

# Banking on Big Trends – What Traders Need to Know from the 2025 Financial Industry Benchmarks

The March 2025 CLiK Trading Education Newsletter examines critical insights from the 2025 Global Financial Services Benchmark Report, translating complex financial industry trends into actionable intelligence for active retail traders across global markets.

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# Top Insights: What the Smart Money's Watching



## ROE is on the rise

Banks are making their equity work harder with average Return on Equity (ROE) sitting around 11–12%, while U.S. giants like JPMorgan are achieving impressive 13–15% returns. This indicates stronger profitability and potentially more attractive investment opportunities in the financial sector.



## Interest Margins may tighten

Net Interest Margins (NIM) have reached a healthy 2.5–3.0%, but with interest rates forecast to drop, these margins could face significant pressure. This potential squeeze may create volatility in banking stocks and shift performance dynamics within the sector.



## ESG isn't just hype

Sustainable investments now constitute 15–20%+ of total assets under management—a proportion that continues to grow steadily. This fundamental shift reflects changing investor priorities and regulatory environments that increasingly favour environmentally and socially responsible businesses.



## Tech is transforming finance

From AI to blockchain, digital innovation is revolutionising the financial landscape by reducing operational costs and enhancing customer experience. Financial institutions that successfully leverage technology are positioning themselves as industry leaders.

The benchmark report also highlights slowing global growth and rising risks across the financial sector. This cautious environment is leading to more conservative lending practices, potentially higher Non-Performing Loans (NPLs), and further pressure on profit margins. For active traders, this signals the importance of remaining adaptable as macroeconomic shifts directly impact trading setups, particularly in rates-sensitive assets like bonds and currencies.

Understanding these industry benchmarks provides traders with valuable context for interpreting market movements. Rising ROE often correlates with increased institutional investment in banking stocks, while tightening interest margins can create specific trading opportunities across diversified financial institutions. The continued growth in ESG investments suggests sustained momentum in green energy, sustainability-focused ETFs, and companies with strong environmental and social governance ratings.



# Key Market Trends for Active Traders



## Falling Interest Rates

The projected downward trajectory of interest rates represents a fundamental shift that will likely create significant ripple effects across multiple asset classes. For currency traders, this trend could reshape carry trade dynamics and alter the relative strength of major currencies, particularly those from economies with diverging monetary policies. Bond traders should anticipate potential yield curve adjustments as markets price in lower future rates.

This environment may also boost equities broadly as cheaper capital becomes available, though the effects will be unevenly distributed across sectors. Financial instruments with embedded interest rate sensitivity, such as interest rate swaps and certain options strategies, may experience heightened volatility during this transition period.

## Cybersecurity Threats

As digital threats continue to evolve in complexity and frequency, cybersecurity represents both a significant risk factor and a compelling investment theme. Financial institutions face growing exposure to these threats, creating potential volatility around security breaches or regulatory changes. Simultaneously, companies providing cybersecurity solutions to the financial sector may experience accelerated growth.

Traders should consider incorporating cybersecurity stocks into their watchlists, particularly those with financial industry specialisation. Additionally, understanding how major breaches might impact market sentiment can help anticipate broader market movements during cybersecurity crises.

## M&A Boom

The anticipated increase in merger and acquisition activity presents specific opportunities for traders focused on mid-cap financial stocks. Companies that become acquisition targets often experience significant price movements, while acquiring firms may see short-term volatility followed by longer-term performance changes as synergies develop. This trend may be particularly pronounced in the regional banking sector, where consolidation pressures remain strong.

Traders should monitor regulatory announcements, insider buying patterns, and unusual options activity that might signal impending deals. The M&A landscape may also create opportunities in arbitrage strategies for more sophisticated market participants who can effectively assess deal probabilities and timelines.

## Talent War in Finance

The intensifying competition for specialised talent in artificial intelligence, environmental-social-governance (ESG), and data analysis is reshaping the financial industry's cost structure and capabilities. Institutions that successfully attract and retain top talent in these areas may gain competitive advantages in product development, risk management, and operational efficiency.

For traders, this trend suggests potential outperformance among financial institutions with strong reputations for innovation and technical leadership. It may also create opportunities in the human capital management sector as financial firms invest in recruitment, training, and retention programmes.

# Essential Learning Takeaways for Market Success

Understanding the interplay between macroeconomic factors and market movements has become increasingly crucial for trading success. The financial landscape of 2025 demands a more sophisticated approach that goes beyond technical analysis to incorporate broader economic narratives. As markets become more interconnected, being able to interpret how banking trends and economic indicators influence various asset classes can provide traders with a significant competitive advantage.

## Macro is your friend

Successful trading requires looking beyond price action and technical indicators to understand the fundamental economic stories driving market movements. By developing a comprehensive macro perspective, traders can anticipate shifts in market sentiment and positioning before they become apparent in price action. This approach involves monitoring central bank communications, economic data releases, and global economic developments to identify potential catalysts for market moves.

Consider implementing a structured approach to macro analysis by maintaining a calendar of key economic releases and developing a framework for evaluating their potential market impact. Regular review of how markets have historically responded to similar economic conditions can enhance your predictive capabilities.

## Banking data matters

Key banking metrics such as Return on Equity (ROE), Net Interest Margins (NIM), and capital ratios provide valuable insights into the health of the financial system and potential market direction. These indicators often serve as early warning signs for broader economic trends and can help traders position themselves ahead of major market shifts.

Develop a dashboard of banking sector health indicators and track them alongside your trading activities. Pay particular attention to divergences between different banking regions or institution types, as these may signal emerging opportunities or risks. Remember that banking performance often leads other sectors in economic cycles.

## Sector rotation is real

Capital flows follow growth prospects, and understanding how money moves between sectors during different economic phases can significantly improve trading outcomes. Being prepared to adjust positioning as sector leadership changes is essential for capturing the strongest trends while avoiding underperforming areas.

Track relative performance metrics between sectors and maintain awareness of which sectors typically outperform during different economic conditions. Developing a systematic approach to identifying sector rotation early can provide valuable trading opportunities across multiple timeframes.

## Stay ahead of ESG

Environmental, Social, and Governance factors have evolved from niche concerns to mainstream investment criteria. The increasing regulatory focus and capital allocation towards ESG-compliant businesses creates both risks and opportunities across various market segments. Understanding how these factors influence asset prices can reveal valuable trading insights.

Monitor regulatory developments in ESG reporting requirements and track institutional fund flows into sustainable investments. Companies making meaningful ESG improvements may experience valuation premiums, while those falling behind could face increased volatility and negative sentiment.

Incorporating these learning takeaways into your trading approach requires consistent effort and ongoing education. Consider dedicating specific time each week to macro analysis, tracking banking sector developments, monitoring sector rotation patterns, and staying informed about ESG trends. This investment in knowledge will likely yield significant returns through more informed trading decisions and better risk management.



# April 2025 Course: Mastering Macro-Driven Trading



The upcoming flagship course offers retail traders a comprehensive framework for understanding and capitalising on macroeconomic trends in today's complex markets. Designed specifically for active traders seeking to elevate their analysis beyond technical indicators, this programme addresses the critical knowledge gap that often separates consistently profitable traders from the rest.

## Course Highlights



### Reading Economic Indicators Like a Pro

Learn to interpret key economic data releases and understand their market impact. Develop frameworks for evaluating which indicators matter most for different asset classes and trading timeframes.



### Trading Sector Rotations and Global Themes

Master techniques for identifying emerging sector leadership and positioning your trading to capitalise on thematic opportunities across global markets.



### Risk Management When Things Get Unpredictable

Develop robust risk management strategies designed specifically for navigating volatile macro-driven market environments. Learn how to protect capital while maintaining exposure to profitable opportunities.

This intensive programme will be delivered through a combination of live interactive sessions, practical trading exercises, and comprehensive study materials. Participants will gain access to proprietary analytical tools designed to streamline the process of incorporating macroeconomic factors into trading decisions. The course structure allows for personalised attention with limited class sizes to ensure each trader receives tailored guidance.

Beyond the core curriculum, the course offers valuable networking opportunities with fellow traders and ongoing support from CLiK's expert instructors. Graduates will join an exclusive community of macro-focused traders who share insights and collaborate on market analysis. This continued engagement helps reinforce the course material and provides accountability for implementing the strategies in real trading scenarios.

Given the comprehensive nature of this training programme and the limited available spaces, interested traders are encouraged to secure their participation promptly. Registration can be completed directly through the CLiK Trading Education website at [www.cliktradingeducation.com](http://www.cliktradingeducation.com) or by responding to this newsletter for personalised assistance with the enrolment process.

# Continuing Your Trading Education Journey

As we conclude this month's financial industry benchmark analysis, it's worth emphasising that continuous education remains the cornerstone of trading success. The markets are constantly evolving, shaped by the very trends we've discussed throughout this newsletter. Those who commit to ongoing learning consistently outperform those who rely solely on established patterns and assumptions.

"Trade with confidence. Learn with purpose." - Team CLiK

This philosophy encapsulates our approach to trading education. Confidence comes not from certainty about market outcomes—which is impossible given market complexity—but from having robust analytical frameworks, disciplined execution protocols, and appropriate risk management systems. Purpose-driven learning means focusing on knowledge that translates directly to improved trading outcomes rather than accumulating information for its own sake.

The insights from the 2025 Global Financial Services Benchmark Report represent valuable pieces in the larger puzzle of market understanding. By integrating these banking and financial sector trends into your broader market analysis, you can develop more nuanced hypotheses about potential market movements and identify higher-probability trading opportunities across multiple asset classes.

Remember that successful trading requires both technical proficiency and fundamental understanding. While chart patterns and technical indicators may reveal short-term trading opportunities, it's the underlying economic and financial industry trends that drive sustainable market movements. By bridging these analytical approaches, you position yourself to capitalise on opportunities that others might miss.

As you continue developing your trading skills, maintain a balanced focus on improving your technical analysis capabilities, deepening your understanding of fundamental drivers, and—perhaps most importantly—refining your risk management practices. The most sophisticated analysis is worthless without proper risk controls, which is why we always emphasise the importance of well-placed stop losses and appropriate position sizing.

Our team at CLiK Trading Education remains committed to supporting your trading journey through insightful market analysis, comprehensive educational programmes, and ongoing community engagement. We look forward to connecting with many of you during our upcoming April course and continuing these valuable conversations about macro-driven trading strategies.

Keep learning, keep trading smart—and as always, don't forget your stop losses!

Cheers,  
Team CLiK