

Investors switch between spread betting providers

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Spread betters have little brand loyalty and often have more than one account, according to a new report.

There are currently 83,000 people in the UK with a spread betting account, according to the report from research organisation Investment Trends. A further 18,000 trade contracts for difference (CFDs).

But the number of accounts is much higher, as traders are likely to hold more than two accounts with different spread betting firms.

"Active spread betters will not hesitate to change providers if they experience problems or find a superior offer," said the report.

This means that the "churn" in the industry – how much investors switch between products – is quite high, with three in 10 active spread betters switching their provider in 2008.

Most of the investors questioned said they used spread betting accounts as they allow shorting techniques – betting that an index or stock will go down in value - along with access to a wider range of markets.

Trading on indices such as the FTSE 100 was popular with spread betters, with 76 per cent taking bets on indices, while 61 per cent said they bet on currency moves.

The largest spread betting provider in the UK is IG Index, with 30 per cent of market share. CMC Markets has 9 per cent market share, followed by City Index and Capital Spreads with 8 and 6 per cent respectively, the report stated.

The report was commissioned by major spread betting providers including IG Index. It surveyed almost 9,000 investors.

Investment Trends, which is based in Sydney, said that its report, entitled "2009 UK Spread Betting and CFD Report" was the first comprehensive study of spread betting and CFD markets in the UK.

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