

United States Securities Brokerage Market By Type (Derivatives and Commodities Brokerage, Stock Exchanges, Bond Brokerage, Equity Brokerage, Others), By Type of Establishment (Exclusive Brokers, Banks, Investment Firms, Others), By Region, Competition, Forecast & Opportunities, 2020-2030F

Market Report | 2025-01-24 | 82 pages | TechSci Research

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Report description:

United States Securities Brokerage Market was valued at USD 201.07 Billion in 2024 and is expected to reach USD 252.58 Billion by 2030 with a CAGR of 3.93% during the forecast period. Securities brokers are individuals or firms that trade or invest on behalf of clients or provide advisory services. The demand for securities brokers has increased globally, particularly in developed economies like the United States, where securities often offer higher returns than traditional investment options. Brokers must understand each client's specific needs and provide tailored solutions. They typically charge either fixed fees for their services or take a percentage of the profit generated from the client's investments. As customer needs evolve, the market is increasingly shifting toward online brokers, who offer lower fees and more flexible, customized solutions to meet the demands of modern investors.

An Initial Public Offering (IPO) is one of the most significant milestones in a company's journey. It not only marks a phase of growth but also provides investors with the opportunity to own a stake in the company. Going public through an IPO means the company is listed on a Stock Exchange. NASDAQ led global stock markets in IPO proceeds, while the New York Stock Exchange ranked second. As of December 2022, NASDAQ was the largest stock exchange in the Americas by the number of companies listed, with 3,688. In South America, the B3 - Brasil Bolsa Balcao held the top position, with 370 companies listed.

Key Market Drivers

Technological Advancements

Technological advancements have been a major driver of growth in the U.S. securities brokerage market. The introduction of algorithmic trading, artificial intelligence (AI), and machine learning has streamlined operations, enabling faster and more efficient execution of trades. Moreover, the proliferation of mobile apps and online platforms has allowed retail investors to trade easily

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from anywhere, democratizing access to the market. These platforms often provide lower fees, advanced tools, and greater transparency, which appeal to both seasoned investors and newcomers. The rise of robo-advisors has also revolutionized the wealth management space by offering automated, low-cost investment strategies tailored to individual needs. Additionally, blockchain technology and the rise of cryptocurrency exchanges are diversifying the products available to investors, further fueling market expansion. Technology has also contributed to better risk management by offering brokers tools to monitor and mitigate risks in real time. HSBC has introduced WorldTrader, an innovative digital trading platform that enables customers to trade a wide range of financial instruments, including equities, exchange-traded funds (ETFs), and bonds, across 77 exchanges in 25 global markets.

Increased Retail Investor Participation

Retail investor participation in the U.S. securities brokerage market has skyrocketed in recent years. Factors like zero-commission trading, fractional shares, and the widespread availability of trading apps like Robinhood and E*TRADE have made investing more accessible to a broader demographic, including younger generations. The gamification of investing, along with a wealth of educational resources, has further attracted individual investors by making the process more engaging and less intimidating. As people increasingly view investing as a means of building wealth, particularly amid low interest rates and inflation concerns, the demand for brokerage services has surged. The pandemic also played a role in this trend, as many individuals sought alternative income sources or engaged in self-directed investing during periods of economic uncertainty. As a result, retail investors now account for a significant portion of trading volume, which has directly contributed to the expansion of the market. This shift has also influenced brokerages to improve customer support, offer more personalized services, and create products catering to diverse investor needs.

Regulatory Changes and Market Transparency

Regulatory changes and improved market transparency have significantly contributed to the growth of the U.S. securities brokerage market. In the wake of the 2008 financial crisis, regulatory reforms such as the Dodd-Frank Act were enacted to promote financial stability, protect consumers, and reduce systemic risk. These regulations have bolstered investor confidence in the market, attracting more participants. For instance, enhanced reporting requirements and stringent rules for broker-dealers have fostered greater accountability, reducing instances of fraud and manipulation. In addition, transparency has improved as a result of initiatives like the Securities and Exchange Commission's (SEC) increased oversight of financial markets. This ensures that investors have access to accurate and timely information, which in turn facilitates informed decision-making. Furthermore, the implementation of rules to safeguard investor funds, such as the Securities Investor Protection Corporation (SIPC) insurance, has increased trust in brokerage firms. Regulatory clarity and investor protection mechanisms not only attract more investors but also encourage institutional investors to participate, leading to increased liquidity and market stability. The overall impact of these regulatory and transparency measures has created a more secure and reliable environment for investors, fostering market expansion.

Key Market Challenges

Regulatory Compliance and Legal Risks

The complex and ever-evolving regulatory landscape is another significant challenge for the U.S. securities brokerage market. Brokerages must comply with a range of regulations set by the Securities and Exchange Commission (SEC), the Financial Industry Regulatory Authority (FINRA), and other regulatory bodies. These regulations are designed to protect investors, ensure market integrity, and reduce systemic risk. However, staying compliant with these regulations can be resource-intensive, especially as rules are updated frequently. Brokerages must invest in compliance infrastructure, staff training, and technology to avoid costly penalties, legal issues, or reputational damage. For example, regulations around anti-money laundering (AML), data privacy, and cybersecurity are becoming increasingly stringent, requiring brokers to implement sophisticated monitoring systems. Furthermore, any failure to comply can lead to legal liabilities, fines, or lawsuits, which could severely affect a brokerage's financial standing and public trust. Additionally, global regulatory variations can complicate operations for brokerages with international clients, requiring them to navigate a patchwork of regulations.

Cybersecurity and Data Protection Risks

As the U.S. securities brokerage market becomes increasingly digitized, cybersecurity and data protection have emerged as major challenges. Brokerage firms store vast amounts of sensitive financial data, including personal information and transaction

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histories, making them prime targets for cyberattacks. Data breaches, hacking, and identity theft pose significant risks, not only to individual investors but also to the reputation and financial stability of the brokerage firms themselves. A security breach can lead to severe financial and legal consequences, including penalties, compensation claims, and loss of client trust. Moreover, brokerages must continuously upgrade their security infrastructure to address increasingly sophisticated cyber threats, such as ransomware and phishing attacks. The growing use of mobile trading platforms and decentralized finance (DeFi) also introduces new vulnerabilities, further complicating the security landscape. Additionally, regulatory requirements around data protection, such as the General Data Protection Regulation (GDPR) and various U.S.-based privacy laws, add further compliance burdens.

Key Market Trends

Rise of Commission-Free Trading

One of the most notable trends in the U.S. securities brokerage market is the widespread adoption of commission-free trading. Over the past few years, many brokerage firms, such as Robinhood, Charles Schwab, and E*TRADE, have eliminated commissions on stock and ETF trades, making investing more accessible to a broader audience. This trend has been driven by the growing demand for low-cost investment options, particularly from retail investors, many of whom are new to the market. By removing commission fees, brokerages aim to attract a larger customer base, including younger, tech-savvy investors who prefer mobile trading apps and are looking to minimize the costs of investing. The move towards commission-free trading has led to greater competition among brokerages, pushing them to innovate with additional services, such as educational resources, research tools, and fractional share investing. However, some critics argue that the loss of commission fees may be offset by other revenue models, such as payment for order flow, which may raise concerns about transparency and conflicts of interest. Regardless, the trend towards commission-free trading is expected to continue reshaping the brokerage landscape, further lowering barriers for individuals to participate in the financial markets.

Growth of Digital Platforms and Robo-Advisors

Another significant trend in the U.S. securities brokerage market is the increasing reliance on digital platforms and robo-advisors. Digital platforms, including mobile apps and web-based interfaces, have become the primary medium for both retail and institutional investors to trade and manage their portfolios. These platforms provide easy-to-use interfaces, real-time market data, and low-cost access to a wide range of investment options, from stocks to cryptocurrencies. The rise of robo-advisors automated investment services that use algorithms to manage client portfolios has also gained significant traction. Robo-advisors offer personalized investment strategies based on an individual's risk tolerance, investment goals, and time horizon, all at a fraction of the cost of traditional human financial advisors. Popular robo-advisors, such as Betterment and Wealthfront, have democratized access to professional investment management, making it more affordable for individuals with smaller portfolios to receive quality advice. As investors become more comfortable with technology and digital tools, the use of robo-advisors is expected to continue growing, further reshaping how investment management is delivered. This trend is particularly appealing to millennials and Generation Z investors, who are increasingly seeking cost-effective, user-friendly solutions.

Segmental Insights

Type Insights

Equity Brokerage is the leading segment in the United States Securities Brokerage Market. This dominance is driven by the high demand for stock trading services from both retail and institutional investors. Equities (stocks) are the most commonly traded securities in the U.S., supported by a robust market infrastructure and widespread participation from investors. The popularity of equity investing is further fueled by the growth of online brokerage platforms, which provide commission-free trading and easy access to the stock market, making it more appealing to a broader demographic, including millennials and new investors. Additionally, the equity market benefits from a large number of publicly traded companies, offering a wide variety of investment opportunities. Equity brokerage services typically include the buying and selling of common and preferred stocks, ETFs, and index funds. As a result, this segment captures a significant portion of trading volume and revenue in the overall securities brokerage market. n by the increasing popularity of digital platforms and the democratization of investment tools.

Regional Insights

The Northeast region dominated the United States Securities Brokerage Market due to its established financial infrastructure, concentration of major financial institutions, and high economic activity. Cities like New York, home to the New York Stock Exchange (NYSE) and NASDAQ, serve as global financial hubs, attracting both institutional and retail investors. The region's strong

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financial ecosystem, including investment banks, asset managers, and hedge funds, supports a thriving securities brokerage market. Additionally, the Northeast is home to a large, affluent population with significant disposable income, creating strong demand for investment services. Moreover, the region benefits from a highly educated workforce with extensive knowledge of financial markets, further driving the demand for brokerage services. As technology and digital platforms continue to evolve, the Northeast's advanced infrastructure allows for seamless integration of fintech solutions, contributing to its leadership in the market. Consequently, this region remains a key player in shaping the trends and growth of the U.S. securities brokerage market.

Key Market Players

☐☐ Fidelity Brokerage Services LLC

☐☐ Morgan Stanley & Co, LLC

☐☐ Merrill Lynch Life Agency Inc.

☐☐ Interactive Brokers LLC

☐☐ JPMorgan Chase & Co.

☐☐ Webull Financial LLC

☐☐ Robinhood Markets, Inc.

☐☐ Ally Financial Inc.

☐☐ Firsttrade Securities Inc.

☐☐ Charles Schwab Corporation

Report Scope:

In this report, the United States Securities Brokerage Market has been segmented into the following categories, in addition to the industry trends which have also been detailed below:

☐☐ United States Securities Brokerage Market, By Type:

- o Derivatives and Commodities
- o Brokerage
- o Stock Exchanges
- o Bond Brokerage
- o Equity Brokerage
- o Others

☐☐ United States Securities Brokerage Market, By Type of Establishment:

- o Exclusive Brokers
- o Banks
- o Investment Firms
- o Others

☐☐ United States Securities Brokerage Market, By Region:

- o South
- o West
- o Midwest
- o Northeast

Competitive Landscape

Company Profiles: Detailed analysis of the major companies presents in the United States Securities Brokerage Market.

Available Customizations:

United States Securities Brokerage Market report with the given market data, TechSci Research offers customizations according to a company's specific needs. The following customization options are available for the report:

Company Information

☐☐ Detailed analysis and profiling of additional market players (up to five).

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