

Technology Opening Doors for Fixed-Income Dealers

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Executive Summary:



Technology has been both the cause and effect of massive change across the capital markets. Whereas technology was once fighting to keep up with the demands of the business, trading desk heads today often struggle to keep up with the latest and greatest technology and determine how it can give them an edge.

It has become increasingly clear, however, that the advantages of new technology far outweigh the complexity inherent in deciding the best path forward. Whereas the largest dealers in the world have billions of dollars in technology budget and balance sheet to ensure they're on the cutting edge, the middle market has seen its fortunes improve via off-the-shelf technology that allows them to compete for the same clients and the same trades as the biggest dealers in the world.

This research examines the impact that technology has had on the market share of middle-market dealers, which specific technologies are making an impact on the fixed-income market and how the competitive landscape will shape up in the coming years.

Methodology:

This paper is based on data gathered during the annual Greenwich Associates North American Equity Investors, Fixed-Income Investors and Global Foreign Exchange Investors Studies. Interviews were conducted with 1,114 institutional investors trading fixed income, foreign exchange and equities in 2017, 1,214 in 2015 and 1,276 in 2013. Respondents were asked to provide dealer allocations, their usage of electronic trading channels, as well as other critical service evaluations about their executing dealers.

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