

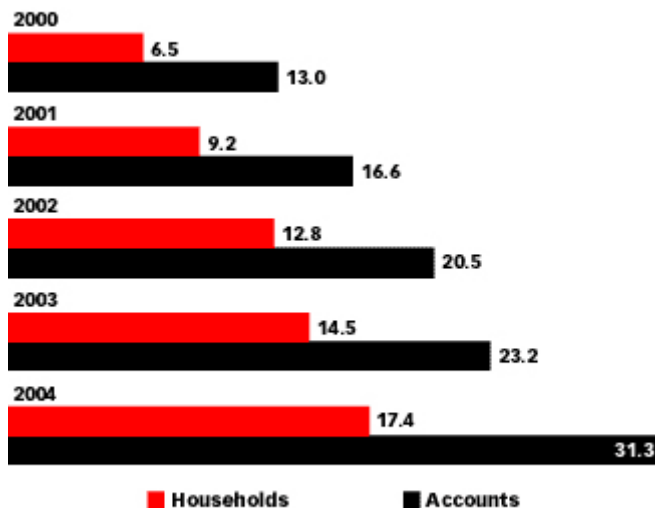


## Online Investing: It's Not Just Buy and Sell

**11 October 2000:** According to eMarketer's forthcoming eInvesting Report, the asset management industry has done more than any other financial services industry -- including brokerages -- to respond to the changes created by the internet.

The report notes that by year-end 2000, 6.5 million households will invest or review their investments through 13 million online brokerage accounts. By 2004, 10.9 million households will join this group, adding another 18.3 million accounts.

### US Households Trading Online and Accounts (in millions), 1999-2004



Source: eMarketer, 2000

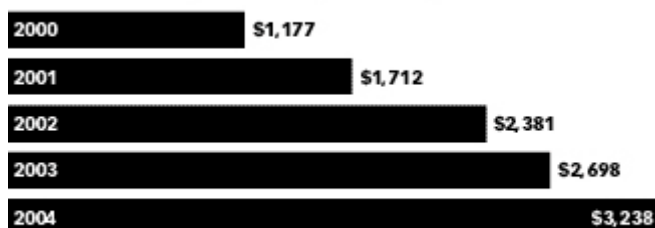
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Brokerages have not lagged in their efforts to harness the internet to gain market share -- pure-play online brokerages are establishing physical branches as quickly as traditional brokerages develop web solutions. Paul Mulligan, eMarketer senior analyst, notes: "Brokerages are getting back to business as brokerages. Every retail brokerage firm is getting involved with the internet, making it silly to talk about online and offline brokerages as if they were separate industries."

Assets held in online brokerage accounts will grow from \$1.1 trillion by year-end 2000 to reach \$3.2 trillion assets by accounts in 2004.

### Online Brokerage Assets (in billions), 2000-2004



Source: eMarketer, 2000

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The report emphasizes the extent to which the internet has made investing possible, if not convenient, for many more households. According to IDC, for example, 13% of online brokerage accounts will belong to households with incomes under \$35,000 by 2004. This represents a 5-point increase over the current 8% share these households possess today.

eMarketer believes that the truly successful online brokerage firm will integrate different investment services as will the fast-developing asset manager. The inclusion of online products such as mutual funds, 401(k) plans and financial advice will help brokerage firms retain assets. eMarketer's eInvesting Report covers these exciting innovations in detail and will be released at the end of October.

Interested in learning about other aspects of the online financial services market? Check out eMarketer's [eBanking Report](#) for an in-depth review of the online banking world