

# Slowing retail trading volume will drive new growth strategies for trading platforms

Article

**The news:** Global retail trading volumes slowed in Q3 2021 quarter-over-quarter amid the reopening of economies worldwide, according to **Drivewealth's** report. Its findings are based

on data from the millions of retail investors that trade through its platform.

**The findings:** The end of lockdown restrictions, decreased savings, and increased hopes of economic recovery correlate with less frequent trading, but year-over-year volume remains higher.

- Vaccine rollouts facilitated the reopening of societies. Globally, active mobility surged 35% from Q2.
- Consumer spending jumped and savings decreased: In the US, for example, **the personal savings rate, compared with disposable income, plummeted to 9.4% in August from 33.8% in April 2020.**
- The end of lockdown restrictions boosted consumers' confidence in a sustained economic recovery and lowered their expectations for economic volatility—which had encouraged retail investors to flock to trading platforms over the past year.
- Combined, these factors led to reduced volume globally: **The number of aggregate shares traded fell 14% QoQ, including a 10.5% volume dip on the Nasdaq 500.**
- Yet when viewed through an annual lens, trading volume remains elevated: Trades placed on Drivewealth's platform grew 34% YoY. But volume is unlikely to jump back up to the record levels of the past year. This creates a new state of play for trading platforms.

**What's next for digital trading platforms?** No longer able to rely as heavily on swathes of new investors, trading platforms must navigate this inflection point by prioritizing engagement strategies, expanding to less tapped-out markets, and creating product differentiation.

- **Engagement.** Robinhood predicted a Q3 trading slowdown. To counter it, the trading giant has been busy supplementing its offering with features to keep users engaged with its platform. Its efforts include purchasing tech firm **Say Technologies** for \$140 million to facilitate shareholder-invested company communication. Other players will follow Robinhood's lead.
- **New markets.** Geographies such as the US and UK are congested with large players like Robinhood, **eToro**, and **Freetrade**, among others. Established fintechs will expand internationally to drive customer growth—for example, Freetrade is prioritizing less-competitive European markets, like Sweden and the Netherlands.
- **Product differentiation:** As competition heats up among digital trading platforms, they will increasingly seek to distinguish their offerings through growth pockets, like crypto products.

For example, Robinhood has **doubled down** on its successful **crypto trading**—which represented more than half of the fintech’s transaction revenue in Q2—by adding recurring investments.

**Leading US Stock Trading Apps, Ranked by Download Share, 2018-H1 2021**

*% of total*

	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>H1 2021</b>
Robinhood	25%	28%	33%	38%
WeBull	3%	3%	6%	15%
Stash	18%	12%	17%	8%
Acorns	19%	23%	10%	8%
Fidelity	6%	6%	6%	7%
TD Ameritrade	5%	3%	6%	6%
Other	23%	26%	22%	19%

*Note: numbers may not add up to 100% due to rounding  
Source: Sensor Tower, "The State of Asset Management Apps 2021," July 12, 2021*

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