

Online share trading slips

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The online share trading market shrunk by more than 6 per cent in the past six months, even though it gained 27,000 new clients.

About 40,000 investors closed accounts or did not trade at all last year, and the total market now comprises about 610,000 users, according to a survey of more than 6000 active share traders by Investment Trends, a financial services market research company.

The report also reveals that the smaller, low-cost online brokers have eaten into the market share of the largest players.

While CommSec and E*Trade dominated the market last year, newer entrants CMC Markets and Bell Direct strengthened their positions.

CommSec still leads, with 48 per cent of online traders using it as their primary broker in December, down from 51 per cent in May.

E*Trade is second, with a steady 18 per cent.

But Bell Direct has overtaken NAB OnLine Trading to rank equal third among frequent traders (those trading at least four times a month), who use it as their primary broker.

9 per cent of new traders chose Bell Direct as their primary broker

CMC Markets attracted 7 per cent of new clients, significantly higher than their overall 3 per cent market share. "The smaller brokers are now making serious inroads into the market and are also competing strongly on customer service and client satisfaction", said Investment Trends Senior Analyst, Pawel Rokicki.

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