

Do-it-Yourself Investment Industry in Canada at Inflection Point as Commission-Free Trading Becomes Reality, J.D. Power FindsCommission-Free Trading Links to Increased Satisfaction

TORONTO: 26 May 2022 — The introduction of commission-free trading by National Bank Direct Brokerage and Desjardins is pushing the self-directed investment industry in Canada to an inflection point, according to the J.D. Power 2022 Canada Self-Directed Investor Satisfaction Study,SM released today. Among the Big 5 banks, customer satisfaction decreases across all factors, resulting in a decrease in overall satisfaction to 584 (on a 1,000-point scale) from 598 a year ago. Conversely, the two aforementioned financial institutions combined have experienced a lift in customer satisfaction across almost all metrics.

According to the study, value for fees paid is the factor that shows the greatest increase (+69 points) among firms that have become commission-free, and it also is the factor with the sharpest decline (-18 points) at the Big 5 banks, which continue to charge trading fees.

“Trading fees are something very visible and relatively easy to understand and compare across platforms,” said **Michael Foy, senior director and head of wealth intelligence at J.D. Power**. “Until the industry aligns, we expect trading commissions—or the lack thereof—to be a driver of brand consideration and selection among do-it-yourself investors in Canada.”

This represents both a threat and an opportunity in an industry with a large number of new investors who have yet to develop loyalty to their brand. Among clients who have been with their investment firm for fewer than three years, 72% say they are open to the possibility of switching providers. More than one-third (36%) of self-directed investors who intend to switch platform providers cite high costs as the primary reason for leaving.

“When Schwab announced commission-free trading for U.S. clients in October 2019, the rest of the industry followed quickly,” Foy said. “We are not seeing that play out as rapidly in Canada, though it is hard to imagine the industry won’t get there. Once trading fees are no longer a way to stand out from competitors, it really raises the stakes on providing a superior client experience as the critical way to differentiate.”

Following are additional key findings of the 2022 study:

- **Appetite for cryptocurrencies:** More than one-third (37%) of Millennial¹ self-directed investors in Canada have invested in cryptocurrencies and 11% have investments in fractional shares. While the proportion of investments in those new financial products still lags the United States—63% of U.S. Millennial investors have invested in cryptocurrencies²—younger investors are interested in newer products not yet offered yet by many financial institutions.
- **Pandemic-era issues continue:** The strain on financial institution infrastructures caused by an influx of pandemic-era investors continues to linger, especially for new clients. According to the study, the number of new investors who have experienced a problem during the past 12 months has doubled to 28% from a pre-pandemic level of 14%.

¹ J.D. Power defines generational groups as Pre-Boomers (born before 1946); Boomers (1946-1964); Gen X (1965-1976); Gen Y (1977-1994); and Gen Z (1995-2004). Millennials (1982-1994) are a subset of Gen Y.

² J.D. Power 2022 U.S. Self-Directed Investor Satisfaction Study

- **Mobile trading on the rise:** Self-directed investors who use both their wealth management firm's website and app for trading and interaction are more satisfied and more likely to increase the amount they invest during the next year than those who don't use both channels. Mobile as the preferred trading channel continues to be on the rise among all investors, specifically Millennials and Gen Z, among whom trades via mobile app have increased 8 percentage points year over year.

Study Ranking

National Bank Direct Brokerage ranks highest among self-directed investor firms with a score of 662. **Questrade** (656) ranks second and **Desjardins** (631) ranks third.

The 2022 Canada Self-Directed Investor Satisfaction Study, now in its 14th year, evaluates key satisfaction drivers and firm performance among true do-it-yourself investors (those who do not interact with professional advisors). The study measures satisfaction in seven factors (in order of importance): trust; digital channels; ability to manage wealth how and when I want; products and services; value for fees; people; and problem resolution.

The 2022 study is based on responses from 2,099 investors who make all their investment decisions without guidance from a financial advisor. The study was fielded from November 2021 through January 2022.

For more information about the Canada Self-Directed Investor Satisfaction Study, visit <https://canada.jdpower.com/financial-services/canada-self-directed-investor-satisfaction-study>.

To view the online press release, please visit: <http://www.jdpower.com/pr-id/2022060>.

About J.D. Power

J.D. Power is a global leader in consumer insights, advisory services and data and analytics. A pioneer in the use of big data, artificial intelligence (AI) and algorithmic modelling capabilities to understand consumer behaviour, J.D. Power has been delivering incisive industry intelligence on customer interactions with brands and products for more than 50 years. The world's leading businesses across major industries rely on J.D. Power to guide their customer-facing strategies.

J.D. Power has offices in North America, Europe and Asia Pacific. To learn more about the company's business offerings, visit [JDPower.com/business](https://www.jdpower.com/business).

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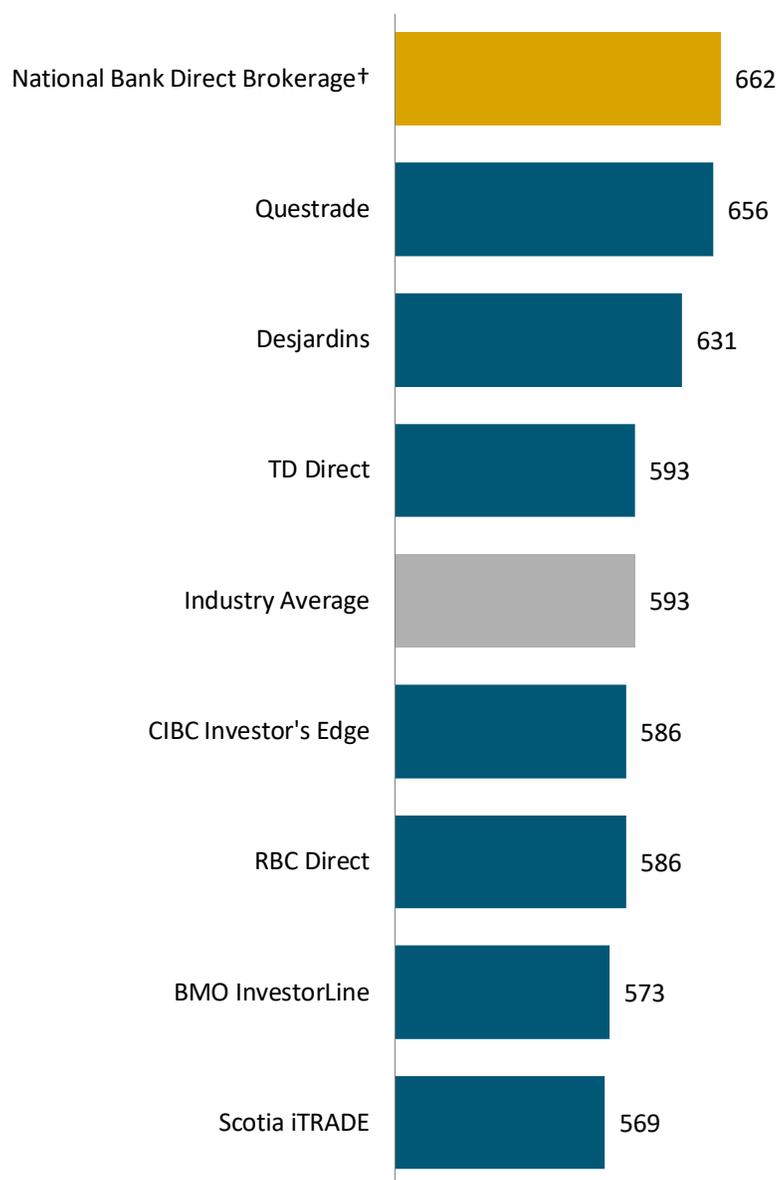
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NOTE: One chart follows.

J.D. Power 2022 Canada Self-Directed Investor Satisfaction StudySM

Overall Customer Satisfaction Index Ranking

(Based on a 1,000-point scale)



†National Bank Direct Brokerage is a division of National Bank Financial.

Source: J.D. Power 2022 Canada Self-Directed Investor Satisfaction StudySM

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