



WEALTHTECH RESEARCH & ADVISORY SERVICE:  
ONLINE BROKERAGE SERIES | MAY 2023

# Returning Engagement Expands the Primary Bank Relationship Opportunity



# ABOUT PARAMETERINSIGHTS' WEALTHTECH RESEARCH & ADVISORY SERVICE

Innovation in the North American financial services market is fast approaching a point of inflection. Near-ubiquitous mobile access, multi-channel delivery, and technological evolution are rapidly altering consumer attitudes, behaviors, and expectations.

Annual subscription to ParameterInsights' WealthTech Research and Advisory Service comprises two separate reporting series. The first is a three-part series covering the evolving wealth advice category with a focus on modernization of wealth advice. The second is a three-part series covering self-directed investing via online brokerages.

**BOTH SERIES PROVIDE TIMELY AND RELEVANT ANALYSES THAT SURFACE UNMET CONSUMER NEEDS, EVALUATE CURRENT MARKET PARTICIPANTS, AND PROVIDE IN-DEPTH DISCUSSION AND IMPLICATIONS OF KEY RESULTS AIMED AT GIVING OUR SUBSCRIBERS AN EDGE.**

## ABOUT PARAMETERINSIGHTS

**PARAMETERINSIGHTS IS WHERE DATA MEETS STRATEGY:  
SIMPLY AND RELIABLY.**

We combine deep sector expertise with custom research to provide our clients with data-driven and highly consultative solutions.

# INTRO / PREFACE

THIS REPORT PRESENTS IMPORTANT CONSUMER-DRIVEN INSIGHTS FOR PLAYERS IN THE SELF-DIRECTED INVESTING SPACE IN NORTH AMERICA.

Core topics are divided into three broad themes:

- 01** How are trends in consumer engagement with self-directed investing being affected by the tumultuous macro environment and market volatility?
- 02** To what extent does the primary banking relationship impact client awareness and usage of online brokerages offered by the parent bank brand?
- 03** Have market conditions scared consumers away from alternative investments? How are understanding and engagement trending for crypto and ESG?

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# 01

## ONLINE BROKERAGE CATEGORY ENGAGEMENT STABILIZES AFTER A DIFFICULT YEAR

As the brutal Russia/Ukraine conflict unfolded and inflation hit record levels in North America, consumer engagement in self-directed investing hit a trough in 2022. Brokerage executives will be pleased to learn that engagement has since rebounded in 2023. Though the pandemic has largely fallen from public consciousness, consumers are taking tentative steps toward greater brokerage engagement amidst continued chop in the global financial markets.

Awareness and usage of online brokerages and trading apps peaked in 2021 after several consecutive years of increasing engagement. The core pandemic years of 2020 and 2021 saw a dramatic influx of novice traders in both Canada and the US, with many trying out brokerage platforms and trading apps for the first time. Though some were effectively gambling away their stimulus funds, others were taking strides to learn about inexpensive and effective methods for investing and managing their money. All investors were subject to an abrupt about-face in 2022, however, as inflation fears hit a fever pitch and markets went into steep decline.

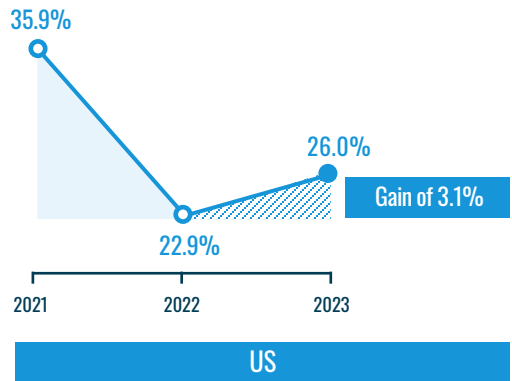
Over time, net brokerage awareness (i.e. awareness of at least one brokerage brand or trading app) has remained relatively strong. In 2023, roughly three-quarters of investing-aged consumers in North America (76.6% in the US, 73.1% in Canada) can identify at least one online brokerage brand. Trends show that net awareness for the brokerage category as a whole is approaching pre-pandemic levels.

At the brand level, there was good news in the US where many of the top-awareness brands bounced back in 2023 after large dips in awareness in 2022.....Subscribe to learn more....

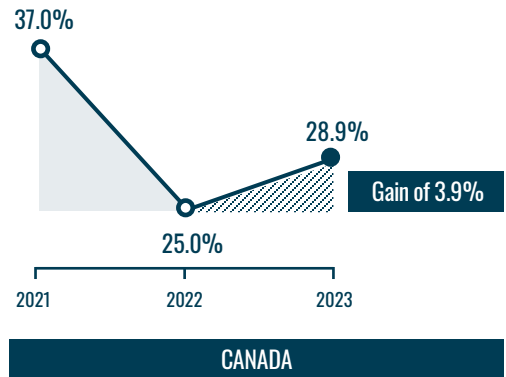
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**AFTER YEARS OF RISING ENGAGEMENT PEAKING IN 2021, USAGE OF ONLINE BROKERAGES AND TRADING APPS DECLINED SUBSTANTIALLY IN 2022 BUT HAS SINCE REBOUNDED IN BOTH THE US AND CANADA.**

Net Usage of Online Brokerages



Net Usage of Online Brokerages



# METHODOLOGY – CONSUMER SURVEY

## OUR WEALTHTECH: ONLINE BROKERAGE SERIES CONSUMER SURVEY COVERS THE FOLLOWING CONTENT AREAS:

- General attitudes toward saving, investing, and wealth management
- Presence of a financial plan, method of creation, and frequency of review
- Presence of a financial advisor, advisor type, advisor services, and advisor loyalty
- Primary financial institution, types of accounts/products, overall satisfaction, and likelihood to recommend
- Choice-based conjoint (CBC) for digital and traditional wealth management options
- Aided brand awareness and usage online brokerages
- Overall satisfaction, feature-specific satisfaction, and likelihood to recommend online brokerages
- Cryptocurrency awareness and ownership
- ESG investing familiarity, engagement, satisfaction, and intent to engage
- Demographics (e.g. age, income, assets, education)

## COVERAGE EXTENDS TO A SPECIFIC SET OF COMPETITIVE ONLINE BROKERAGE BRANDS IN EACH MARKET:

 US

- All of Us Financial
- Ally Invest Self-Directed Trading
- Axos Invest Self-Directed Trading
- Charles Schwab Brokerage Accounts
- Citi Self Invest
- Dough
- E\*TRADE
- eOption
- eToro
- Fidelity Brokerage Account
- Firsttrade Securities
- Folio Investing
- Interactive Brokers
- J.P. Morgan Self-Directed Investing
- Lightspeed Financial
- Bank of America Merrill Edge Self-Directed Investing
- myTradeNow by Bank of the West
- PNC Investments Brokerage Accounts
- Public.com
- Robinhood Markets
- SogoTrade
- tastytrade
- TD Ameritrade
- TradeStation
- Tradier
- TradingBlock
- US Bank Self-Directed Brokerage Accounts
- Vanguard Brokerage Accounts
- Webull
- WellsTrade by Wells Fargo
- Zacks Trade



- BMO InvestorLine
- CIBC Investor's Edge
- Desjardins Online Brokerage
- HSBC InvestDirect
- National Bank Direct Brokerage
- Qtrade Investor
- Questrade Self-Directed Investing
- RBC Direct Investing
- Scotia iTrade
- TD Direct Investing
- Virtual Brokers
- Wealthsimple Trade

Participants in our online surveys are sampled from carefully managed online panels of Canadian and American respondents. Though online surveying precludes reaching respondents with no Internet access, official data for Canada and US indicate that Internet penetration is over 85% in both countries.

For the purposes of our WealthTech research, we screen respondents on three key criteria. First, respondents must be between the ages of 18 and 79 years old. Second, respondents must have either sole or shared responsibility for their household financial decisions. Third, respondents must not be competitively employed (e.g. they cannot work for a market research department or company).

To ensure a high level of final data quality for reporting, and before running any final tabulations or advanced analytics, we analyze response patterns to identify and remove respondents exhibiting poor response behaviors (e.g. speeding and straight-lining). To ensure good sample balance and overall representativeness, during data collection we set quotas for age group, gender, and geographic region. We then weight the final clean sample (n = 2,400 per country) to align with the respective population distributions within each country. The margin of error for percentages on a probability sample of 2,000 is +/- 2.2%. The 2021 data also includes a boost sample to ensure a readable base (n = 400) of consumers within each country who have \$500K or more in investable assets.

# SUPPLEMENTARY MATERIAL

WealthTech Research & Advisory Service: Online Brokerage Series is published by ParameterInsights.

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