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## Breaking News Business

### Fund distrust drives trader numbers up

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A deepening distrust toward funds managers in the aftermath of the global financial crisis (GFC) helped drive an 8.3 per cent rise in the number of online share traders to a record 650,000.

The number of Australians trading shares online in the 12 months to May who also intend to continue trading shares online increased by 50,000, according to researcher Investment Trends.

The researcher conducted an online survey of 7,000 investors in May.

Investment Trends senior analyst Pawel Rokicki said the jump in trader numbers was driven partially by weaker sentiment that showed in diminishing trust toward funds managers.

"Since the onset of the GFC, people no longer trust fund managers and many have decided to invest directly," Mr Rokicki told AAP.

"This is a consistent finding that started in 2008. The levels of distrust are still high."

Of the active superannuation investors, 64 per cent of self-managed super fund investors expressed distrust towards fund managers compared with 53 per cent of industry fund members and 45 per cent of retail fund members, Mr Rokicki said.

The level of distrust subsided slightly in the year to June 2010, he said.

Broking units of the big four banks hold an estimated 84 per cent of the online trading market, although the numbers are soft given that a quarter of online traders have multiple accounts.

CommSec remains the biggest online share broker, increasing its market share by two percentage points to 51 per cent by May 2010 based on traders nominating the firm as their main broker.

ANZ Banking Group's E\*TRADE had 17 per cent, followed by Westpac Online with 10 per cent and National Australia Bank's Online Trading with six per cent.

Low brokerage costs and ease of using the trading platform were the most important factors in traders' decisions on selecting a broker.

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