



Investment Themes & Strategy

Price is the key incentive for online brokerage customers to switch firms

20/12/2018



Summary

Despite extremely high satisfaction rates among online brokerage customers, nearly one-third would change firms to get a lower price per trade and even more would switch to trade ETFs for free.

Grassroots[®] Research interviews with about 500 online brokerage customers in the US revealed that 91% are satisfied with their primary online brokerage.

Sources said the top three criteria for selecting an online brokerage are ease of use, price per online trade and account maintenance fees. Looking ahead, 32% are planning to switch online brokerages in the next six months, while 58% are unlikely to switch. Sources' primary reason for planning to switch is lower price per online trade, followed by improved ease of use.

Meanwhile, 82% of sources would be at least somewhat likely to switch online brokerages if they could trade ETFs for free, 34% would be very likely to switch to save USD 1–USD 3 per trade, 44% would do so to save USD 4–USD 9, and 65% would do so to save USD 10 or more.

Regarding the number of transactions per month on average with their primary online broker, 45% of sources make six to 20, while 40% make five or fewer, and 15% make 21 or more. In the next 12 months, 48% expect their number of transactions per month to remain the same, while 49% expect to increase their number of transactions.



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Investment Themes & Strategy



Tackle inequality by transforming the tax system

Karl Happe | 08/01/2019



Summary

There is no easy solution to the problem of rising economic inequality, but we may be able to address it with a more enlightened tax system – one that maintains incentives for work and investment while improving economic efficiency.

Key takeaways

- Making tax systems more progressive could create positive incentives for work, which could help reduce the wealth and income gap
- Fairer tax systems could combat rising inequality by incentivising companies to invest more in their businesses – including in their employees – rather than encouraging automation
- To help boost productivity and investment, we could reform the tax code to reward companies for generating operating earnings – not for financially engineering their results
- A more equitable tax system could help the wealthy – not just low- and middle-income earners – by potentially reducing political turmoil and increasing economic growth

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