



OPINION

The 2021 Globe and Mail online brokerage ranking: Who's best for investing ... and answering the phone

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Soaring stock markets always stoke demand for online investing, but what we've seen since the stock market crash of early 2020 is next-level intense.

Trading volumes have surged in the online brokerage business, as have applications for new accounts and requests to upgrade existing accounts for margin trading. Yet another area of huge growth is in requests to transfer in money and accounts from other investment firms.

Amid this burst of activity comes the 22nd annual Globe and Mail online brokerage ranking. Use it to find a broker that will best set you up for long-term investing success rather than a joyride in a hot stock market.

This year's No. 1 firm is Qtrade Investor, a name that has often been among the leaders in this ranking in recent years. Any broker can fill an order to buy stocks, exchange-traded funds, mutual funds, bonds and more. Qtrade helps you build a well-constructed portfolio and then monitor it to ensure it continues to work for you. Second-ranked TD Direct Investing also shines in this way.

The wave of interest in online investing has put brokers in the awkward position of not being able to satisfy client demand. Broker websites were overloaded and unavailable at times in early 2021, and phone lines clogged. A surprising truth of online investing: No matter how evolved a broker's online service is, clients still need to call in to talk to a live representative.

The investment industry consulting firm Dalbar Canada was brought in this year to help add a component to the ranking that addresses phone response times. Dalbar called each firm in the ranking an average of five times during standard business hours from Jan. 19 to Jan. 22 and found an average wait time of 92 minutes (see accompanying charts for more information).

Some important context if you're frustrated by difficulties in connecting with your broker is that surging stock markets can result in higher demand to trade stocks. A sharp market pullback would undoubtedly improve things by influencing investors to trade less often.

Here's a breakdown of the complete broker ranking criteria:

- Convenience and security: Phone response times are part of this ranking component, along with ease of account setup and the utility of broker websites in helping clients stay on top of their accounts.
- Cost: Commissions for trading stocks and ETFs are considered here, as well as inactivity/maintenance fees and the cost of mailing account statements and trading confirmations.
- The investing experience: Factors considered here include the availability of a full range of U.S.-dollar registered accounts, online availability for guaranteed investment certificates and services for mobile devices.
- Tools: A look at the resources available to help build diversified portfolios and manage them over time, including research on stocks and ETFs. A big part of this assessment is devoted to how well the broker reports client account performance.

Here are the brokers in the 2020 ranking, listed alphabetically:

BMO InvestorLine

Owner: Bank of Montreal

Grade: B

It's great to be able to report that this onetime star is phasing out its dated website and introducing something that improves the user experience in every way. Redesign bonus points for killing off the trading password, an annoyance most firms inflict on clients in order to submit a trade. What's missing: Tools for portfolio analysis. BMO might argue that this function is covered by its adviceDirect service (DIY investing with personalized advice), but InvestorLine clients deserve tools of their own. InvestorLine's trading app for mobile phones is quite good, but why no biometric option for logging in with your fingerprint instead of typing in yet another cursed password?

CIBC Investor's Edge

Owner: Canadian Imperial Bank of Commerce

Grade: C+

A website refresh has brightened things. Much overdue and nicely executed. Combine cheap stock-trading commissions of \$6.95 with an excellent selection of analyst research reports and you have two-thirds of a strong contender. What's missing are tools to analyze portfolios by factors like performance, risk, and diversification. Improvements in this area are said to be coming through 2021.

Desjardins Online Brokerage

Owner: Desjardins Group

Grade: C

Almost all brokers in this survey have brought their websites up to at least something close to a modern design standard that helps you go about your business quickly, cleanly and pleasantly. Desjardins is an exception, but a cost-effective one thanks to the \$6.95 flat stock-trading commission.

HSBC InvestDirect

Owner: HSBC Bank Canada

Grade: D+

The lack of a mobile app as of early 2021 might be a deal-killer for some, and then there's the glaring absence of U.S.-dollar registered accounts. What you do get is a low flat commission of \$6.88 and, unusual in the online brokerage business, access to global stock markets. You can invest and settle trades in multiple global currencies.

Interactive Brokers

Owner: Interactive Brokers LLC

Grade: B+

Active, savvy investors who value low fees and cutting-edge trading tools, do check out IB. Keep walking if you're someone who doesn't trade a whole bunch and wants a broker that makes a place for people finding their way.

National Bank Direct Brokerage

Owner: National Bank of Canada

Grade: B

Elbowing its way toward the upper tier. The website is a pleasure to use and a good start has been made in providing tools for monitoring your portfolio. Add some risk analysis and asset allocation tools and we'd really have something. Part of the appeal is free online trading of Canadian- and U.S.-listed ETFs on orders of 100 shares or more.

Qtrade Investor

Owner: Aviso Wealth

Grade: A

Brokers need portfolio analysis tools to ace this ranking, and Qtrade delivers there with help in assessing how well your holdings work in terms of diversification, risk and more. When hot stock markets cool down, tools like this can be a difference-maker in helping investors achieve success. Qtrade could do a better job with reporting investment returns, but it's otherwise strong in almost every respect. They may be the king of steady year-by-year improvement.

Questrade

Owner: Questrade Financial Group

Grade: B+

Questrade is a top choice for younger investors who want a fast, smart online investing experience, cheap commissions of 1 cent a share (\$4.95 minimum, \$9.95 maximum) and don't mind the lack of online trading for bonds and guaranteed investment certificates. Portfolio monitoring is available through an alliance with a service called Passiv that will notify you if your asset allocation has strayed beyond the targets you set and help with rebalancing. Note: Electronic communications network (ECN) fees may add to the cost of some trades.

RBC Direct Investing

Owner: Royal Bank of Canada

Grade: B

BMO and CIBC have new-look websites, so RBC is now the bank-owned broker most in need of a refresh. Strong portfolio management tools can be found within the website, but the exterior cladding has a strip mall ambience. It does the job, but no one's jazzed to be there. RBC's emphasis lately seems to be on active traders. Free real-time streaming quotes are available, and more detailed Level 2 quotes for TSX stocks were introduced last year at no cost. RBC is also highlighting something more brokers should look at – online access to details on payments from registered retirement income funds. Good idea.

Scotia iTrade

Owner: Bank of Nova Scotia

Grade: B

Pluses include a strong offering of analyst research, a menu of 49 ETFs you can trade for free (from the iShares, Horizons, Vanguard and PowerShares lineups) and a welcome break from a policy at some other bank-owned brokers that drastically limits client

options for holding cash. Looking for tools to design and manage a portfolio? Scotia's got little to offer. Also, the website's starting to look a bit stale in comparison to the leaders in this ranking.

TD Direct Investing

Owner: Toronto-Dominion Bank

Grade: A-

TD's the leader in recasting the online brokerage business as less a trading platform than a cockpit for managing your investments. There's a sleek, streamlined quality to the website that promotes use of its tools for setting goals, building portfolios and monitoring them to ensure they continue to do the job. Analyst research has been improved and online GIC orders are now possible. TD, it's past time to add online chat and secure e-mail so clients can make account enquiries without calling.

Virtual Brokers

Owner: CI Financial Corp.

Grade: B

Three good reasons to consider VB – stock trading at 1 cent a share (\$1.99 minimum, \$7.99 maximum), free ETF purchases (regular fees apply when you sell) and a powerful portfolio analysis tool supplied by a third-party firm called Wealthscope. The onetime coolness factor of VB's website is fading as other firms up their game.

Brokers under the microscope

The investment industry consulting firm Dalbar Canada called brokers five times each, on average, between Jan. 19 and Jan. 22 during standard business hours to see how long it took to reach a live representative. Here are the results. The industry average wait was 92 minutes and the longest wait was almost five hours. Virtual Brokers and Qtrade Investor were the only brokers that answered more than one call in the area of 10 minutes or less.

	Average wait in minutes	Call centre hours (ET)
BMO InvestorLine	87	8 am-5 pm, Monday to Friday (during COVID-19); usually 8 am - 8 pm M-F
CIBC Investor's Edge	101	8 am-8 pm, Monday to Friday
Desjardins Online Brokerage	170	8am-5pm, Monday to Friday (during COVID-19); usually 7 am to 7 pm, M-F

HSBC InvestDirect	125	24 hours, Monday to Thursday; 12 am-8 pm Friday , 6pm-12 am Sunday
Interactive Brokers	66	24 hours, Monday to Saturday
National Bank Direct Brokerage	69	8 am - 6 pm Monday to Friday (during COVID-19); usually 8 am to 8 pm M-F
Qtrade Investor	28	8:30 am - 8 pm Monday to Friday
Questrade	128	7:30 am - 8 pm, Monday to Friday
RBC Direct Investing	90	7am - 8 pm, Monday to Friday
Scotia iTrade	179	8 am - 6 pm Monday to Friday (during COVID-19); usually 8 am to 8 pm M-F
TD Direct Investing	58	7 am - 6 pm Monday to Friday (during COVID-19); usually 24-7
Virtual Brokers	7	8 am - 7 pm, Monday to Friday

How do online stock trading commissions compare?

These are flat commission rates unless otherwise specified and apply to investors as opposed to active traders.

BMO InvestorLine	\$9.95
CIBC Investor's Edge	\$6.95
Desjardins Online Brokerage	\$6.95
HSBC InvestDirect	\$6.88
Interactive Brokers	Cdn.-listed stocks: 1 cent a share with a \$1 minimum and a maximum of 0.5 per cent of trade value; U.S.-listed stocks: 0.5 US cents a share with a US\$1 min. and a max. of 1 per cent of trade value*
National Bank Direct Brokerage	\$9.95**
Qtrade Investor	\$8.75
Questrade	1 cent a share (\$4.95 min, \$9.95 max)*
RBC Direct Investing	\$9.95
Scotia iTrade	\$9.99
TD Direct Investing	\$9.99
Virtual Brokers	1 cent a share (\$1.99 min. \$7.99 max.)

*Electronic communications network (ECN) fees may also apply

**National Bank's banking clients pay \$6.95 flat

Note: Commissions are generally charged in U.S. dollars for trading of U.S. stocks

Is commission-free ETF trading available?

Low-cost exchange-traded funds are an excellent way to build a portfolio if you're a DIY investor, but commissions can add up if you make frequent purchases. Some brokers address this by waiving some or all commissions on ETF investments.

BMO InvestorLine	No
CIBC Investor's Edge	No
Desjardins Online Brokerage	No
HSBC InvestDirect	No
Interactive Brokers	A limited number of U.S.-listed ETFs
National Bank Direct Brokerage	Commission-free online trading of Cdn. and U.S. ETFs in amounts of 100+ shares*
Qtrade Investor	Commission-free trading of 100 Cdn. and U.S.-listed ETFs
Questrade	Buy ETFs with no commissions; regular charges apply to sells
RBC Direct Investing	No
Scotia iTrade	49 commission-free ETFs
TD Direct Investing	No**
Virtual Brokers	Buy ETFs with no commissions; regular charges apply to sells

*Clients must receive all their documents electronically; **No-cost ETFs available through TD's GoalAssist app

Foreign exchange rates

Brokers were asked to say what they would charge a client who bought \$15,000 in U.S. dollars as part of a purchase of a U.S. stock. The hypothetical transaction was made on the morning of Dec. 7, 2020 (stock trading commission not included).

BMO InvestorLine	\$19,467
CIBC Investor's Edge	\$19,425
Desjardins Online Brokerage	\$19,478
HSBC InvestDirect	\$19,424
Interactive Brokers	\$19,202
National Bank Direct Brokerage	\$19,512
Qtrade Investor	\$19,425
Questrade	\$19,580
RBC Direct Investing	\$19,445
Scotia iTrade	\$19,485
TD Direct Investing	\$19,473

RBC Direct Investing	x	x	x	x	x		x	x
Scotia iTrade	x	x	x	x	x		x	x
TD Direct Investing	x	x	x	x	x	x	x	x
Virtual Brokers	x	x	x	x	x	x	x	x

*through mobile-responsive website

Performance reporting

Some brokers offer a more comprehensive view of your returns than others. Time frames offered:

	YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.	Since inception	Can returns be compared with a personalized mix of benchmark indexes?
BMO InvestorLine	x	x	x	x	x	x	x
CIBC Investor's Edge		x	x				
Desjardins Online Brokerage	x	x	x			x	
HSBC InvestDirect						x	x
Interactive Brokers	x	x	x	x	x	x	x
National Bank Direct Brokerage	x	x	x	x		x	
Qtrade Investor*							x
Questrade	x	x	x	x	x	x	
RBC Direct Investing	x	x	x	x	x	x	x
Scotia iTrade	x	x	x	x	x	x	x
TD Direct Investing	x	x	x	x		x	x
Virtual Brokers	x	x	x	x	x	x	x

Note: Qtrade provides monthly, quarterly and yearly rates of return

Source: Rob Carrick; online brokerage firms. Data management for the online brokerage ranking was handled by Audrey Carleton.

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