

CommSec sheds 16 positions

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Commonwealth Bank of Australia has axed 16 jobs across its online trading arm, CommSec, but at the same time has revealed plans to add 29 positions in the group's equities margin lending unit.

The changes follow a review of the CommSec business, which is Australia's biggest online trading platform.

Six redundancies were announced on Wednesday, which follows 10 redundancies that have been progressively made since July 5.

Five of the affected staff have already been offered alternative positions at CBA.

It is understood the bank is looking at redeployment options for the other affected employees.

"The organisational changes relate to a realignment of some of our business areas to ensure that CommSec continues to grow its business and meet customer requirements," CBA spokesman Bryan Fitzgerald told *Financial Review DealBook*.

CommSec dominates Australia's online trading landscape, with a market share of 48 per cent, according to an analysis by industry consultant Investment Trends. It is followed by Australia and New Zealand Banking Group's E*Trade with around 18 per cent of the market, Westpac Online Investing, which is used by about 8 per cent of traders, and National Australia Bank Online Trading, which has a 7 per cent share.

Outside of the major banks, Bell Direct is the biggest player, counting 5 per cent of traders as customers, while CMC Markets has about 3 per cent of the market.

While a greater proportion of investors are choosing to trade shares online rather than through a stockbroker, the number of regular traders has fallen away as result of the continuing uncertainty on global markets.

In a recent report, Investment Trends said the number of active online traders had fallen by about 40,000 to 610,000 since mid 2010.

As a result, online brokers have been slashing fees this year in a bid to attract customers. The average brokerage charge for trades of between \$1000 and \$10,000 fell by 12 per cent to about \$22 over the past year, a recent analysis by Canstar Cannex found.

For trades between \$10,000 and \$25,000, the average cost per trade fell 9 per cent to around \$28.

At the larger end, trades between \$25,000 and \$50,000 and those between \$50,000 and \$100,000 have been lowered by 10 per cent and 14 per cent respectively, Canstar Cannex said.

At its half-year results in February, CBA said earnings from brokerage fees at CommSec had been lower.

The bank will announce full year results on August 10.

CommSec is a unit of CBA business and private banking division, which is run by Ian Narev.

In a surprise decision, CBA announced last week that Mr Narev would become the bank's next chief executive when current boss Ralph Norris retires in December.

The bank is yet to announce a new head for the business and private banking division, which contributed about \$1 billion to the CBA's after-tax profit last financial year.

The Australian Financial Review

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