

# Declining market share: old brokers fight back with new plans and better advice

By The Bharat Express News - March 24, 2022



Two years of pandemic has brought millions of retail investors to the stock market and made their journey easier through online brokers like Zerodha, Groww, 5Paisa and Upstox.

After losing market share to discount brokers for several years, traditional brokers are fighting back. While legacy players are still catching up, the game isn't over yet. Two years of pandemic has brought millions of retail investors to the stock market and made their journey easier through online brokers like Zerodha, Groww, 5Paisa and Upstox.

These players are market leaders and have many more customers on their platforms than traditional players. In less than a year, the share of retail investors has reached a historic record of 7.32% of the listed universe. Regularly, these brokerage firms have eaten away at the market share of traditional brokerage firms that relied on a hybrid model.

All bank-run brokers are now struggling to not only retain existing customers, but even attract new ones by launching broker-free products. Most mainstream brokers agree that new era players have superior technology and easier onboarding systems, which is why they manage to appeal to millennials. Vijay Chandok, MD and CEO of ICICI Securities, said, "In reality, these are digital and non-digital players, and players who offer activity-based pricing versus fixed ad pricing. -valorem. We have widely embraced digital over the past few years and continue to improve our digital capabilities.

## **ALSO READ** [Covid 4th wave: the head of the WHO evokes three possible scenarios in 2022](#)

ICICI Securities offers plans that have activity-based pricing elements and have augmented it with unique, high-value propositions like E-ATM that provide instant liquidity on the sale of stocks and mutual funds. Another product they offer is a slab-based membership plan that offers many benefits including lower brokerage and higher E-ATM limit, Neo (zero brokerage plan) and margin funding at attractive rates via its own version of Buy Now Pay Later. It also offers exclusive search-based actionable products such as 1Click shopping carts, among others, to attract customers. Kotak Securities also has a no-brokerage plan for people under 30 paying Rs 499 per year. Jaideep Hansraj said, "The no-brokerage plan will greatly benefit new business investors. We believe that the price revision will bring more value to young people and encourage them to participate in wealth creation.

## **ALSO READ** [The opening of a new chocolate shop in SF Chinatown may signal better times ahead](#)

Many bank-run brokers claim that what sets them apart from the Zerodhas of the world is their superior research and full-service capability. Sandip Raichura, CEO Retail Brokerage at Prabhudas Lilladher, said their customer base is different and they focus on a segment that seeks advice across all asset classes with a highly tactile service. However, research does not always move the needle. Prime Database's Pranav Haldea said, "Over the past few years, new age discount brokers have shaken up the brokerage industry due to their fantastic value proposition. Brokerage fees are nil or negligible. I expect the trend to continue and their market share to increase. Over time, this industry will also experience consolidation.

## **ALSO READ** [The TSA's mask mandate contrasts sharply with the rest of the United States](#)

Legacy brokers have also fallen behind in many other areas other than pricing. Some of the bank-run brokers do not offer direct mutual fund plans on their platforms. Ashish Rathi, Full Time Director at HDFC Securities, said, "At HDFC Securities, we currently do not offer direct mutual funds on our platform, however, we continue to improvise on our products based on feedback from the market and customers. We have been a strong advocate of ETFs with our clients and continue to offer our clients limited risk and a great tool for investing in the long-term market. However, these brokers offer other value-added services and support to their clients. Until then, it is an advantage for discount brokers.

### **The Bharat Express News**

The Bharat Express News is your daily dose of Latest News, Entertainment, Music, Fashion, Lifestyle, World, Cricket, Sports, Politics, Tech, Business News Website. We provide you with the Latest Breaking News Straight from the India & all around the World on different categories.