The democratisation of fixed income: how innovation is changing the market

By Perpetual Corporate Trust

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A market ripe for disruption

Until recently, the Fixed Income market has not reaped the rewards of significant advancements in technological infrastructure.

Traditionally, wealth managers, financial advisers, and dealer groups have faced significant barriers when accessing OTC Fixed Income products due to limited transparency, fragmented research, and operational inefficiencies. These challenges have restricted their ability to optimise client portfolios and provide informed investment recommendations.

For those advisors who do invest in Fixed Income markets, many still spend an overwhelming amount of time on manual, analogue processes – sifting through data, pricing bonds, and executing trades with outdated tools.

This lack of automation not only slows decision-making but also diverts focus from client engagement and strategic investment planning.

By comparison, the equities market has seen significant technological innovation – resulting in huge opportunities for investors. Advanced trading tools, including conditional orders and stock screeners, streamline operations and improve market responsiveness. Real-time analytics provide instant market insights, helping advisors make informed decisions and maintain client engagement. These innovations enable scalable, cost-effective, and personalised equity trading services in an ever-evolving financial landscape.

For the first time in the Fixed Income market's history, new technology is set to disrupt the Australian industry. Fixed Income Intelligence – Perpetual Corporate Trust's (PCT) new end-to-end SaaS solution addresses the challenges of OTC Fixed Income investments and makes the asset class available – in relevant parcel sizes – to private wealth advisors.

New frontiers: How technological innovation drives growth

The banking and financial services sector is at its core complex and esoteric. Successful innovation in this space often comes from within.

For over 135 years, the Perpetual Group has been a trusted partner to the banking and finance sector. PCT, as part of the Group, has been a cornerstone for the Australian financial services industry. As the industry has changed – so too has PCT evolved to cater for new challenges facing the industry.

In 2024 PCT was named one of Australia's most innovative companies by the Australian Financial Review, primarily for its work in digitising structured finance. This program of work

was led by PCT's innovation arm – Perpetual Digital.

Technology case study: proven industry success

Over 30 years ago Structured Finance was introduced as a trusted form of funding in the Australian market. Today Structured Finance represents over $160 billion of funding, with PCT playing a critical role as infrastructure supporting substantial transaction volumes.

The innovative technology solutions developed by Perpetual Digital, for Structured Finance, grew from the initial development of regulatory reporting technology to support one bank to meet regulatory obligations. Through continued investment, and consulting with the industry on their key challenges, PCT, through Perpetual Digital, now offers a cloud-based SaaS suite, Perpetual Intelligence.

Perpetual Intelligence now seamlessly integrates into structured finance funding processes, potentially connecting over 150 Australian issuers with 600 global and domestic Fixed Income institutional investors, along with numerous law firms, rating agencies, and intermediary banks, thus creating a dynamic and cyber-secure ecosystem.

Revolutionising Fixed Income

PCT, and Perpetual Digital, have now turned their attention to the challenges faced by the Fixed Income Market – with the aim of improving the efficiency and effectiveness of the entire ecosystem. PCT's latest innovation – Fixed Income Intelligence – is an end-to-end SaaS platform, meaning it integrates a previously fragmented investment process.

Until now in Australia, to invest in the OTC market, multiple service providers were required to carry out each individual function – one supplier for pre-trade advisory and bond selection; another for trade execution; another for settlement and another for custody and reporting. Now Fixed Income Intelligence seamlessly consolidates these processes into a single, efficient workflow.

This integration eliminates inefficiencies, reduces operational risk, and enhances transparency, making it a one-of-a-kind offering in the Australian market. Specifically the Fixed Income Intelligence solution includes the following capabilities:

Advanced research and portfolio construction

Fixed Income Intelligence has been developed in collaboration with BondAdviser. The BondAdvisor platform is integrated into the solution and provides in-depth, bottom-up domestic and global research, analysing over a million data points daily. This enables advisors to search and filter through thousands of bonds across different currencies, credit ratings, and risk factors to build risk-aligned investment portfolios instantly. Importantly, the platform allows advisors to filter and create portfolios using only liquid bonds, this ensures they create portfolios with bonds only available on the day.

The platform facilitates:

- Search, filter, and construct customised or model portfolios.
- Automated recalculations for modifications, ensuring agility.
- Seamless conversion of proposals into trade orders via integrated APIs.

Efficient trade execution and liquidity access

The execution capabilities provide direct access to over 17 price makers, ensuring competitive pricing and optimal trade execution. Fixed Income Intelligence offers:

- Automated trade execution and settlement via Austraclear and Euroclear.
- Support for small parcel trading (as low as $10k), broadening access to Fixed Income investments. Typically, traditional providers parcels are 500k+
- Built-in deal authorisation workflows and pre-trade compliance measures.

Integrated settlement, custody, and reporting

PCT, a trusted market leader with over 20 years of experience and nearly $250 billion in Funds Under Administration, ensures seamless trade settlement, custody, and reporting. Key benefits include:

- Automatic settlement and transition into custody upon trade execution.
- Full compliance with ASIC regulatory guidelines (RG 133 & RG 166) with robust governance.
- Comprehensive client-side reporting covering reconciliations, trade confirmations, coupon statements, independent valuations, and corporate action management.

For more information on Perpetual's Fixed Income Intelligence solution please contact Emily Boden at emily.boden@perpetual.com.au