



WEALTHTECH RESEARCH & ADVISORY SERVICE: ONLINE BROKERAGE SERIES

ALL THINGS MUST COME DOWN... SOMETIMES WITH A THUD

AUGUST 2022 EDITION



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 extreme 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 like crypto and ESG? How are understanding and engagement trending for crypto and ESG?

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RESEARCH CONTEXT

As an industry, online investing is in a transitional period. Reliable measurement of category familiarity, brand awareness, and brand engagement presents a unique set of challenges in the context of a changing market. Compared to relatively stable markets, transitional markets move quickly through multiple periods of change.

Self-directed investing is a rapidly changing space. Market access, digitally led investing products, and high-quality support services have never been more available to consumers. As incumbents and upstarts alike clamor for increased engagement and assets from an ever-widening consumer market, the importance of using data to help make better strategic choices is paramount. Executives must take heed of trends and developing opportunities to capture more wallet share by delighting consumers from across the wealth spectrum.

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

CANADA:

BMO InvestorLine	National Bank Direct Brokerage	Scotia iTrade
CIBC Investor's Edge	Qtrade Investor	TD Direct Investing
Desjardins Online Brokerage	Questrade Self-Directed Investing	Virtual Brokers
HSBC InvestDirect	RBC Direct Investing	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 $\pm 2.2\%$. 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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