

European Bond Trading Innovation

Lessons from Across the Pond

July 13, 2021

Executive Summary:



Corporate bond markets have proven to be one of the biggest financial technology innovation stories of the past five years. Trading protocols, data access, data quality, analytical tools, and collaboration technology have all helped the market move from what was seen as old fashioned to one in which expectations of change have driven fintech valuations to new heights.

While this move to digital has played out globally, European market participants have lagged their U.S. peers in adopting new ways of working. While several years ago the newest tools and liquidity pools were primarily made available to U.S. markets, that is not the case today. Ironically, the percentage of market volume executed electronically in Europe has always been and remains higher than that in the U.S. Nevertheless, Europe- and U.K.-based buy-side traders still largely rely on traditional RFQ trading and indicative pre-trade data.

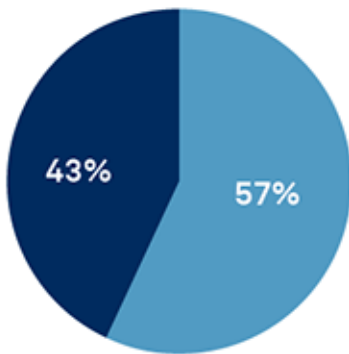
Our research and examination of trading behavior suggest this is finally starting to change. Real-time evaluated bond prices and available post-trade data have improved, use of all-to-all trading mechanisms is starting to increase by dealers and the buy side alike, and automation of the trading process from pre- to post-trade is starting to take hold. The goal of these changes is not to shrink desk sizes, but to improve efficiency and, in doing so, execution quality and fund returns—both of which are as important as ever.

Methodology:

This research is based on interviews with 157 corporate bond investors in Europe and the United States in the fourth quarter of 2020. Respondents included asset managers, hedge funds, regional banks, insurance companies, and government agencies. Questions focused on trading activity, protocols used and expectations for change in the next one to three years.

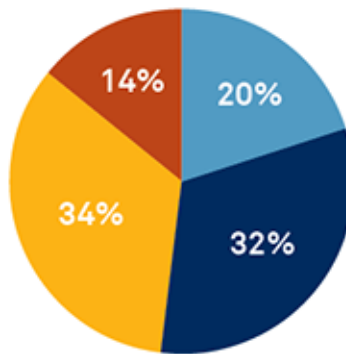
Respondents

Region



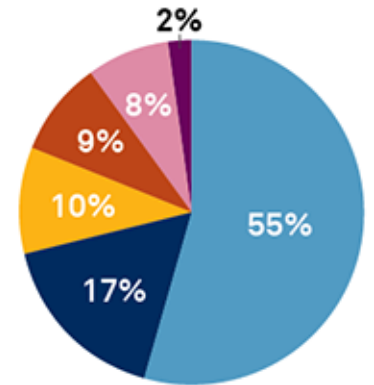
■ EMEA
■ North America

Trading Volume



■ Over \$50 billion
■ \$11-50 billion
■ \$1-10 billion
■ Under \$1 billion

Institution Type



■ Investment manager
■ Hedge fund
■ Bank
■ Insurance
■ Government agency
■ Other

Note: Based on 157 responses from buy-side corporate bond investors.
Source: Coalition Greenwich 2020 Market Structure & Trading Technology Study



www.greenwich.com | ContactUs@greenwich.com

Coalition Greenwich, a division of CRISIL, an S&P Global Company, is a leading global provider of strategic benchmarking, analytics and insights to the financial services industry.

We specialize in providing unique, high-value and actionable information to help our clients improve their business performance.

Our suite of analytics and insights encompass all key performance metrics and drivers: market share, revenue performance, client relationship share and quality, operational excellence, return on equity, behavioral drivers, and industry evolution.

About CRISIL

CRISIL is a leading, agile and innovative global analytics company driven by its mission of making markets function better. It is majority owned by S&P Global Inc., a leading provider of transparent and independent ratings, benchmarks, analytics, and data to the capital and commodity markets worldwide.

CRISIL is India's foremost provider of ratings, data, research, analytics, and solutions with a strong record of growth, culture of innovation, and global footprint.

It has delivered independent opinions, actionable insights and efficient solutions to over 100,000 customers through businesses that operate from India, the U.S., the U.K., Argentina, Poland, China, Hong Kong, and Singapore.

For more information, visit www.crisil.com

Disclaimer and Copyright

This Document is prepared by Crisil Coalition Greenwich, which is a part of Crisil Ltd, a company of S&P Global. All rights reserved. This Document may contain analysis of commercial data relating to revenues, productivity and headcount of financial services organisations (together with any other commercial information set out in the Document). The Document may also include statements, estimates and projections with respect to the anticipated future performance of certain companies and as to the market for those companies' products and services.

The Document does not constitute (or purport to constitute) an accurate or complete representation of past or future activities of the businesses or companies considered in it but rather is designed to only highlight the trends. This Document is not (and does not purport to be) a comprehensive Document on the financial state of any business or company. The Document represents the views of Crisil Coalition Greenwich as on the date of the Document and Crisil Coalition Greenwich has no obligation to update or change it in the light of new or additional information or changed circumstances after submission of the Document.

This Document is not (and does not purport to be) a credit assessment or investment advice and should not form basis of any lending, investment or credit decision. This Document does not constitute nor form part of an offer or invitation to subscribe for, underwrite or purchase securities in any company. Nor should this Document, or any part of it, form the basis to be relied upon in any way in connection with any contract relating to any securities. The Document is not an investment analysis or research and is not subject to regulatory or legal obligations on the production of, or content of, investment analysis or research.

The data contained in the Document is based upon a particular bank's scope, which reflects a bank's data submission, business structure, and sales revenue Reporting methodology. As a result, any data contained in the Document may not be directly comparable to data presented to another bank. For franchise benchmarking, Crisil Coalition Greenwich has implemented equal ranking logic on aggregate results i.e., when sales revenues are within 5% of at least one competitor ahead, a tie is shown and designated by = (where actual ranks are shown). Entity level data has no equal ranking logic implemented and therefore, on occasion, the differences between rank bands can be very close mathematically.

The data in this Document may reflect the views reported to Crisil Coalition Greenwich by the research participants. Interviewees may be asked about their use of and demand for financial products and services and about investment practices in relevant financial markets. Crisil Coalition Greenwich compiles the data received, conducts statistical analysis and reviews for presentation purposes to produce the final results.

THE DOCUMENT IS COMPILED FROM SOURCES CRISIL COALITION GREENWICH BELIEVES TO BE RELIABLE. CRISIL COALITION GREENWICH DISCLAIMS ALL REPRESENTATIONS OR WARRANTIES, EXPRESSED OR IMPLIED, WITH RESPECT TO THIS DOCUMENT, INCLUDING AS TO THE VALIDITY, ACCURACY, REASONABLENESS OR COMPLETENESS OF THE INFORMATION, STATEMENTS, ASSESSMENTS, ESTIMATES AND PROJECTIONS, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE ARISING OUT OF THE USE OF

ALL OR ANY OF THIS DOCUMENT. CRISIL COALITION GREENWICH ACCEPTS NO LIABILITY WHATSOEVER FOR ANY DIRECT, INDIRECT OR CONSEQUENTIAL LOSS OR DAMAGE OF ANY KIND ARISING OUT OF THE USE OF ALL OR ANY OF THIS DOCUMENT.

Crisil Coalition Greenwich is a part of Crisil Ltd., an S&P Global company. ©2026 Crisil Ltd. All rights reserved.

greenwich.com

ContactUs@greenwich.com

Ph +1203.625.5038