The European Derivatives Market Continues to Resist Electronic Trading

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Executive Summary:

Nearly 80% of the over 200 European investors we spoke with for the Greenwich Associates 2015 European Fixed-Income Study confirmed their trading protocol of choice was the phone, with the traditional request-for-quote model a distant second.

This preference among European IRD investors is reflected by only 20% of notional volume being executed electronically last year, and less than 40% of investors utilizing e-trading tools. That volume-weighted share is nearly identical to trading in U.S.-denominated corporate bonds, a market long known for its slow adoption of e-trading. Given the highly standardized nature of most IRD traded today, the lack of adoption might seem puzzling.

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