

Full-service brokers up the ante to garner market share, woo investors

Adopting better products, tech to attract millennials, Gen-Z investors

DATA FOCUS

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After losing ground to the new-age discount brokers over the last few years, traditional broking firms are fighting back to regain their market share.

From pivoting partly to the discount broking model to simplifying client on-boarding and improving user experience, full-service brokerages are going a whole hog on product and technology innovations to attract new clients, especially millennials and Gen-Z investors.

Take the case of Angel One. The full-service retail broking firm added 5.3 million clients in FY22, which is 2.2 times higher than FY21 and 1.3 times more than what it added over the last 24 years. Angel One's total client base as of March 2022 was over 9.2 million with a 10.3 per cent market share in demat accounts.

The company has been investing heavily on the ruggedisation of backend services and improving digital experience through artificial intelligence (AI) and machine learning (ML) technologies. Its tech spending jumped 136 per cent y-o-y in FY22.

Consequently, 100 per cent of its direct client acquisitions are digital while over 75 per cent of its orders are through the mobile app. The full-service broker also offers a fixed brokerage plan, with a zero commission on equity delivery transactions, and a flat fee for intraday trading.

Several other traditional broking firms also saw a good increase in client addition in FY22. HDFC Securities saw its total client base go up to 3.8 million customers as of March 2022, an increase of 40 per

cent over the prior year. While ICICI Securities added 2.3 million new clients in FY22, its highest ever in a year. Motilal Oswal saw a 43 per cent year-on-year growth in client addition in FY22. It added 8.8 lakhs new clients during the previous fiscal.

Active clients on NSE

Many of these brokerages also saw an increase in the share of active clients on NSE, the country's largest stock exchange.

Number of active clients is a key metric to understand the active traders in the overall client base. Angel One's active NSE clients more than doubled from 15.64 lakh in FY21 to 36.57 lakh in FY22. Its share of active NSE clients went up to 10.15 per cent from 8.28 per cent during this period.

The share of ICICI Securities marginally went up to 8.41 per cent from 8.36 per cent during the same period.

Leading discount broker Zerodha saw its share of NSE active clients drop to 17.42 per cent as of March 2022 from 19.06 per cent in the previous fiscal. While the market share of Next Billion Technology, which operates the online investment platform Groww, jumped from 4.13 per cent at the end of FY21 to 10.68 per cent as of FY22.

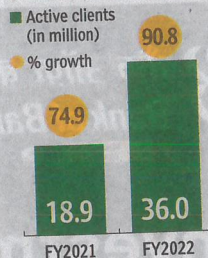
Retail frenzy

The massive growth in new clients of both full-service and discount brokers can be attributed to the retail frenzy over equity markets in the last two years. The country added nearly five crore new demat accounts or 20 lakhs new accounts every month since March 2020.

The shift to working from home since the outbreak of the Covid-19 pandemic, availability of time for trading, increased savings, There-is-no-alternative (TINA) factor for investments, massive bull run and series of IPOs have attracted many to the equity market.

Surge in number of active traders

Total number of active clients on NSE



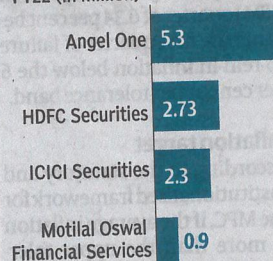
Brokers grow market share...

...and win over active NSE clients of discount and traditional brokers

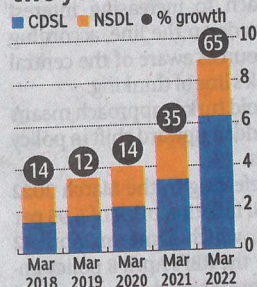
Broker	FY2020-21		FY2021-22	
	Active clients (in million)	Market share as % of active NSE clients	Active clients (in million)	Market share as % of active NSE clients
Zerodha Broking	3.60	19.06	6.28	17.42
RSKV Securities (Upstox)	2.14	11.33	5.22	14.47
NextBillion Technologies (Groww)	0.78	4.13	3.85	10.68
Angel One	1.56	8.28	3.66	10.15
ICICI Securities	1.58	8.36	3.03	8.41
5Paisa Capital	0.87	4.61	1.75	4.87
Kotak Securities	0.74	3.93	1.26	3.49
HDFC Securities	0.96	5.07	1.14	3.17
IIFL Securities	0.29	1.54	1.13	3.14
Motilal Oswal	0.56	2.99	0.90	2.49
Sharekhan	0.68	3.60	0.76	2.12
SBICAP Securities	0.33	1.74	0.64	1.76
Axis Securities	0.45	2.41	0.42	1.17

Clients taking to full-service brokers

Gross client addition in FY22 (in million)



Demat accounts more than double in two years



Source: NSE, Company financials, NSDL, CDSL

As per the latest Primeinfobase data, the share of retail investors (individuals with up to ₹2 lakh shareholding) in companies listed on NSE reached an all-time high of 7.42 per cent as on March, 2022 from 7.33 per cent as on

December, 2021. The increased spending on technology and digitisation also helped the traditional broking firms to attract a lot of millennials and Gen-Z investors besides expanding their footprint in tier-2 and tier-3 cities.