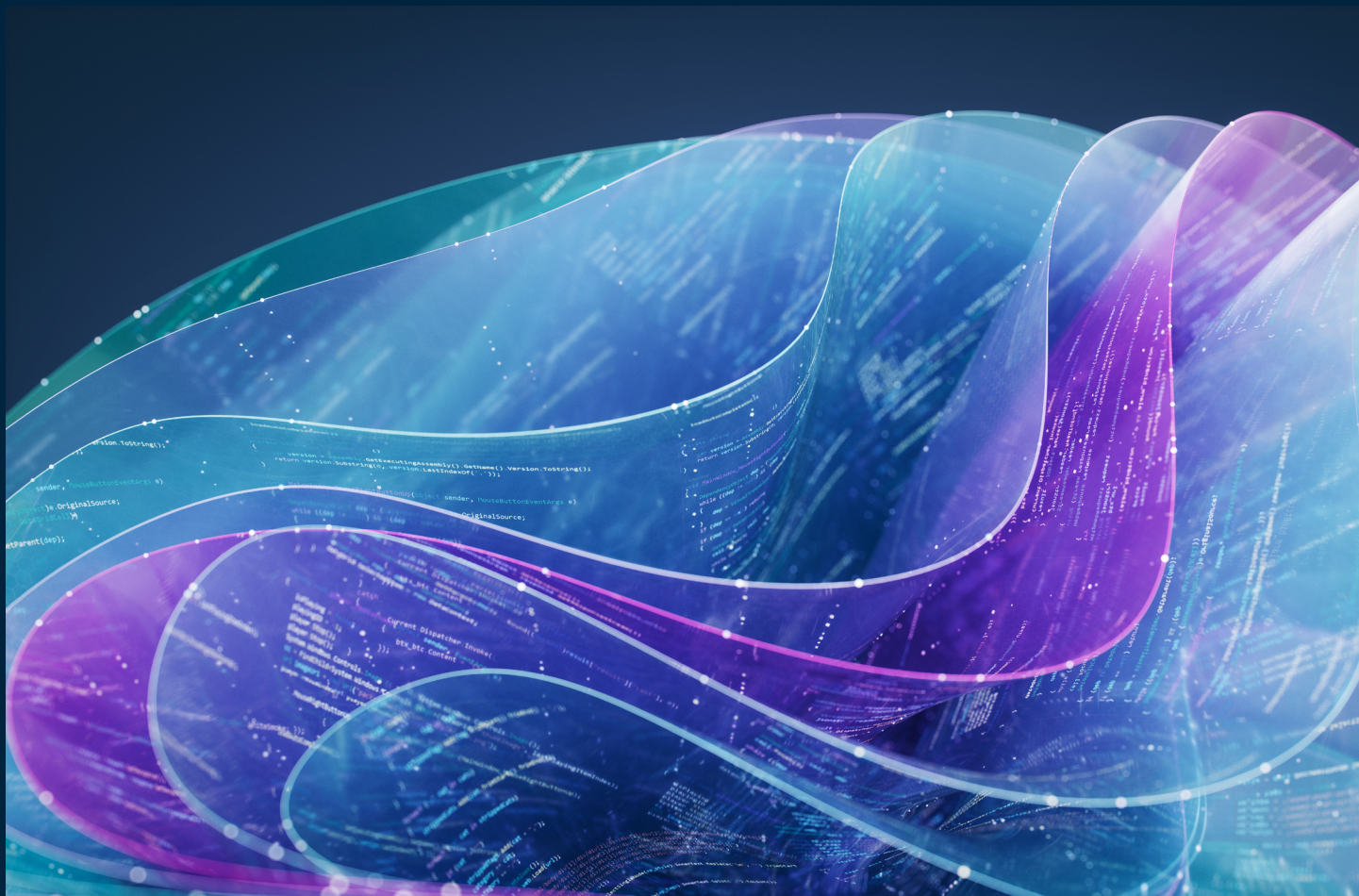




ETF Corner Series

THE NEXT FRONTIER IN ETF TECHNOLOGY: THE CONVERGENCE OF SERVICING AND TRADING

As ETFs scale toward USD30 trillion, the next advantage is, connected infrastructure behind them — not the wrapper itself.

The global ETF market is growing rapidly and becoming more complex. Assets, flows, product launches and investor adoption continue to reach new milestones, while the product set expands beyond traditional passive exposures into active, options-based, fixed income, digital asset, alternatives and multi-asset strategies. In a recent [BNY webinar](#), our experts highlighted that global ETF assets are expected to exceed USD30 trillion by 2030,¹ with active ETFs, fund conversions and precision portfolio construction among the key forces driving growth.

But as ETFs scale, the conversation is shifting. It is no longer enough to ask whether an investment strategy can be put into an ETF wrapper. The more important question is whether that ETF can operate efficiently in the market every day, across primary and secondary market activity, across currencies, venues, counterparties and settlement cycles.

DID YOU KNOW?

BNY's ETF platform, ETX, supports more than 2,800 funds, more than 70 ETF issuers, over USD4.5 trillion in ETF assets under administration and more than 4,400 daily baskets created.²

BNY also services hundreds of new ETFs annually, with more than 14 million trades originated and settled across the platform.

That is where ETF technology and automation are becoming central to the next phase of market development. The ETF industry has long focused on the investor-facing benefits of the wrapper: transparency, liquidity, tax efficiency, access and cost. Less discussed is the technology infrastructure that underpins the primary market, where issuers, authorized participants (APs), market makers, service providers, trading desks and FX providers must connect efficiently.

For BNY, this is an increasingly important area of investment and differentiation.

“The main takeaway is that the ETF industry is hitting record highs across virtually every metric we track”

– Ben Slavin, ETF Global Industry Head at BNY

“We're seeing accelerating adoption globally, continued momentum in active ETFs, growing interest in ETF share class structures, and innovation across asset classes. Taken together, these trends point to an industry that is not only growing but entering a new phase of scale and maturity,” says Slavin.

The challenge now is how to make that scale work operationally.

The ETF Wrapper Is Evolving, and So Is the Operating Model

ETFs are often described as simple, transparent and efficient. For investors, that can be true. But behind the scenes, ETFs are operationally sophisticated market structure products.

“The best way to think about ETF servicing is that it sits at the intersection of capital markets, portfolio management and fund services.”

– Bob Humbert, Global ETF Product Head at BNY

Increasingly, the industry's focus is shifting from individual functions to how those functions are connected. BNY's ETX was designed around that principle, bringing together issuers, APs, market makers, exchanges and servicing providers in a single ecosystem that helps transform investment ideas into tradable ETF products.

Note

This article is adapted from a recent BNY Consultant Webinar Series session, this article summarises perspectives shared by BNY specialists from Asset Servicing and Markets on ETF market trends, growth opportunities and evolving operating models.

ETX: BUILT FOR SCALE, BUILT FOR ETFs

ETX is BNY's ETF technology platform, bringing together portfolio construction, basket management, AP and market maker connectivity, execution workflows and servicing capabilities in a single ecosystem. ETX helps issuers, APs and market makers operate more efficiently, with a focus on smoother execution, enhanced transparency and scalability across the ETF operating model.

That connectivity matters because ETF growth brings new operating demands. Active strategies may require more customized baskets. Options-based products can introduce additional trading and settlement complexity. Cross-border ETFs may involve multi-currency execution, multiple settlement cycles and fragmented liquidity. Emerging market exposures can create specific challenges around valuation windows, liquidity timing

PRIMARY MARKET TECHNOLOGY THE LESS VISIBLE ENGINE OF ETF EFFICIENCY

Technology that helps Authorized Participants operate more effectively can improve execution, support liquidity and enhance the investor experience. Innovations such as BNY's ETF Directed Trading illustrate how continued advances in primary market infrastructure can help APs gain greater visibility into execution economics, streamline cash-order workflows and exercise more control over the creation/redemption process, ultimately supporting a more efficient and resilient ETF ecosystem.

and FX benchmarking. Issuers are also exploring dual share classes, digital assets, alternatives and more complex multi-asset exposures.

"ETX's goal is to remove friction and bring together the people, workflows and infrastructure required to support ETFs at scale," said Humbert, adding that technology will increasingly be judged not by individual features, but by how effectively it connects the ETF ecosystem.

From ETF Servicing to Connected Infrastructure

As ETFs evolve, success will increasingly depend on connecting servicing, trading, liquidity and distribution. The industry is moving beyond standalone servicing models toward more integrated platforms that connect portfolio construction, basket management, execution, AP workflows, FX and post-trade operations in a seamless manner.

"A lot of friction is generated when ETF flow has to transition to traditional OMS/EMS stacks," said Humbert. "It creates inefficiencies not only for issuers but also for APs and market makers."

This is where ETX and BNY's broader ecosystem come into play. By connecting ETF servicing, markets, distribution via BNY Pershing, FX, transfer agency and execution capabilities through a common platform, the firm is focused on reducing friction across the ETF lifecycle and helping clients move more efficiently from investment concept to market execution.

"Our vision is centred on building the infrastructure needed to support the next phase of ETF growth," added Slavin. "Helping issuers and liquidity providers scale more efficiently, improving connectivity across the ecosystem and supporting innovation as markets continue to evolve."

As ETFs become more trading-intensive and liquidity-sensitive, servicing technology is increasingly expected to support front-office outcomes, linking operations, execution and liquidity in a more seamless way. It is not simply about launching more funds. It is about making them work efficiently at scale.



Buy-Side Trading Solutions: Execution Expertise Inside the ETF Workflow

BTS brings institutional trading expertise into an ETF ecosystem where execution quality, liquidity access and market structure matter”, explains Dragan Skoko, Head of Buy-Side Trading Solutions at BNY.

For ETF issuers, that means helping connect portfolio implementation, AP engagement, market-maker interaction and execution workflows. Whether supporting newer entrants building ETF operating capabilities or established issuers expanding across jurisdictions, asset classes or more complex exposures, BTS can help market participants navigate liquidity and execution considerations while supporting each fund’s investment objective.

Ultimately, ETF technology is not just about automation; it is about embedding market expertise into the workflow so issuers can scale efficiently and with greater control.

FX: The Hidden Lever in ETF Performance

FX is another area where ETF automation and market connectivity can have a meaningful impact. For issuers operating across multiple markets, currencies and liquidity pools, FX has become an important component of the ETF operating model. The U.S. market is larger and more centralized, while European markets are more cross-border, multi-currency, multi-venue and operationally intensive”, Skoko noted.

Prashant Chandrashekar, FX Product Manager at BNY, described FX as becoming more instrumental within the investment process. “ETFs are becoming increasingly global, which then means FX plays a larger role in the overall global portfolio performance of the ETF,” he said. He noted that investors and issuers are paying closer attention to performance attribution and currency impacts.

The timing of FX execution is particularly important. Where an ETF holds international securities, those

securities may be valued at specific fixing windows. If the related FX trade is executed hours or days later at a different rate, the fund may carry unintended currency exposure. That slippage can compound into tracking variance over time.

Execution timing and workflow integration can directly affect tracking outcomes. It also reinforces why FX can no longer be treated as an operational afterthought.

Chandrashekar describes BNY [FX Plus](#)’ slippage mitigation feature as a core benefit to address an on-going industry challenge and support more efficient currency execution.

This is the practical value of ETF tech: making it easier to execute with a service provider by connecting servicing and markets capabilities in one workflow.

The next frontier: ETFs built for scale, speed and precision

The ETF market has always been shaped by innovation, but the next frontier may be less about the wrapper itself and more about the infrastructure behind it.

Tech and automation will be central to this next chapter. For issuers, the opportunity is to bring products to market with greater speed and control. For APs, it is to manage execution more efficiently. For market makers, it is to quote with better information. For investors, it is to access ETFs that trade and track more effectively.

As Skoko put it, what comes next is “tighter and tighter integration with the rest of the BNY ecosystem” to make it easier for issuers and APs to achieve efficiencies.

That integration is at the heart of the ETF technology story. It is not automation for its own sake. It is automation designed to connect the ETF ecosystem, from servicing to trading, from basket to execution, from FX to settlement, and from product idea to market outcome.



For an ETF industry scaling toward its next major milestone, that connected infrastructure may be one of the most important competitive advantages of all.

For more insights about ETFs, visit BNY's [ETF Corner](#), one destination for ETF market intelligence and expertise.

T+1 RAISES THE STAKES FOR AUTOMATION

As settlement windows shrink, firms have less tolerance for manual processes, fragmented systems and operational inefficiencies. The shift is reinforcing the importance of connected operating models that link execution, FX, settlement and fund operations seamlessly across the ETF ecosystem.

Read more: [Europe's move to T+1: Implications for ETF servicing models](#)

Data Sources:

¹ PwC ETFs 2030: Capitalising on disruptive innovation (march, 2026)
<https://www.pwc.com/gx/en/industries/financial-services/publications/etf-survey.html>

² Internal BNY data as of September 2026