



PORTFOLIO STRATEGY

Rob Carrick grades Canada's online brokerages for 2020

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The best online broker in Canada is also one of the priciest on commissions and fees.

Pay more with Qtrade Investor, get more. No other broker is good in so many different areas and no other broker makes such consistent year-by-year improvements.

Online brokers are prevented by regulators from offering advice, but the best firms have figured out a way to provide tools that let investors help themselves. Unless you've tried these tools, you may not realize how much they can help build confidence that you're doing the right things.

Qtrade's standard online trading commission was \$8.75 when this ranking was done, which puts it closer to the top of range for stock-trading costs than the bottom. Low fees are a foundation of do-it-yourself investing, and they are a crucial aspect of the 21st annual Globe and Mail online brokerage ranking.

But if investing to you is a years-long journey of wealth-building for goals like retirement and your children's postsecondary education, then you'll get more value from Qtrade's tools and informative website than you will by paying a few bucks less per trade.

It is possible to get a decent investing experience with low costs. Questrade and Virtual Brokers have done a great job of adding worthwhile features while keeping costs low. If you want the ultimate in low-cost trading, check out Wealthsimple Trade. Commissions are zero, but for now it's a stripped-down offering without the services needed to be included in this ranking.

As ever, in this ranking brokers are scored on services targeted at mainstream online clients as opposed to heavy traders. Here's a breakdown of the ranking criteria:

Convenience and security: Assessing how easy it is to set up an account and maintain it, as well as the quality of the website as a way to help clients stay on top of their investments.

Cost: Commissions for trading stocks and exchange-traded funds 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 exchange-traded funds. 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-

Given how great it was back in its early 2000s heyday, BMO's slippage in recent years has dropped it only to the point of mediocrity. That's the good news. The bad is that BMO is being outclassed by a growing number of competitors that understand brokers have to be more than a platform for buying and selling investments.

CIBC Investor's Edge

Owner: Canadian Imperial Bank of Commerce

Grade: C

If you put a lot of stock in having access to a deep library of analyst research and cheap commissions of \$6.95 per trade, then CIBC is worth a look. But overall, this broker is serviceable at best and much in need of the changes that are going on behind the scenes there.

Desjardins Online Brokerage

Owner: Desjardins Group

Grade: C

Covers all the bases more or less, but in a very traditional package that lacks the spark or originality you'll find in the top-ranked firms on this list. What makes the overall package more appealing is a commission cut to \$6.95 from just below \$10.

HSBC InvestDirect

Owner: HSBC Bank Canada

Grade: D+

The \$6.88 commission puts HSBC in the group of brokers that don't offer state-of-the-art services and try to make up for that with lower trading costs. But HSBC is a little further behind than most. It lacks an app for trading on mobile devices, and it doesn't offer U.S.-dollar registered accounts.

Interactive Brokers

Owner: Interactive Brokers LLC

Grade: B+

For those who know what they're doing as investors and want a broker that lets them do it as cheaply as possible. IB offers a sophisticated platform that will leave novices with their heads spinning.

National Bank Direct Brokerage

Owner: National Bank of Canada

Grade: B

An oh-so-needed website upgrade has livened things up considerably for this broker, although some tools have not yet migrated to the new site from the old. NBDB stands out here for coming closest to free trading of Canadian- and U.S.-listed exchange-traded funds. The catch is that you must trade in amounts of at least 100 shares.

Qtrade Investor

Owner: Aviso Wealth

Grade: A+

What impresses about Qtrade is its attention to details in supplying almost all the features investors need to be successful. Example: Its mobile app lets you do a wide range of functions and doesn't cut corners, which many other brokers have. This past year, Qtrade introduced an excellent, must-try tool called Portfolio Score for analyzing your portfolio.

Questrade

Owner: Questrade Financial Group

Grade: B+

Unburdened by the “legacy computer systems” that are used as an excuse for the lameness of many bank-owned broker websites, Questrade has been steadily building a fresh, clean investing experience that will resonate with younger investors a lot more than almost every other broker on this list. Adding to this appeal is Questrade’s recent move to lower the threshold where you no longer have to pay account inactivity fees, from \$5,000 to \$1,000.

RBC Direct Investing

Owner: Royal Bank of Canada

Grade: B+

RBC’s online brokerage arm is looking increasingly old school, even if it does house some really good tools for building and monitoring a portfolio. Why aren’t these tools right in your face when you log in as a client? If you do a significant amount of stock trading, you’ll appreciate that RBC has added real-time streaming stock quotes with no minimum required account size or level of trading activity to qualify.

Scotia iTrade

Owner: Bank of Nova Scotia

Grade: A-

An all-around strong player with an advantage over some other bank-owned firms. Scotia allows clients to buy a wide variety of high interest savings accounts packed as mutual funds and exchange-traded funds, while BMO, RBC and TD only allow purchases of their in-house product. For details on who sells what, check the Globe’s [DIY investor’s guide to the best parking spots for cash](#).

TD Direct Investing

Owner: Toronto-Dominion Bank

Grade: A

No other broker creates such a comfortable atmosphere for building and maintaining an investment portfolio. They do it by offering tools that help you understand not just how your investments are performing, but also how well you are achieving the financial goals you set. Now for some helpful criticism: TD’s behind the crowd in not being set up to answer client questions sent by secure e-mail or online chat.

Virtual Brokers

Owner: CI Financial Corp.

Grade: B+

VB's pitch is cheap stock trading without sacrifice. There's a strong portfolio analysis tool from an outfit called Wealthscope, a mobile app with full capabilities and a full range of U.S.-dollar accounts. Stock trades cost 1 cent a share with a \$1.99 minimum and \$7.99 maximum, and you can buy ETFs at no cost (regular fees apply when you sell). Another broker that younger investors should consider.

Brokers under the microscope

A comparison of brokers in 10 key areas that address costs, ease of use and the ability to make sure you're on track.

How do online stock trading commissions compare?

Almost all brokers have a flat commission for mainstream clients, but the actual costs varies.

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 *

Nat'l Bank Direct Brokerage

9.95**

Qtrade

\$8.75

Questrade

1 cent per 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.)

* 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; ** Holders of bank accounts at National Bank may qualify for \$6.95 trades; *** ECN (electronic communications network) fees may also apply for some trades

Is there a simplified fee for all accounts with small balances?

Brokers typically charge a fee of one sort or another on accounts with less than \$10,000 to \$25,000. Some have created a unified fee for registered and unregistered accounts, while others confuse clients with separate fees for both types of account. Note: Many brokers waive these admin-type fees if you meet criteria such as making a small number of trades or setting up a regular contribution to your account; young adult clients may also qualify for a fee waiver.

BMO InvestorLine

No - separate fees for registered and non-registered accounts

CIBC Investor's Edge

No

Desjardins Online Brokerage

No

HSBC InvestDirect

No

Interactive Brokers

No

Nat'l Bank Direct Brokerage

Yes - \$100/year for accounts of less than \$20,000

Qtrade

Yes - \$25/qtr. for accounts of less than \$25,000

Questrade

Yes - \$24.95/qtr. for accounts of less than \$1,000

RBC Direct Investing

Yes - \$25/qtr. for accounts of less than \$15,000

Scotia iTrade

No

TD Direct Investing

Yes - \$25/qtr. for accounts of less than \$15,000

Virtual Brokers

\$24.95/qtr. for accounts of less than \$5,000; note that there are admin fees for RESPs and U.S.-dollar RRSPs

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

Nat'l Bank Direct Brokerage

Commission-free online trading of Cdn. and U.S. ETFs in amounts of 100+ shares*

Qtrade

Commission-free trading of 100 Cdn.- and/or 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

Foreign exchange charges

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 at 10 on the morning of Dec. 10, 2019 (stock trading commission not included).

BMO InvestorLine

\$20,111

CIBC Investor's Edge

\$19,995

Desjardins Online Brokerage

\$20,034

HSBC InvestDirect

\$20,123

Interactive Brokers

\$19,768

Nat'l Bank Direct Brokerage

\$20,040

Qtrade

\$20,245

Questrade

\$20,154

RBC Direct Investing

\$19,983

Scotia iTrade

\$20,032

TD Direct Investing

\$20,025

Virtual Brokers

\$20,053

Are U.S.-dollar registered accounts available?

With a U.S.-dollar registered account, you can hold U.S. cash and receive U.S.-dollar dividends without having them automatically converted into Canadian dollars. That's a big savings on foreign exchange costs.

BMO InvestorLine

RRSP, RRIF, TFSA, RESP

CIBC Investor's Edge

RRSP, RRIF, TFSA

Desjardins Online Brokerage

RRSP, RRIF, TFSA

HSBC InvestDirect

Interactive Brokers

RRSP, TFSA

Nat'l Bank Direct Brokerage

RRSP, RRIF, TFSA, RDSP (Registered Disability Savings Plan)

Qtrade

RRSP, RRIF, TFSA, RESP

Questrade

RRSP, RRIF, TFSA, RESP

RBC Direct Investing

RRSP, RRIF, TFSA

Scotia iTrade

RRSP, RRIF, TFSA

TD Direct Investing

RRSP, RRIF, TFSA, RDSP (Registered Disability Savings Plan)

Virtual Brokers

RRSP, RRIF, TFSA, RESP

Can you buy high-interest savings ETFs?

These popular exchange-traded funds offer a way to park cash in your investment account and earn better returns than in other safe havens. Ticker symbols include PSA-T and CSAV-T. Expect to pay brokerage commissions to buy and/or sell.

BMO InvestorLine

No

CIBC Investor's Edge

Yes

Desjardins Online Brokerage

Yes

HSBC InvestDirect

Yes

Interactive Brokers

Yes

Nat'l Bank Direct Brokerage

Yes

Qtrade

Yes

Questrade

Yes

RBC Direct Investing

No

Scotia iTrade

Yes

TD Direct Investing

No

Virtual Brokers

Yes

Can clients send secure e-mails to get personal account questions answered, or use online chat?

Two ways that let you communicate directly with your broker about matters related to your account.

BMO InvestorLine

E-mail

CIBC Investor's Edge

E-mail, Online chat

Desjardins Online Brokerage

E-mail

HSBC InvestDirect

E-mail

Interactive Brokers

E-mail, Online chat

Nat'l Bank Direct Brokerage

E-mail

Qtrade

E-mail, Online chat

Questrade

E-mail, Online chat

RBC Direct Investing

E-mail, Online chat

Scotia iTrade

E-mail, Online chat

TD Direct Investing

Virtual Brokers

E-mail, Online chat

Are there comprehensive tools to help clients assess their returns over the short and long term and against benchmark indexes?

To be a successful investor, you need to be able to properly gauge how your portfolio is performing. If you can't match or beat the benchmark indexes, take a look at index-tracking ETFs.

BMO InvestorLine

Benchmarks, Multiple time frames

CIBC Investor's Edge

Desjardins Online Brokerage

Multiple time frames

HSBC InvestDirect

Benchmarks

Interactive Brokers

Benchmarks, Multiple time frames

Nat'l Bank Direct Brokerage

Multiple time frames

Qtrade

Benchmarks, Multiple time frames

Questrade

Multiple time frames

RBC Direct Investing

Benchmarks, Multiple time frames

Scotia iTrade

Benchmarks, Multiple time frames

TD Direct Investing

Benchmarks, Multiple time frames

Virtual Brokers

Benchmarks, Multiple time frames

How does the client website experience rank on a scale of 1 to 5?

A well-designed, easy-to-use website helps put your hands on the tools, research and other resources that make you a better investor. Here's a subjective rating based on a scale of 1 (worst) to 5 (best) for mainstream investors, rather than traders.

BMO InvestorLine

1.5

CIBC Investor's Edge

1.5

Desjardins Online Brokerage

1.5

HSBC InvestDirect

2

Interactive Brokers

4

Nat'l Bank Direct Brokerage

3

Qtrade

5

Questrade

4

RBC Direct Investing

2

Scotia iTrade

3

TD Direct Investing

5

Virtual Brokers

2.5

Is there a security guarantee saying clients will be reimbursed fully for losses in their account due to unauthorized transactions?

Reassurance against hackers gaining entry to your brokerage account (assumes you have kept your password private).

BMO InvestorLine

Yes

CIBC Investor's Edge

Yes

Desjardins Online Brokerage

No

HSBC InvestDirect

Yes

Interactive Brokers

No

Nat'l Bank Direct Brokerage

Yes

Qtrade

Yes

Questrade

Yes

RBC Direct Investing

Yes

Scotia iTrade

Yes

TD Direct Investing

Yes

Virtual Brokers

Yes

Source: Rob Carrick; online brokerage firms

<https://www.theglobeandmail.com/investing/markets/inside-the-market/article-rob-carrick-grades-canadas-online-brokerages-for-2020/>

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