

Young investors drove use of robo-advisors during pandemic

Article

The growth of investment robo-advisors—algorithm-based account services—spiked last year across the US, the UK, and Canada as investors, especially those belonging to younger populations, took advantage of investment opportunities during the pandemic. For instance, independent robo-advisors Wealthfront and Betterment both reported double-digit increases in account openings during the pandemic.

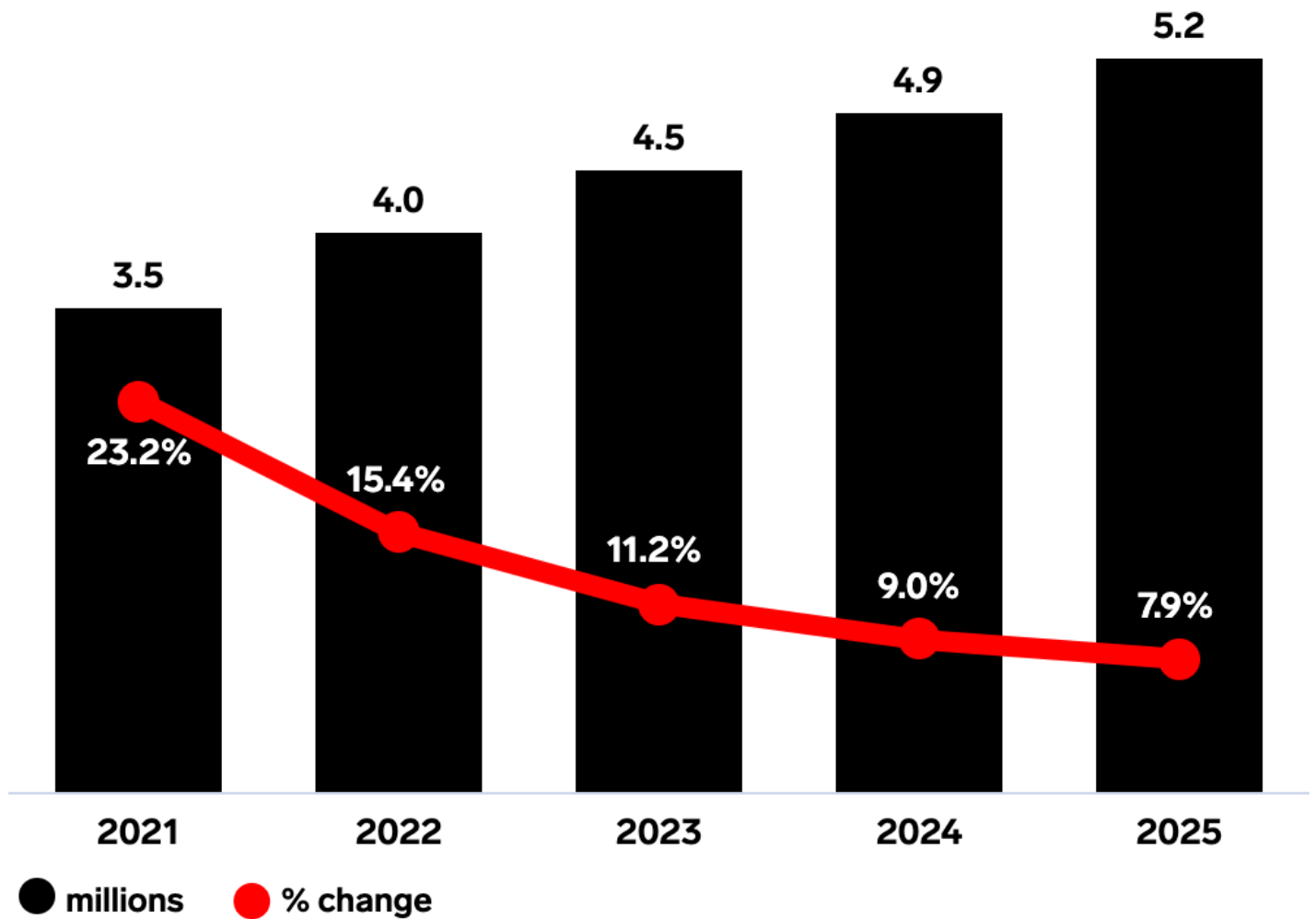
“Robo-advisors, well adapted to operating digitally, were able to cater to previously underserved customers like younger investors who are in the early stages of wealth accumulation,” said Shelleen Shum, eMarketer senior forecasting director at Insider Intelligence. “Robo-advisors are also attractive because they are often quicker to adjust investment holdings in real time with the use of algorithms.”

US

This year in the US, 3.5 million adult investors will use a robo-advisor* to handle their portfolio. That’s up by 23.2% over 2020, which saw record growth of 37.4%. The growth rate in the US will stay in the double digits for another two years, putting usage on pace to surpass 5 million adults by 2025.

Robo-Advisor Account Holders and Penetration

US, 2021-2025



Source: eMarketer, June 2021

[InsiderIntelligence.com](https://www.insiderintelligence.com)

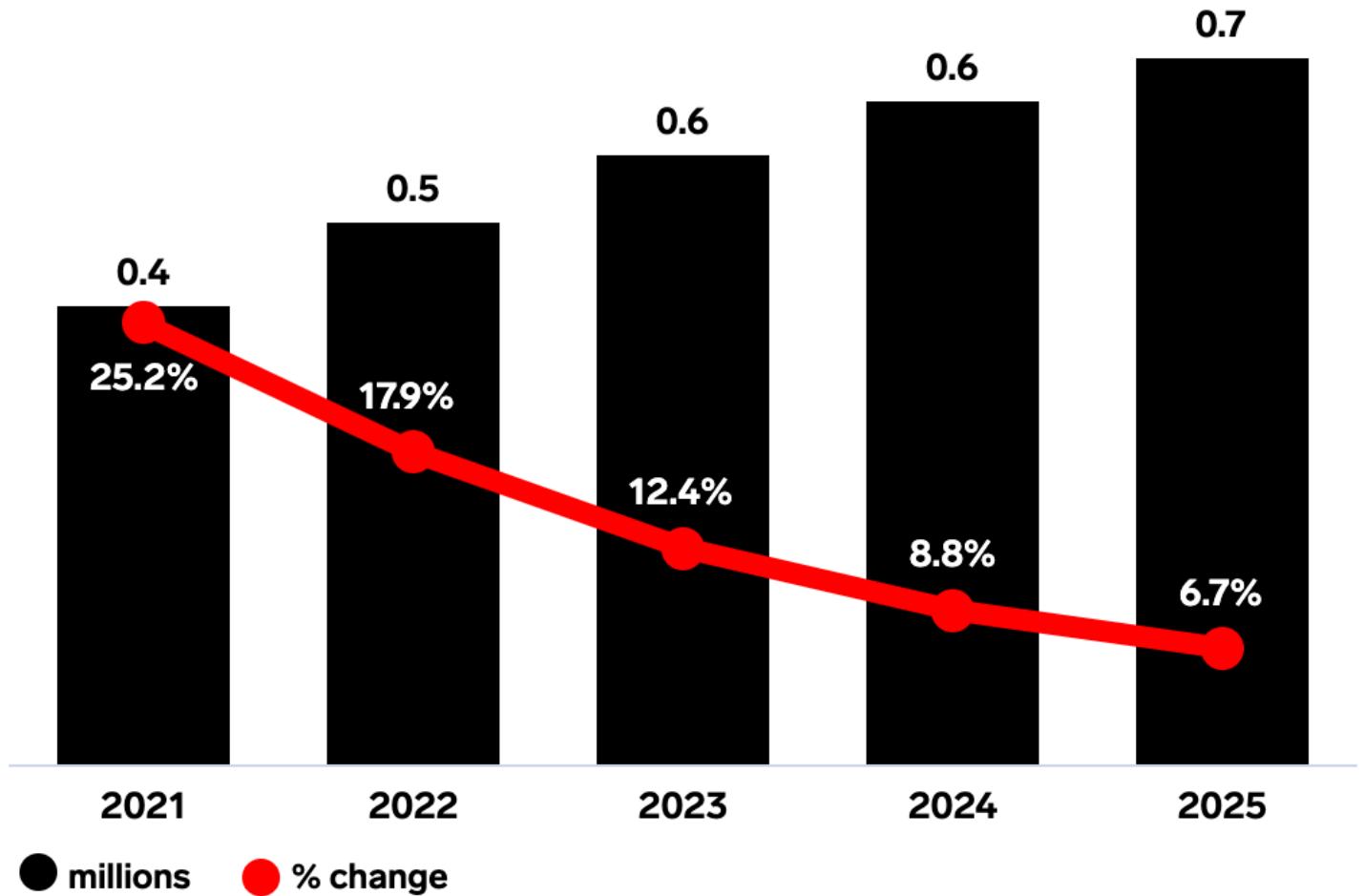
UK

The UK is slightly less penetrated in terms of robo-advisor usage than the US, but it's growing the fastest among the three countries we track. This year in the UK, over 420,000 adults will use a robo-advisor to handle their investments, up by 25.2% over last year. This follows the 55.6% growth in 2020.

The number of robo-advisor users is on pace to reach about 700,000 in the UK by 2025.

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UK, 2021-2025



Source: eMarketer, June 2021

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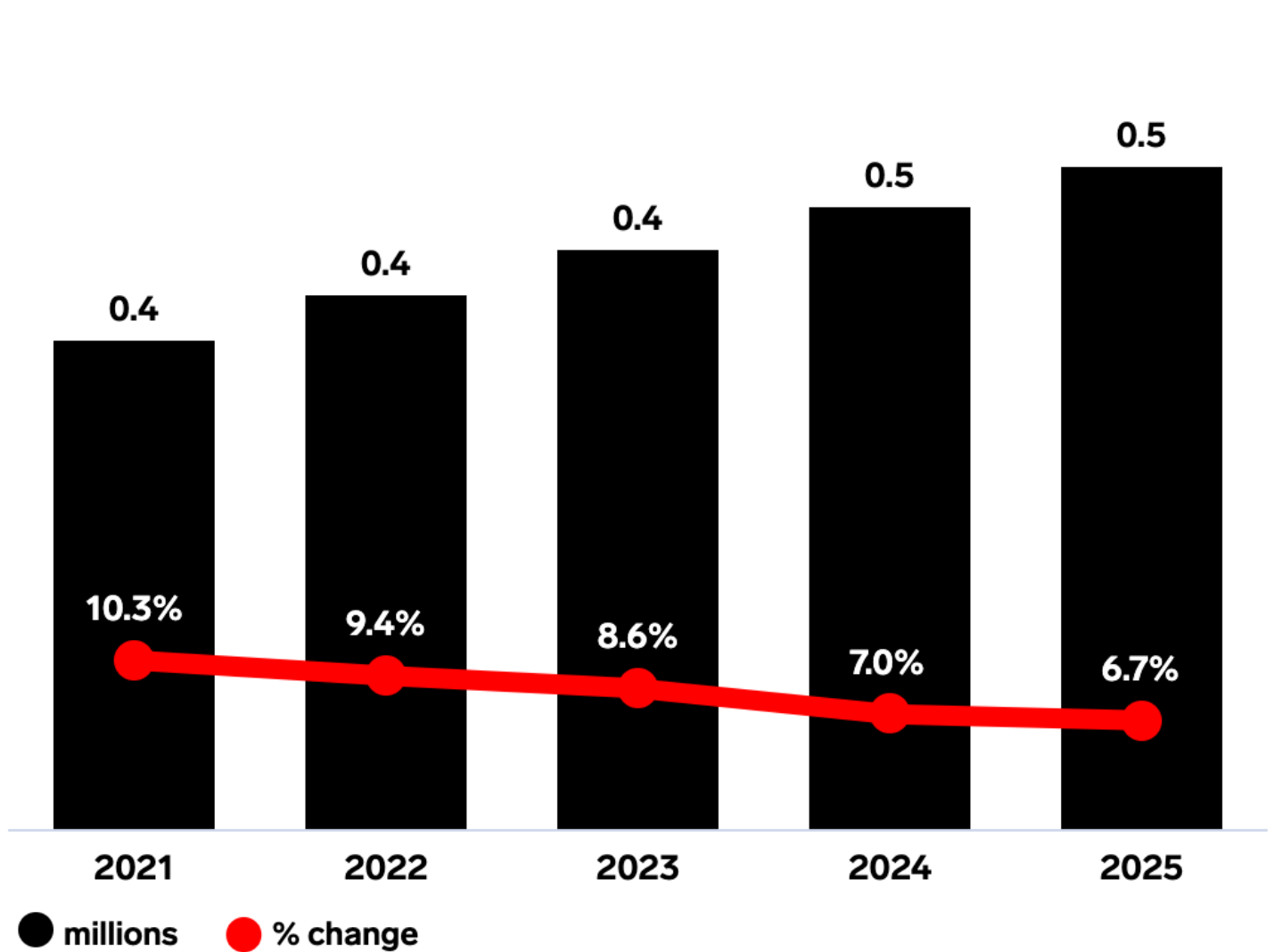
Canada

Canada is the slowest-growing market for robo-advisors among the three markets we cover. In 2021, there will be about 360,000 users, up by 10.3% over last year. By the end of the forecast period in 2025, that number will near 500,000.

“Although trust in robo-advisors has increased over the years, it still lags compared with trust in more traditional forms of investment management like in-person advisor services,” Shum said. “However, this may change as more people get comfortable with automation in investing. Robo-advisors are also competing with commission-free, self-managed online brokerage services like Robinhood, which has gained popularity among younger investors recently.”

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Canada, 2021-2025



Source: eMarketer, June 2021

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