2018 EDITION

THE MODERN TRADER

Traders aren't who they used to be.
In this report, you'll learn who the 13.9 million online traders are, what the average trader looks like in 2018, and why more and more women are starting to trade online.

A report by

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Modern trading isn't a man's world anymore

In the original Modern Trader report, we challenged the common assumption that traders live luxurious city lifestyles when we uncovered that the majority of traders earn a modest household income of less than £35k per year. In 2018, the stereotype continues to fall further from reality. In the last 12 months, the average household income of online traders has dropped even lower, and our data suggests that less than 5% of modern traders actually live in a major financial city.

4.3 million people have started trading online since we conducted our last report, bringing the total number of traders to 13.9 million worldwide. Globally, there are now 2.7 million female traders, which means that 1 in 7 online traders are women - an increase from 1 in 10 just last year.

Over the past five years, we've collected data on over half a million online traders, enabling us to produce one of the most comprehensive studies on traders' demographics and behaviour. We hope you find the insights we've collected and summarised in this report interesting and informative.

If you have any questions about this report, feel free to contact us at:
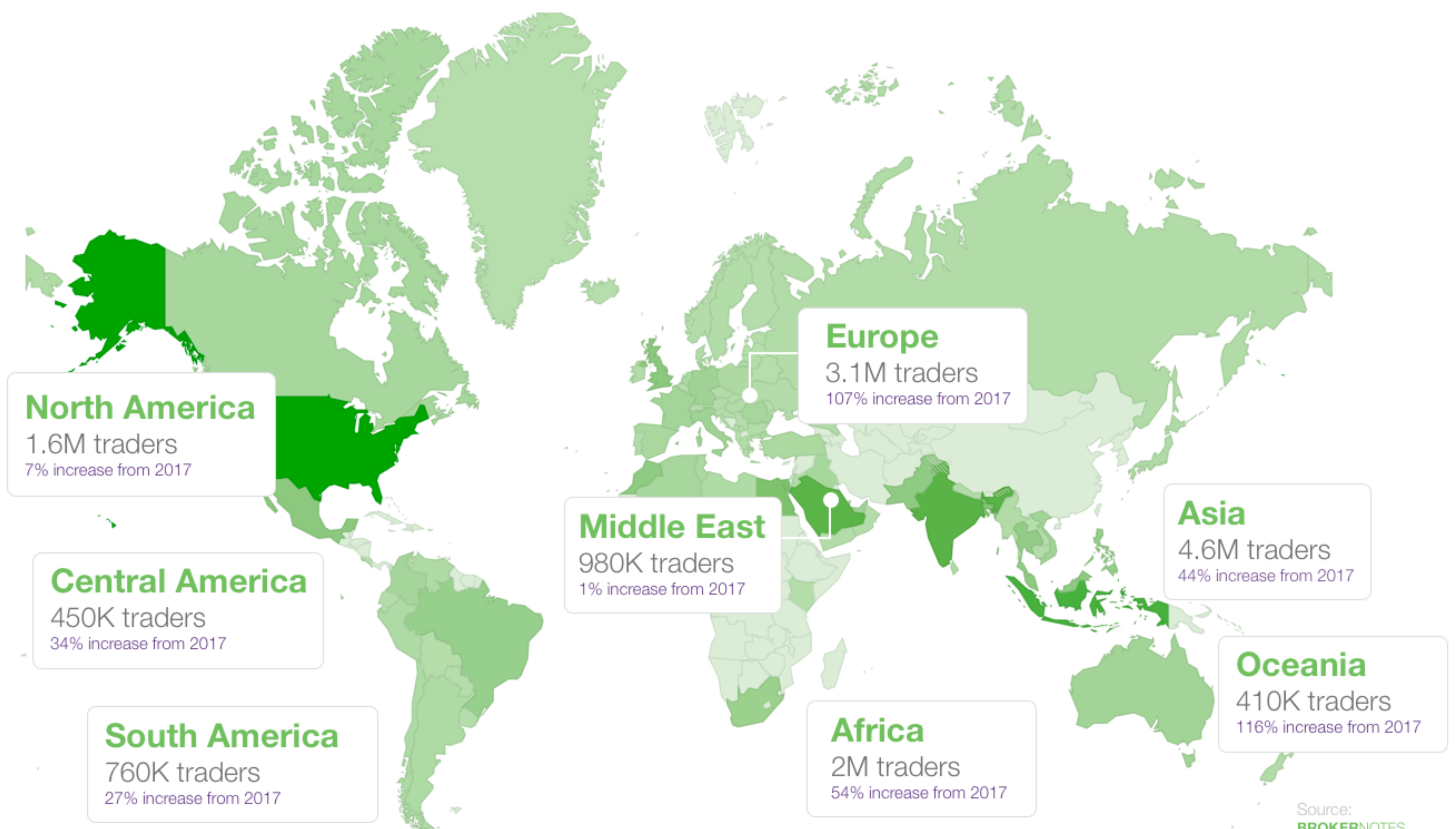info@brokernotes.co

13.9 million people are online traders

1 out of 634 people on the planet trade online - but where on Earth are they?

You'd be forgiven for assuming that the majority of traders might live near a financial centre like London, New York, or Hong Kong - but you'd be wrong.

The Internet has decentralised trading, empowering virtually anyone with an Internet connection to trade online. Today, over 95% of online traders live outside of a major financial centre, with almost half of all traders being based in Asia or Africa[1].

North America
1.6M traders
7% increase from 2017

Central America
450K traders
34% increase from 2017

South America
760K traders
27% increase from 2017

Europe
3.1M traders
107% increase from 2017

Middle East
980K traders
1% increase from 2017

Africa
2M traders
54% increase from 2017

Asia
4.6M traders
44% increase from 2017

Oceania
410K traders
116% increase from 2017

Source:
BROKERNOTES

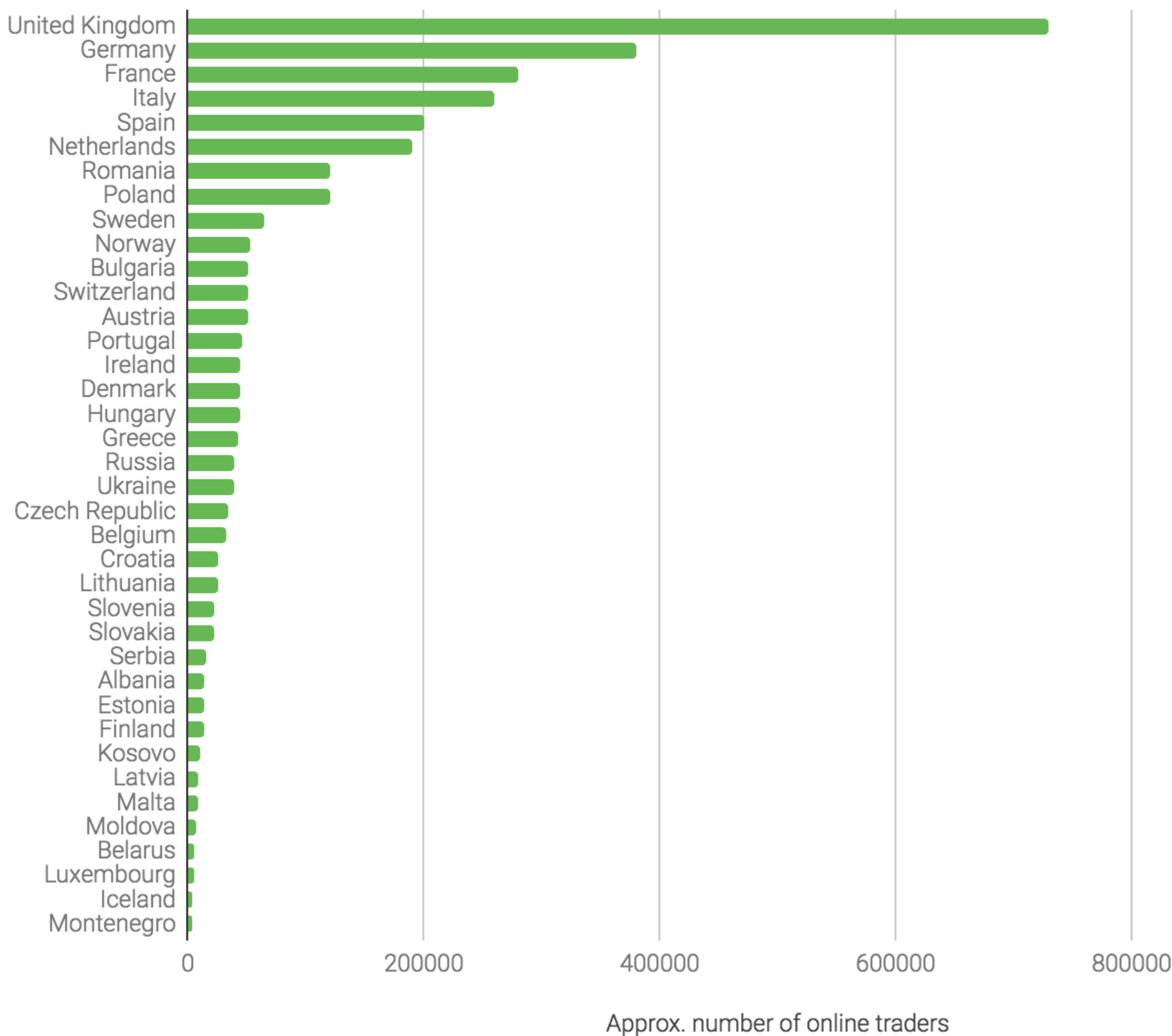1. See Appendix A for raw data on the number of online traders by continent/region

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The UK has the most online traders in Europe

With more than 730,000 online traders, the UK has almost twice as many online traders as any other European country[2]. With a population over 65 million, this means that over 1 in 100 Brits have traded online.

In the past year, the number of online traders in the UK has increased by 161%, making the UK the fifth fastest-growing European country by number of traders.

The Number of Online Traders by European Country

Approx. number of online traders

2. See Appendix B for raw data on the number of online traders by European country

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Move over London - the UK's new trading hubs

If the entire UK population huddled into London Underground tube carriages, you'd find approximately three traders on every carriage. But you'd be very unlikely to find many British traders frequenting the London Underground, as 75% of them live and work outside of London[3].

Where in the UK are the traders?

Outside of London, Greater Manchester has the highest number of traders with over 27,000 people trading online. Bristol, meanwhile, has the highest density of traders in the UK and the highest proportion of its population trading with 262 traders per square mile* and 24 out of every 1,000 people being a trader[4].

Number of traders

- More than 20k
- 10k – 20k
- 5k – 10k
- 3k – 5k
- 1k – 3k
- Less than 1k
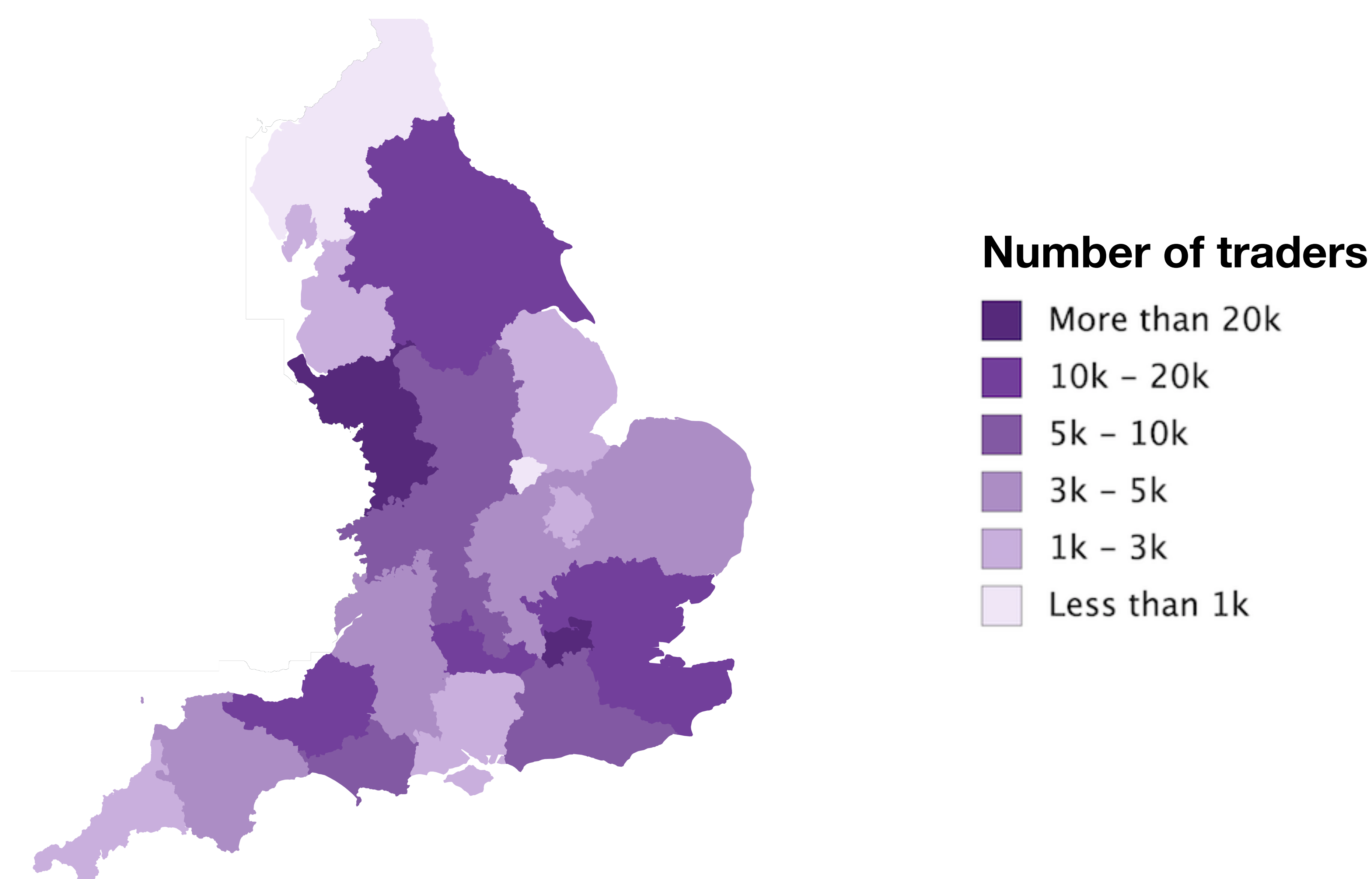
Across the pond, we see that although New York does have the highest density of traders in the US, we're recognising a similar trend with only 6% of American traders living in the financial capital.

3. See Appendix H & I for raw data on the number of online traders (absolute and per square mile) by English county
© Map created with mapchart.net

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Millennials are getting into online trading

Millennials represent over 58% of all online traders. As shown in the graph below, the percentage of traders between the ages 25 and 34 has increased year-on-year since 2014, while the percentage of traders over the age of 45 has gradually declined[4].
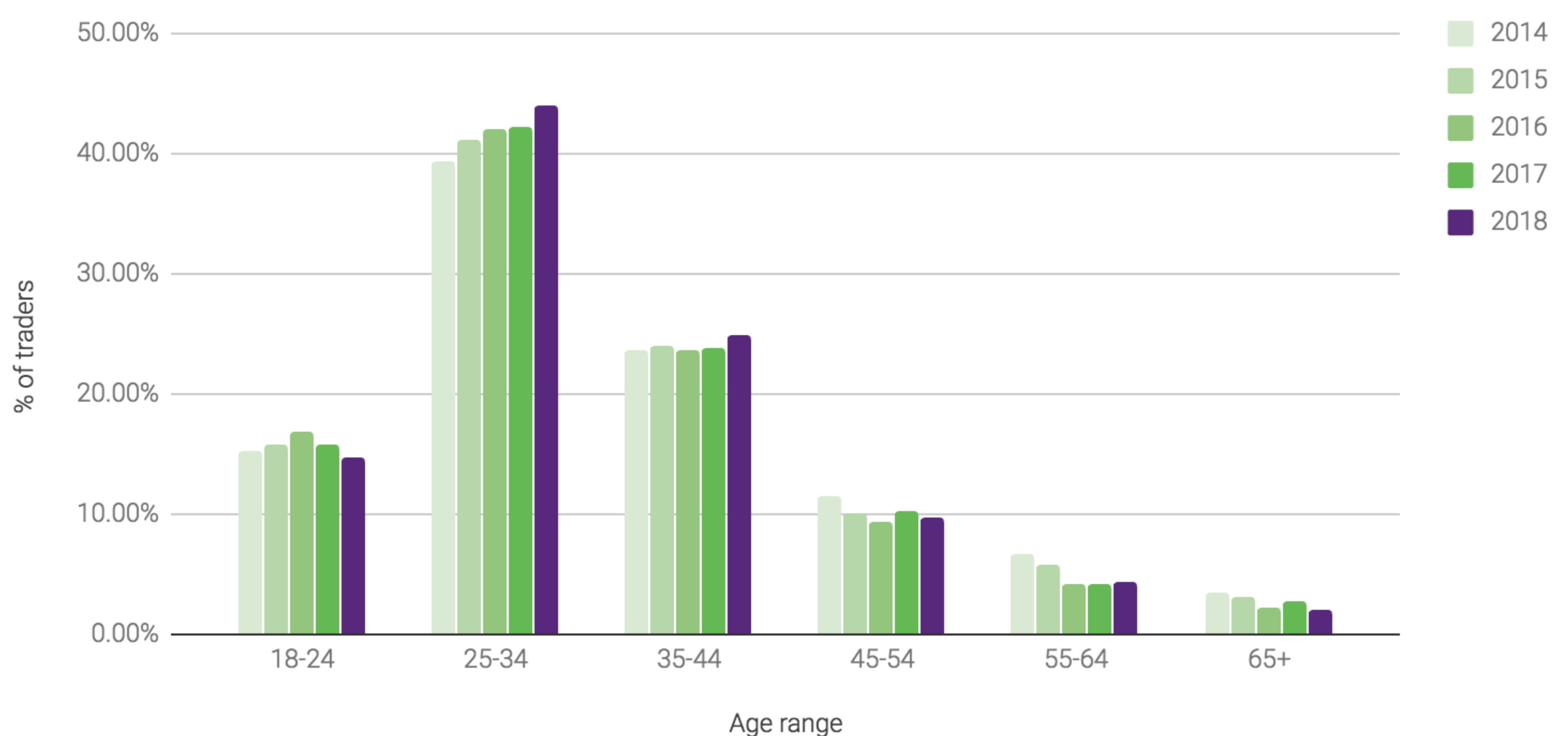
The rising popularity of online trading among millennials is likely the result of an increase in mainstream marketing of online trading to 20-30 somethings.

Other contributing factors:

• **A lower barrier to entry** - Trading used to require large amounts of specialised knowledge. Today, anyone can copy the trading activity of an experienced trader through brokers that offer social/copy trading.

• **The rise of cryptocurrency trading** - Over 75% of cryptocurrency traders are aged 18-34, suggesting that cryptocurrencies, such as Bitcoin and Ethereum, are attracting a younger demographic to online trading.

4. See Appendix C for raw data on online traders by age range

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What does the typical trader look like in 2018?

While online trading may be the new pastime of choice for millennials worldwide, there's one country that is behind the curve; the United States.

The typical American trader is in his forties, drives a Chevrolet Impala, and enjoys catching up on the latest business & economic news. In contrast, Britain's average trader is a Vauxhall Corsa driving 27-year old Mancunian, who enjoys watching football and learning about digital currencies & the latest gadgets[5].

Average UK trader:

- Male
- 27 year old
- Has a Samsung Galaxy S8
- Uses a Windows computer
- Lives in Manchester
- Interests include football, digital currencies & technology
- Travels economy class
- Drives a basic low-end hatchback (e.g. Vauxhall Corsa)
- Trades cryptocurrencies

Average US trader:

- Male
- 47 year old
- Has an Apple iPhone 6
- Uses a Windows computer
- Lives in New York
- Interests include business & economic news, politics & DIY
- Travels business class
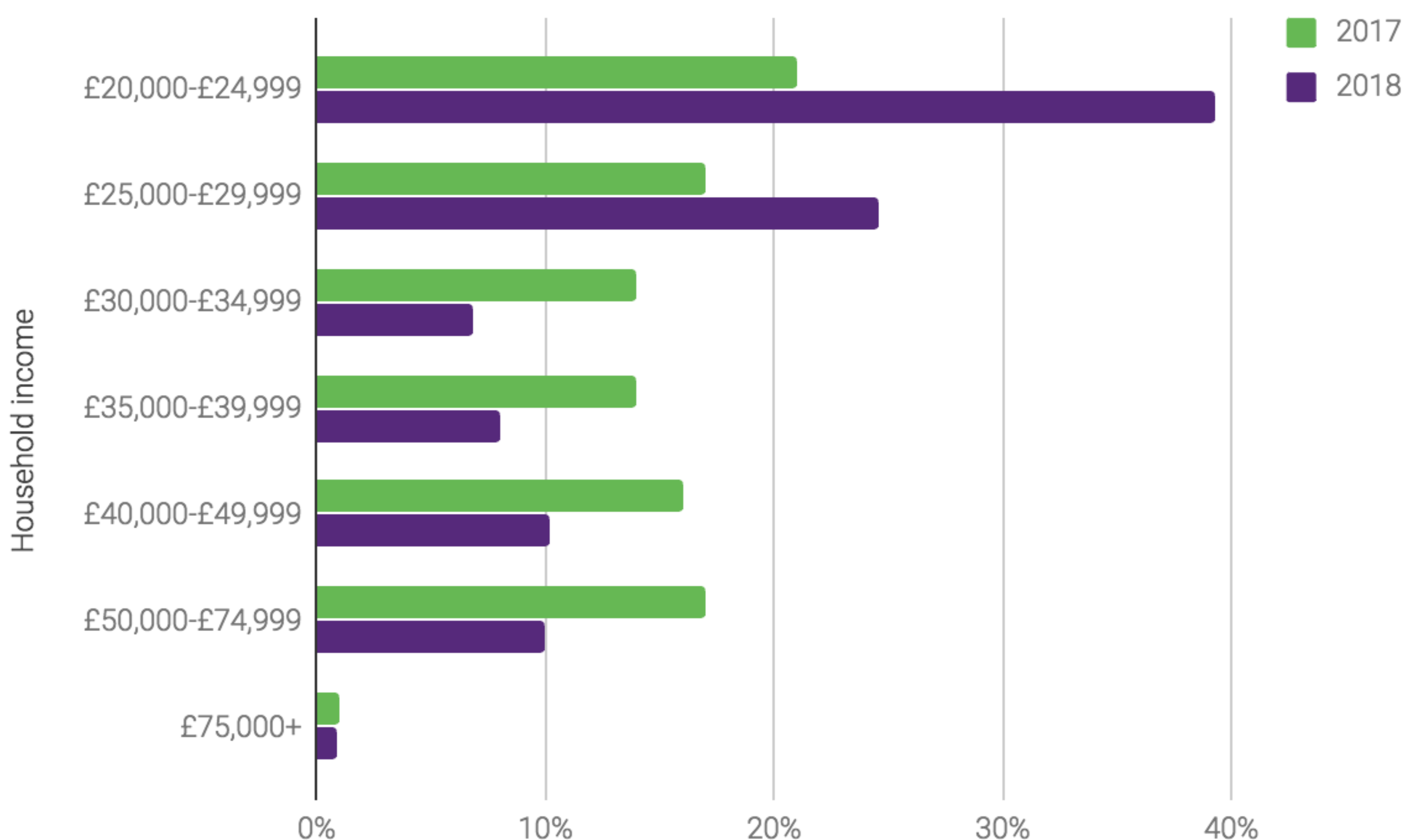- Drives a full-size sedan (e.g. Chevrolet Impala)
- Trades forex & stocks

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The average British trader earns £35,742 PA

Traders come in all shapes and sizes, and their incomes are no different. We found that, despite their association with high incomes, most online traders earn a modest household income - averaging £35,742 per year. This is £2,957 lower than the average household income of a British trader in 2017, which is likely the result of a shift towards younger traders starting to trade online.

Less than 1% of online traders in the UK have an income above £75,000, while more than 39% fall within our lowest identified income bracket of £20,000 - £24,999[7].

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Women are breaking into online trading

19% of the world's online traders are female. While this trend is largely being driven by an increase in the popularity of online trading among women in Asia, the trend can be seen globally on a smaller scale.

In the UK, 12.5% of traders are female (an increase from 10% in 2017). But some English counties seem to have a higher percentage of female traders than others. Herefordshire has the highest percentage of female traders with 21.82% of its traders being female. Tyne and Wear, on the other hand, has the lowest percentage of female traders with only 6% of traders being female[9].
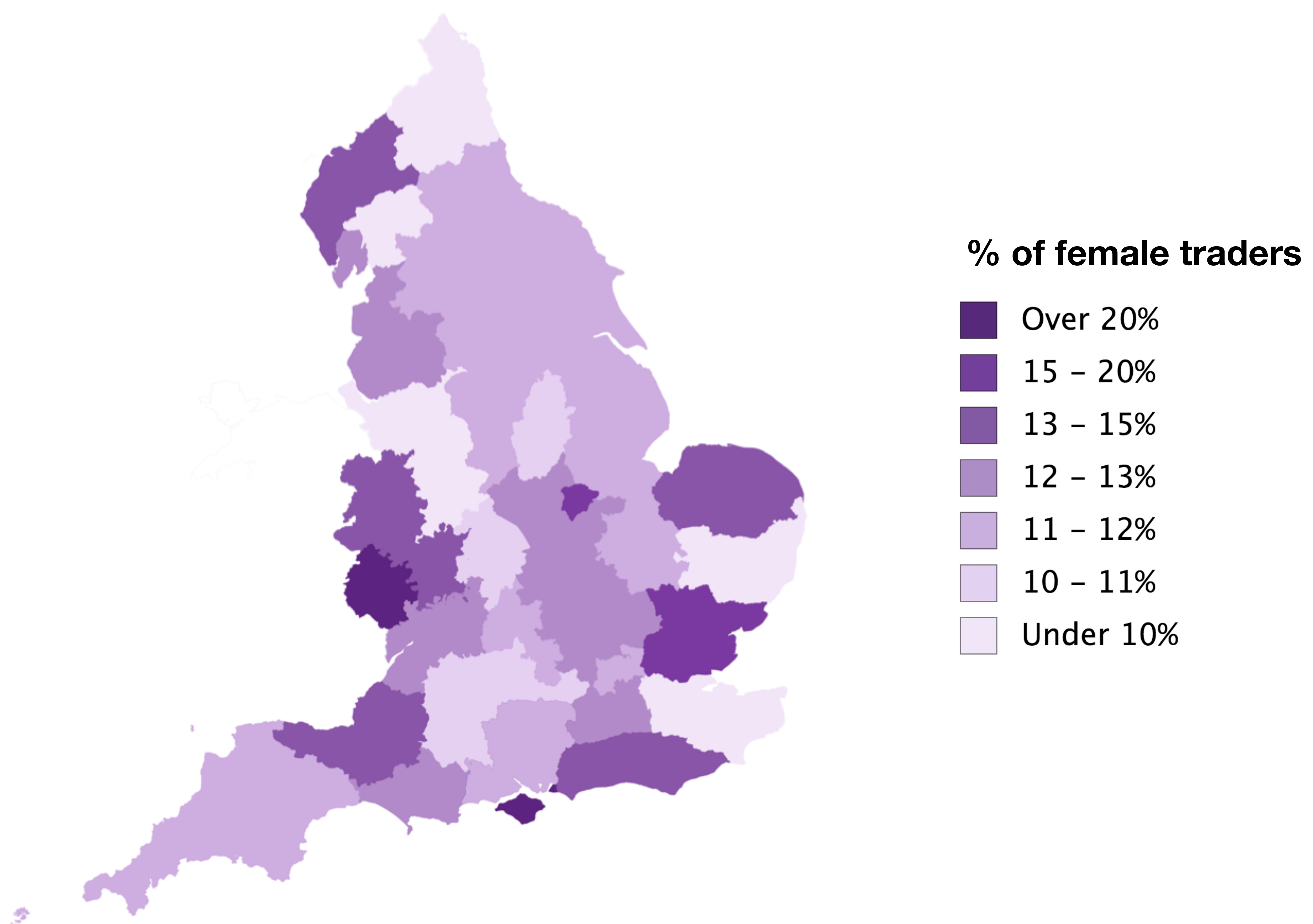
% of female traders

- Over 20%
- 15 – 20%
- 13 – 15%
- 12 – 13%
- 11 – 12%
- 10 – 11%
- Under 10%

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Less is more: Do women make better traders?

We asked 13,613 traders to specify how much money they deposit when opening a trading brokerage account. Over 50% of female respondents said that they deposit less than $500, compared to 42% of males[9].

The average deposit of a female trader is $1,821, which is $424 less than male traders. This is particularly surprising as the average household income of a female trader is more than $5,000 higher than that of a male trader.

How much money do males & females typically deposit?
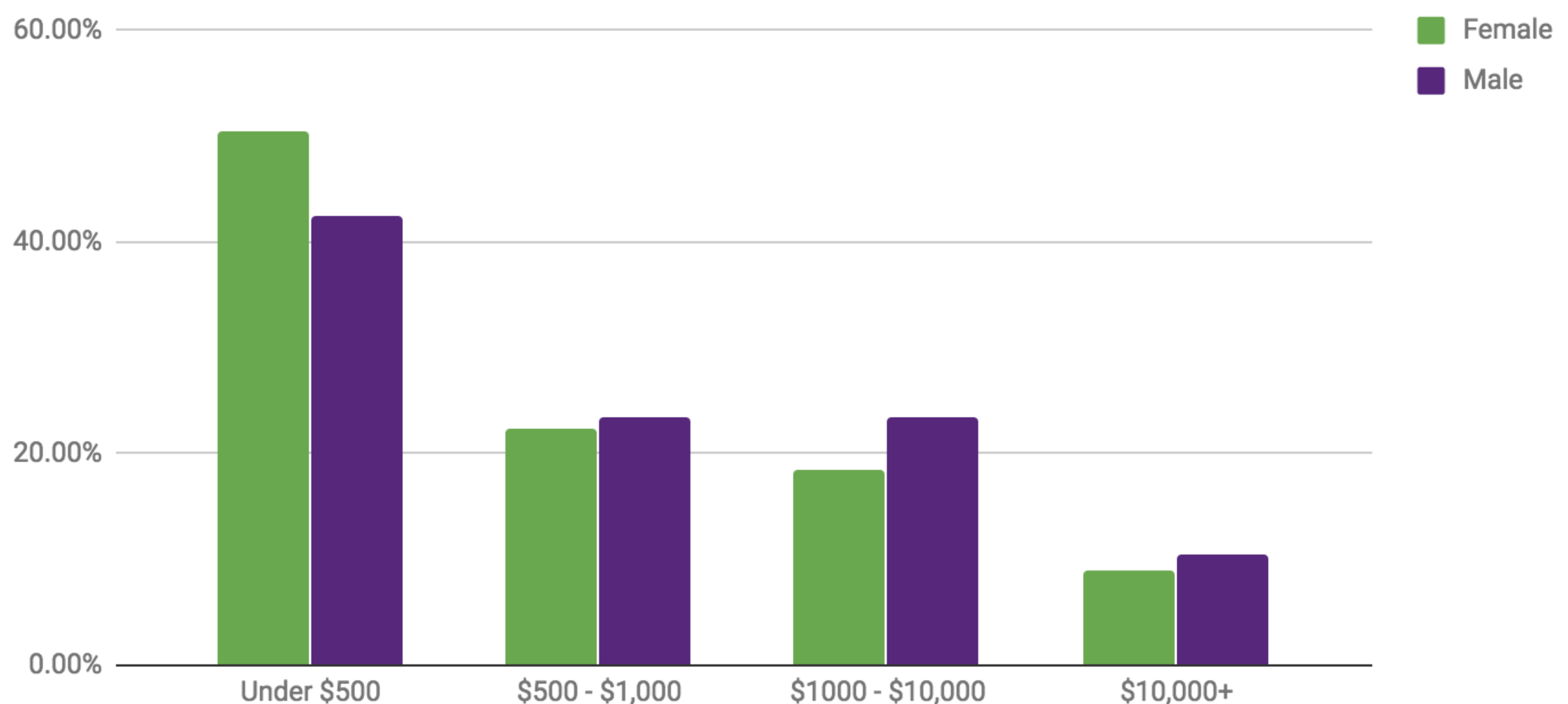
Despite smaller deposits, are women better at trading than men?
Numerous studies[10] have found that males trade more frequently than females, and that this hyperactive trading led to a 2.65% reduction in net returns per year, compared to 1.76% for women.

9. See appendix F for raw data on the typical deposit size by gender
10a. Fidelity, https://www.fidelity.com/about-fidelity/individual-investing/better-investor-men-or-women
10b. Barber, B. and Odean, T. (2011). The Behavior of Individual Investors. SSRN Electronic Journal: http://faculty.haas.berkeley.edu/odean/papers%20current%20versions/behavior%20of%20individual%20investors.pdf

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Forget diamonds, crypto is a girl's best friend

What's driving more and more women to trade online?

One hypothesis is that it might be linked to the rise of cryptocurrencies, and our data appears to support this theory. In the past twelve months, the percentage of women traders who preferred cryptocurrencies as an instrument to trade has increased from 41% to 59%[11].

What do females trade in 2018?

Forex 22.0%

Stocks 10.4%

Indicies 4.2%

Commodities 4.4%

Cryptocurrencies 59.1%

What do females trade in 2017?

Forex 25.8%

Cryptocurrencies 41.3%

Stocks 14.8%

Indicies 8.4%

Commodities 9.6%
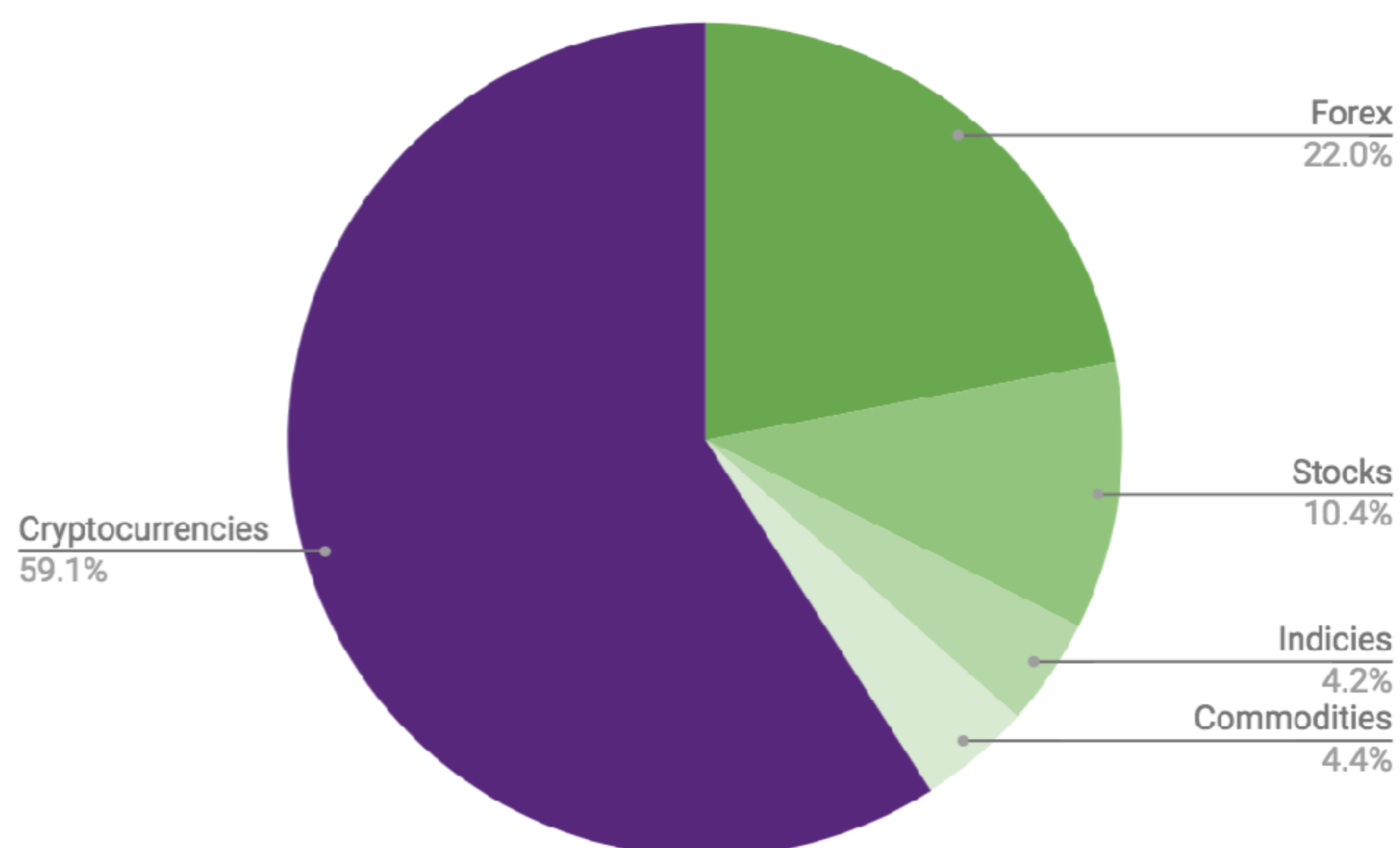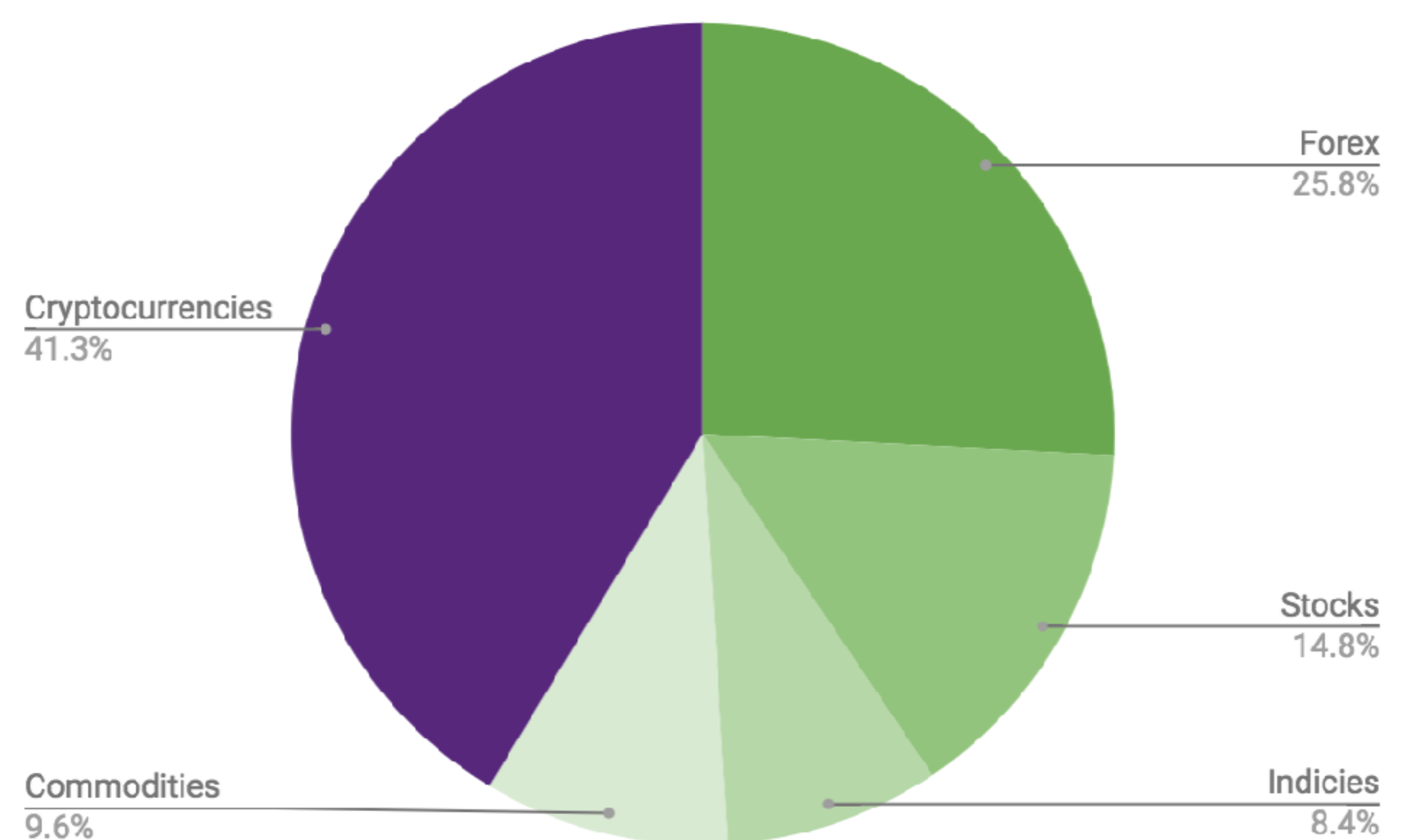
Which cryptocurrencies do women trade the most?

Although both genders are heavily trading Bitcoin, women only represent 10% of total Bitcoin traders. This points to the fact that women are looking to altcoins when investing in crypto with females accounting for 18% of Dash traders and Ripple also attracting a higher percentage of female traders.[12]

11. See appendix D for raw data on the preferred instrument to trade by gender
12. See appendix E for raw data on the audience of cryptocurrencies by gender

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Summary

What does the modern trader mean for you?

The average trader is no longer the stereotype that you might imagine working on Wall Street or in the City of London.

Online trading services have enabled anyone, anywhere, to become a trader. By democratising who can trade, online trading services are accelerating the level of diversity among traders to a point where traders no longer fit a stereotypical profile.

This shift in characteristics presents enormous opportunities for technology providers, brokerages, and other firms interacting with retail clients. Numerous brokerages are capitalising on the increased online trading activity in emerging Asian countries, while others proactively adopt cryptocurrencies and modern trading platforms to attract the younger generations.

Retail trading is undeniably going through a major shift that will only continue to accelerate as billions of additional people come online over the next decade. The question to ask is - what could this mean for you?

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Appendix A: The Number of Online Traders by Continent/Region

| | Approx. number of online traders | | |
Continent/Region	2017	2018	% change
Asia	3,200,000	4,600,000	43.75%
Europe	1,500,000	3,100,000	106.66%
Africa	1,300,000	2,000,000	53.84%
North America	1,500,000	1,600,000	6.66%
Middle East	970,000	980,000	1.03%
South America	600,000	760,000	26.66%
Central America	335,000	450,000	34.32%
Oceania	190,000	410,000	115.78%
Total	9,595,000	13,900,000	44.86%

*Data source: facebook.com

*Data source: facebook.com

Appendix B: The Number of Online Traders by European Country

Rank	Country	Approx. number of online traders		% change	% of population that have traded online
		2017	2018		
1	United Kingdom	280,000	730,000	160.71%	1.12%
2	Germany	150,000	380,000	153.33%	0.46%
3	France	150,000	280000	115.38%	0.43%
4	Italy	130,000	260,000	73.33%	0.44%
5	Spain	110,000	200,000	106.19%	0.43%
6	Netherlands	97,000	190,000	192.31%	1.11%
7	Romania	65,000	120,000	9.09%	0.61%
8	Poland	61,000	120,000	96.72%	0.31%
9	Sweden	37,000	65,000	124.14%	0.65%
10	Norway	36,000	53,000	152.38%	1.02%
11	Bulgaria	31,000	51,000	70.00%	0.72%
12	Switzerland	30,000	51,000	155.00%	0.60%
13	Austria	30,000	51,000	168.42%	0.58%
14	Portugal	29,000	46,000	70.37%	0.45%
15	Ireland	27,000	45000	80.00%	0.97%
16	Denmark	25000	44000	18.92%	0.77%
17	Hungary	22,000	44,000	41.94%	0.45%
18	Greece	21,000	42,000	40.00%	0.38%
19	Russia	20,000	40,000	11.11%	0.03%
20	Ukraine	20,000	40,000	100.00%	0.09%
21	Czech Republic	19,000	34,000	54.55%	0.32%
22	Belgium	18,000	33,000	135.71%	0.29%
23	Croatia	16,000	25,000	38.89%	0.59%
24	Lithuania	14,000	25,000	56.25%	0.86%
25	Slovenia	12,000	23,000	91.67%	1.11%
26	Slovakia	12,000	22,000	83.33%	0.41%
27	Serbia	12,000	15,000	68.54%	0.17%
28	Albania	8,900	14,000	133.33%	0.48%
29	Estonia	8,400	13,000	8.33%	0.99%
30	Finland	7,300	13,000	54.76%	0.24%
31	Kosovo	6,000	10,000	36.99%	0.55%
32	Latvia	6,000	9,200	53.33%	0.46%
33	Malta	4,500	9,200	104.44%	2.16%
34	Moldova	3,800	6,500	71.05%	0.18%
35	Belarus	2,700	6,100	221.05%	0.06%
36	Luxembourg	2,100	5,200	147.62%	0.91%
37	Iceland	1,900	4300	59.26%	1.30%
38	Montenegro	1,100	3,300	200.00%	0.53%

*13 European countries are not listed above as they have fewer than 1,000 traders

** Data source: facebook.com, population data calculated from the latest national censuses or recent official estimates where available

Appendix C: Online Traders by Age Range

Year	18-24	25-34	35-44	45-54	55-64	65+
2014	15.30%	39.34%	23.62%	11.52%	6.77%	3.42%
2015	15.83%	41.22%	23.94%	10.12%	5.83%	3.06%
2016	16.94%	42.02%	23.62%	9.37%	4.07%	2.12%
2017	18.26%	44.05%	24.16%	9.21%	4.16%	2.02%
2018	14.74%	44.07%	25.00%	9.80%	4.40%	1.98%

* Sample size: 412,916 traders

** Data source: BrokerNotes' web analytics

Appendix D: Preferred Instrument to Trade by Gender

Instrument	2017		2018	
	Male	Female	Male	Female
Forex	23.87%	25.81%	20.65%	21.99%
Stocks	13.13%	14.77%	9.99%	10.38%
Indicies	7.30%	8.43%	4.34%	4.19%
Commodities	8.42%	9.65%	3.71%	4.36%
Cryptocurrencies	47.27%	41.34%	61.31%	59.08%

* Sample size: 70,746 traders (7,946 female + 62,800 male)

** Data source: BrokerNotes' web analytics

Appendix E: Cryptocurrency Audience by Gender

Cryptocurrency	Male	Female
Bitcoin	89.09%	10.91%
Ethereum	89.12%	10.88%
Ripple	89.34%	10.66%
Dash	81.66%	18.34%
Litecoin	87.9%	12.10%

* Sample size: 31,987 traders

** Data source: BrokerNotes' web analytics

Appendix F: Deposit Size by Gender

Deposit size	# of Males	# of Females	% of Males	% of Females
Under $500	5,072	832	42.40%	50.36%
$500 - $1,000	2,817	368	23.55%	22.28%
$1000 - $10,000	2,816	304	23.54%	18.40%
$10,000+	1,256	148	10.50%	8.96%

* Sample size: 13,613 traders
** Data source: BrokerNotes' web analytics

Appendix

Appendix G: UK Online Traders by Annual Income Bracket

Annual Income	% of UK Traders	
	2017	2018
£20,000-£24,999	21%	39.32%
£25,000-£29,999	17%	24.58%
£30,000-£34,999	14%	6.88%
£35,000-£39,999	14%	8.06%
£40,000-£49,999	16%	10.22%
£50,000-£74,999	17%	10.03%
£75,000+	1%	0.90%

* Samples size: 508,600 traders
** Data source: facebook.com

Appendix H: The Population of Traders in English Counties by Gender

English County	# of traders			% of traders	
	Total	Male	Female	Male	Female
Greater London	147000	130000	17000	88.44%	11.56%
City of London	33000	30000	3000	90.91%	9.09%
Greater Manchester	27000	24000	3000	88.89%	11.11%
West Midlands	22000	19000	3000	86.36%	13.64%
West Yorkshire	17000	15000	2000	88.24%	11.76%
Kent	13000	12000	1000	92.31%	7.69%
Bristol	11000	9600	1400	87.27%	12.73%
Hertfordshire	11000	9500	1500	86.36%	13.64%
Merseyside	11000	9500	1500	86.36%	13.64%
Essex	11000	9300	1700	84.55%	15.45%
Berkshire	10000	9000	1000	90%	10.00%
Tyne and Wear	10000	9400	600	94%	6.00%
Nottinghamshire	9300	8300	1000	89.25%	10.75%
South Yorkshire	9000	8000	1000	88.89%	11.11%
Leicestershire	8200	7200	1000	87.8%	12.20%
Surrey	7500	6600	900	88%	12.00%
Oxfordshire	7200	6400	800	88.89%	11.11%
Derbyshire	6900	6100	800	88.41%	11.59%
Dorset	6600	5800	800	87.88%	12.12%
Warwickshire	6400	5700	700	89.06%	10.94%
East Sussex	5500	4900	600	89.09%	10.91%
Cheshire	5400	4900	500	90.74%	9.26%
Northamptonshire	4800	4200	600	87.5%	12.50%
Buckinghamshire	4800	4200	600	87.5%	12.50%
Cambridgeshire	4400	3900	500	88.64%	11.36%
Devon	4400	3900	500	88.64%	11.36%
County Durham	4200	3700	500	88.1%	11.90%
Gloucestershire	4000	3500	500	87.5%	12.50%
Bedfordshire	3900	3400	500	87.18%	12.82%
Norfolk	3800	3300	500	86.84%	13.16%
Suffolk	3500	3200	300	91.43%	8.57%
Wiltshire	3000	2700	300	90%	10.00%
West Sussex	3000	2600	400	86.67%	13.33%
Cornwall	2700	2400	300	88.89%	11.11%
North Yorkshire	2700	2400	300	88.89%	11.11%
Hampshire	2700	2400	300	88.89%	11.11%
Staffordshire	2600	2400	200	92.31%	7.69%
Lancashire	2400	2100	300	87.5%	12.50%
Worcestershire	2300	2000	300	86.96%	13.04%
Lincolnshire	1800	1600	200	88.89%	11.11%
Shropshire	1500	1300	200	86.67%	13.33%
Somerset	1400	1200	200	85.71%	14.29%
Herefordshire	1100	860	240	78.18%	21.82%
Cumbria	810	700	110	86.42%	13.58%
East Riding of Yorkshire	810	730	80	90.12%	9.88%
Isle of Wight	690	570	120	82.61%	17.39%
Northumberland	580	540	40	93.1%	6.90%
Rutland	380	320	60	84.21%	15.79%

* Samples size: 463,270 traders

** Data source: facebook.com

Appendix I: Traders Per 1,000 Population & Sq Mi in English Counties

English County	Population	Traders per 1,000 population	Area (sq mi)	Traders per square mile
Greater London	8,778,500	17	606	243
City of London	9,400	3,511	1.12	29,464
Greater Manchester	2,782,100	10	492	55
West Midlands	2,864,900	8	348	63
West Yorkshire	2,299,700	7	783	22
Kent	1,820,400	7	1,443	9
Bristol	454,200	24	42	262
Hertfordshire	1,176,700	9	634	17
Merseyside	1,406,400	8	250	44
Essex	1,802,200	6	1,417	8
Berkshire	896,800	11	487	21
Tyne and Wear	1,128,800	9	210	48
Nottinghamshire	1,136,000	8	834	11
South Yorkshire	1,385,000	6	599	15
Leicestershire	1,031,300	8	832	10
Surrey	1,176,500	6	642	12
Oxfordshire	683,200	11	1,005	7
Derbyshire	1,042,000	7	1,013	7
Dorset	771,900	9	1,024	6
Warwickshire	556,800	11	763	8
East Sussex	837,000	7	692	8
Cheshire	1,048,100	5	904	6
Northamptonshire	733,100	7	913	5
Buckinghamshire	799,200	6	723	7
Cambridgeshire	849,000	5	1,309	3
Devon	1,177,900	4	2,589	2
County Durham	859,600	5	1,033	4
Gloucestershire	900,800	4	1,216	3
Bedfordshire	664,500	6	477	8
Norfolk	892,900	4	2,080	2
Suffolk	745,300	5	1,500	2
Wiltshire	706,300	4	1,346	2
West Sussex	843,800	4	770	4
Cornwall	556,000	5	1,375	2
North Yorkshire	1,145,700	2	3,341	1
Hampshire	1,829,500	1	1,455	2
Staffordshire	1,120,300	2	1,047	2
Lancashire	1,485,000	2	1,187	2
Worcestershire	583,100	4	670	3
Lincolnshire	1,073,300	2	2,693	1
Shropshire	486,300	3	1,346	1
Somerset	948,900	1	1,610	1
Herefordshire	189,300	6	841	1
Cumbria	497,900	2	2,612	0
East Riding of Yorkshire	597,900	1	956	1
Isle of Wight	139,800	5	150	5
Northumberland	316,000	2	1,936	0
Rutland	38,600	10	147	3

* Samples size: 463,270 traders

** Data source: facebook.com