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FOR IMMEDIATE RELEASE

**Retail cash equities participation dips for the second consecutive year, coinciding with US online investors' dormancy surge**

- **Positively, over half of active online investors have seen their investments perform better than the year prior**
- **New-to-market online investor demographics continues to rapidly evolve, where this year's cohort is on average still amongst the youngest**
- **Greater need for guidance – including from human advisors – could motivate more consumers to start investing**

**9th October 2023, London** – Leading research firm Investment Trends released its latest **2023 US Online Investing Report**.

The 14th edition of the US Online Investing Report is the most extensive study of retail online investors in the US. Examining the complete spectrum of DIY investing activity from long-term investors (buy & hold) to those trading a few times a year, on to frequent traders, this year's edition highlights:

In the last 12 months, 11.4 million American adults placed online trades on stocks/ETFs (down from 13.3 million in 2022 and 13.9 million in 2021). The steeper decline in online investor numbers this year is consistent with softer client inflows and surging dormancy rates. When analyzing global online investing market dynamics, it's noteworthy that, in the past year, 30% of online investors in the US stopped trading. In contrast, some other regions exhibited a more significant trend on average, where they experienced as much as a 40% decline in investor activity in 2023.

“The US online investor market is the largest in scale observed by Investment Trends. For two consecutive years, this market has witnessed a rise in investors suspending their trading activities, accompanied by a slowdown in the influx of new investors entering the market,” commented Lorenzo Vignati, Associate Research Director at Investment Trends.

In a positive turn, when asking active online investors how the performance of their investments in the last 12 months compared to the previous 12 month period, over half (51%) communicated that they have seen better outcomes in 2023. However, online investors remain bullish on the S&P500 over the next year (63% expect to rise vs 28% expect to fall).

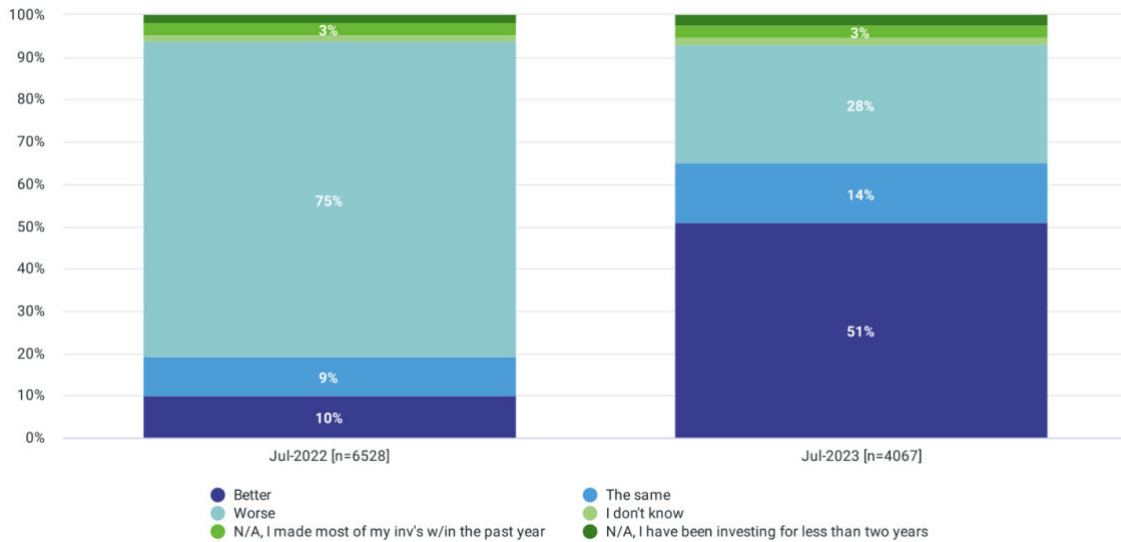
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Q3 How does the performance of your investments in the past 12 months compare to the previous 12-month period, from 12 to 24 months ago? Among online investors



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Turning to growth areas in the US online investor market, this year's new entrants continue to show notable shifts. During the pandemic, this market expanded with an influx of younger investors. In the present cohort, while still predominantly younger, they stand out as significantly wealthier than any group seen during the pandemic.

“The research revealed a key driver in what prompted new entrants to start investing was due to the need to manage their retirement savings – and with this, the desire to learn a new skill was also a motivation to starting their online investing journey,” said Vignati. “This sends a clear signal to platforms in this space to continue supporting *all* their customers with the tools, information and education to ensure they remain as active investors.”

Looking to how active investors prefer to receive guidance on making investment decisions, one in two investors seek interactions from a human financial advisor – and are increasingly open to paying for this support. There has been an uptick in online investors' use of financial advisors (28% use, up from 25% in 2022).

“While the demand for financial advice among online investors is on the rise, the current landscape reveals that more than 80% still have unmet advice needs of some description. This underscores a need for support across all investor segments – with both human and digital sources having a role to play. Once more, this presents an opportunity for platforms to create a distinctive proposition with tailored content that caters to the entire investor base,” concluded Vignati.



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### Notes to the editor

#### **About the report:**

The fourteenth edition of the US Online Investing Report is based on a quantitative online survey of 8,088 online investors conducted by *Investment Trends* between June and July 2023.

#### **About Investment Trends:**

Investment Trends is the leading researcher in the wealth management and online investing industry globally. We combine our analytical rigor and strategic thinking with the most advanced research and statistical techniques to help our clients gain a competitive advantage. We have over 20 years of experience in researching retail wealth management and global broking markets from which we provide new insights and decision-making support to over 130 leading financial service businesses globally. Investment Trends' clients include global banking organizations, financial advice providers, fund managers, super funds, investment platform providers, all major online brokers and CFD providers as well as industry regulators and industry associations.