



Cogent Research Study: Online Brokerage Providers Face Challenges In Attracting Active Traders

Cambridge, Mass., (January 12, 2012) – Nearly a third of Active Traders, investors who make three or more trades on a monthly basis via a self-service online trading platform, indicate they are likely to open a new online trading account in the next six months. While this group of investors recognizes 19 online brokerage providers, only six firms have a solid opportunity to gather new accounts. These and other findings are included in the new [*Active Trader 2012: Profiling the Affluent Active Trader™*](#) report which was released last week by [Cogent Research](#). The report is based on a nationally representative study of nearly 700 affluent Active Traders who on average make 10 trades per month and manage an investment portfolio of \$830,000.

While brokerage provider consideration criteria varies by trader segment, firms that can clearly demonstrate and support perceptions of a “superior trading platform” are most likely to attract Active Traders. “Traders are very savvy and are seeking relationships with firms that can offer best-in-class trading technology, tools and support,” said Meredith Lloyd Rice, Sr. Project Director and report co-author. While firms like E*TRADE, Charles Schwab, Fidelity Investments, and TD Ameritrade are most likely to be associated with this attribute, smaller providers like FXCM, Cobra Trading and Interactive Brokers are also likely to be identified which highlights the fact that no one firm truly owns this brand trait.

In addition to differentiating on “superior trading platform,” firms must also communicate key advantages in research/analytic tools and pricing structure. Emphasizing key strengths in these areas is important to both prospective and current clients, especially given that nearly one-third of Active Traders did not place their existing provider in their future account provider consideration set.

“There is a huge opportunity for firms that can clearly communicate their key points of platform differentiation and superiority relative to competitors – however, many firms are missing the

mark in reinforcing their status as a leading edge trading solutions provider among existing clients,” said Antonio Ferreira, Managing Director, and report co-author.

Combined, these insights indicate that firms serving the Active Trader community must continually innovate and communicate core competencies to attract and retain this elite group of investors.

About Cogent Research

[Cogent Research](#) helps clients gain clarity, obtain perspective, and formulate direction on critical business issues. Founded in 1996, Cogent provides custom research, syndicated research products, and evidence-based consulting to leading organizations in the financial services, life sciences, and consumer goods industries. Through quality research, advanced analytics, and deep industry knowledge, Cogent Research delivers data-driven solutions and strategies that enable clients to better understand customers, define products, and shape market opportunities in order to increase revenues and grow the value of their products and brands.

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