

PORTFOLIO STRATEGY

The 2024 Globe and Mail Digital Brokerage Ranking: Who rules, and who's coming on strong

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Back in 1984, Toronto-Dominion Bank was the first big bank to open what was then called a discount brokerage.

TD is still the leader in self-directed investing, 40 years later. The duo of TD Direct Investing and the TD Easy Trade app top The Globe and Mail digital brokerage ranking for a second consecutive year.

Consistently good Qtrade Direct Investing is another strong choice, and National Bank Direct Brokerage is coming on strong as a result of its offer of free trading of stocks and exchange-traded funds. But TD is the best broker for the most investors. Unless other brokers raise their game, TD could be settling in for a long reign at the top.

A big part of 2024 broker ranking flows from this question: Does my broker know it's me when I log in to monitor my account or make a trade? Am I shown account performance data right up front? Are there updates for my holdings? Do I feel like I'm primed with the information needed to get things done in my portfolio?

TD nails all this and, recently, it's also been fixing nagging little deficiencies. For instance, it now offers secure e-mail so clients can get answers to questions about their account without resorting to the phone. Online chat is offered for active traders – TD should now extend it to everyone.

One more TD innovation of note is the introduction of digital withdrawals from registered education savings plans. Parents will appreciate this one.

TD Direct still charges a flat \$9.99 per stock or ETF trade, a pricing policy that has been around for close to 10 years. Over this time, Wealthsimple, National Bank Direct Brokerage and Desjardins Online Brokerage have introduced commission-free trading, and others have limited offers of no-cost ETF trading. TD's response is the Easy Trade app, which offers 50 free stock trades a year and unlimited free trading of TD-brand ETFs. Note: You cannot buy non-TD ETFs through Easy Trade.

As well as commissions and fees, this ranking considers the design of websites and apps for mobile devices, portfolio management tools, resources for researching stocks and ETFs and the process for opening accounts and transferring in money.

Here are notes on the brokers in the 2024 ranking, listed alphabetically:

BMO InvestorLine

Owner: Bank of Montreal

Grade: B+

The eternal question to be asked of bank-owned brokers: Is there any reason to deal with them, other than if you're already a client of the same bank? BMO InvestorLine answers this question in the affirmative with its list of 95 BMO, iShares and Vanguard ETFs that can be traded at no cost. The selection is well-curated in that there are multiple options for building a sound, sensible portfolio. Otherwise, BMO is a well-rounded broker with a flat trading commission of \$9.95.

CIBC Investor's Edge

Owner: Canadian Imperial Bank of Commerce

Grade: B

Investor's Edge has positioned itself as a lower-cost option in the world of bank-owned brokers with a flat trading commission of \$6.95. The \$3 saving is less of an

enticement than features such as a top-notch equity research library with reports from CIBC Capital Markets as well as Thomson Reuters and Morningstar. If you're a paper person, IE is one of the few brokers that doesn't charge for paper trade confirmations and account statements. Is there any overlap at all between avid guaranteed investment certificate investing and use of mobile apps? If so, IE is right there as a rare broker to include GICs in its app for smartphones.

CI Direct Trading

Owner: CI Financial Corp.

Grade: C

CI Direct Trading clients get access to a fantastic portfolio analytics tool from a third-party provider called Wealthscope that covers performance, fees, risk, income and diversification. If only the rest of CIDT was as good. The website's a navigational challenge, and the design lacks the vibrancy of leading brokers. Pricing was once the cheapest in the industry, but now it's low-ish. The app is a better bet than the website.

Desjardins Online Brokerage

Owner: Desjardins Group

Grade: C+

Zero commissions, everyone. Also, a good range of equity research and a cleanly designed app that upgrades the minimalist website.

HSBC InvestDirect

Owner: HSBC Bank Canada

Grade: C-

InvestDirect's niche is offering access to 30 global markets with trades that settle in 10 currencies, including the Canadian dollar. If that interests you, be mindful that

parent HSBC Canada has been bought by Royal Bank of Canada and may not last long as an independent entity.

Interactive Brokers

Owner: IBG Holdings LLC

Grade: B+

IB is the most trading-forward of the brokers in this ranking, but the availability of fractional shares suggests some appeal for investors with more of a buy-and-hold approach. Otherwise, IB offers some of the lowest commissions and foreign-exchange and margin rates, and it's an outlier in paying interest on cash balances.

National Bank Direct Brokerage

Owner: National Bank of Canada

Grade: B

NBDB offers zero commissions to trade stocks and ETFs, and a fresh, clean website that includes a library of Morningstar and National Bank Financial equity and ETF research. What you don't get is the sense that your broker knows who you are when you log in and has pertinent information to show you. Top-tier brokers in this ranking all offer this. Also, oddly given the investing trends of the past year, NBDB does not offer online GIC buying.

Qtrade Direct Investing

Owner: Aviso Wealth

Grade: A-

Qtrade has lived at the top levels of this ranking for ages because it's always making big and small improvements. Last year, Qtrade was criticized for high minimums on purchases of GICs. The minimums were then reduced to \$5,000. One more recent tweak is the addition of a goal-planning tool that allows clients to set a target

amount for a specific financial milestone and then track their progress toward achieving it. The big pluses at Qtrade include one of the most user-friendly websites in this ranking, a good app, commission-free trading of 120 ETFs and a Portfolio Score tool that lets clients drill way down into their portfolios to assess risk, diversification and more.

Questrade

Owner: Questrade Financial Group

Grade: B+

If you plan to trade mainly on your smartphone, give Questrade a good look because its mobile app is one of the most user-friendly. There's an easy simplicity to the way it guides investors through a trade that will appeal to new and even experienced investors. Questrade made a bold statement about its commitment to young investors when it launched first home savings accounts immediately on their official introduction in April, 2023 – other brokers are still catching up (see charts). Pricing at Questrade is mid-market at a minimum \$4.95, with electronic communications network fees adding to the cost of some trades.

RBC Direct Investing

Owner: Royal Bank of Canada

Grade: B-

RBC Direct Investing has done a few things to improve its service in the past while, starting with the introduction of first home savings accounts ahead of other bank-owned brokers. There's also a new income projection tool that will suit retirees well, a homepage feature showing recent events driving your holdings and the removal of a ban on clients buying high-interest savings account ETFs. RBC Direct's website is an issue, though. It's old-looking and zero fun to use.

Scotia iTrade

Owner: Bank of Nova Scotia

Grade: B

There's a 1990s vibe to iTrade's website, but 10,000 clients are now testing a redesign that will be introduced next year. The iTrade app is quite good and offers reason for optimism about the website. Reasons to do business with iTrade include a strong equity research centre and a menu of 120-plus ETFs that you can trade at no cost. For all other ETF and stock trades, you pay \$9.99. The same applies to mutual fund orders.

TD Direct Investing

Owner: Toronto-Dominion Bank

Grade: A

Of all the players covered here, TD Direct Investing has evolved the most from the original digital broker function of providing a platform to buy and sell securities at a lower price than full-service dealers. No, not on price. Where TD excels is in providing the tools needed to manage your portfolio efficiently. If you think your broker is plenty good enough, try opening an account at TD Direct and compare. Just not a first home savings account – TD Direct wasn't offering them as of early 2024, but says they are coming later in the year.

Wealthsimple

Owner: Ownership includes Power Corp. of Canada

Grade: B+

Wealthsimple is graded here not as an all-round broker, but as a financial tool for Gen Zs and millennials. Commission-free stock trading is a big piece of the story in that clients can build positions in ETFs and stocks with maximum efficiency. There are no trading costs, and fractional shares are available. If you're a saver with a short time frame and zero tolerance for stock market antics, you can park money in savings and earn 4 to 5 per cent as of mid-February, 2024. The cheapness of Wealthsimple fades a bit if you trade U.S. stocks because there's a \$10 monthly fee for keeping U.S. dollars in your account. A workaround is to use Canadian Depository

Receipts, which are TSX-listed versions of popular U.S. stocks that trade in Canadian dollars.

How do online stock trading commissions compare?

These are flat commission rates unless otherwise specified and apply to investors as opposed to active traders.

BMO InvestorLine	\$9.95
CIBC Investor's Edge	\$6.95
CI Direct Trading	1 cent per share (\$1.99 min. \$7.99 max.)
Desjardins Online Brokerage	zero
HSBC InvestDirect	\$6.88
Interactive Brokers	Cdn-listed stocks (in C\$): 1 cent per share with a minimum of \$1 and a maximum of 0.5 per cent of trade value; U.S.-listed stocks (in \$US): Half a cent per share, with a minimum of \$1 and a maximum of 1 per cent of trade value*
National Bank Direct Brokerage	zero
Qtrade Direct Investing	\$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**
Wealthsimple	zero

*Electronic communications network (ECN) fees may also apply; in addition, IB offers streaming market data with varying monthly fees;

**TD's Easy Trade app offers 50 free trades per calendar year and unlimited free trading of TD's family of ETFs;

Note: Commissions are generally charged in U.S. dollars for trading of U.S. stocks.

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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	95 commission-free ETFs
CIBC Investor's Edge	No
CI Direct Trading	Buy ETFs with no commissions; regular charges apply when you sell
Desjardins Online Brokerage	Zero commissions for stocks and ETFs
HSBC InvestDirect	No
Interactive Brokers	A limited number of U.S.-listed ETFs
National Bank Direct Brokerage	Zero commissions for stocks and ETFs
Qtrade Direct Investing	120 commission-free ETFs
Questrade	Buy ETFs with no commissions; regular charges apply when you sell
RBC Direct Investing	No
Scotia iTrade	120+ commission-free ETFs
TD Direct Investing	No (see footnote above re TD Easy Trade)
Wealthsimple	Zero commissions for stocks and ETFs

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Foreign exchange rates

Brokers were asked to say what they would charge a client who bought \$10,000 in U.S. dollars as part of a purchase of a U.S. stock. The hypothetical transaction was made on the morning of Dec. 11, 2023 (stock trading commission not included).

BMO InvestorLine	\$13,756
CIBC Investor's Edge	\$13,740
CI Direct Trading	\$13,675
Desjardins Online Brokerage	\$13,750
HSBC InvestDirect	\$13,564
Interactive Brokers	\$13,568
National Bank Direct Brokerage	\$13,793
Qtrade Direct Investing	\$13,649
Questrade	\$13,725
RBC Direct Investing	\$13,784
Scotia iTrade	\$13,765
TD Direct Investing	\$13,837
Wealthsimple	\$13,827

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GICs

Elevated interest rates have increased the appeal of guaranteed investment certificates. Here's how brokers compare in availability of GICs

	ONLINE GIC BUYING	GIC MINIMUM PURCHASE
BMO InvestorLine	Yes	\$5,000
CIBC Investor's Edge	Yes	\$5,000 registered, \$10,000 non-reg
CI Direct Trading	Yes	depends on the issuer
Desjardins Online Brokerage	No	\$5,000
HSBC InvestDirect	Yes	\$1,000
Interactive Brokers	No	n/a
National Bank Direct Brokerage	No	\$10,000 for one-year, \$5,000 for two- to five-year terms
Qtrade Direct Investing	Yes	\$5,000
Questrade	Yes	\$5,000
RBC Direct Investing	Yes	\$3,500 to \$20,000, depending on term and account type
Scotia iTrade	Yes	as low as \$1,000
TD Direct Investing	Yes	as low as \$500
Wealthsimple	No	n/a

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First home savings accounts

FHSAs were introduced in April 2023, but not all brokers offer these accounts to clients as of mid-February 2024. Also noted here are registered disability savings plans.

	OFFERS FHSAS	OFFERS RDSPS
BMO InvestorLine		
CIBC Investor's Edge	X	
CI Direct Trading	X	
Desjardins Online Brokerage	*	
HSBC InvestDirect		
Interactive Brokers		
National Bank Direct Brokerage	X	X
Qtrade Direct Investing	X	
Questrade	X	
RBC Direct Investing	X	
Scotia iTrade	X	
TD Direct Investing		X
Wealthsimple	X	

*expected in Q2 2024

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Investors on hold

The investment industry consulting firm Dalbar Canada called brokers five times each on average Feb. 2-9 during standard business hours to see how long it took to reach a live representative. Here are the results, with comparisons to previous years.

	AVERAGE WAIT TIME IN MINUTES			
	2024	2023	2022	2021
BMO InvestorLine	1	2	2	87
CIBC Investor's Edge	1	1	49	101
CI Direct Trading	2	1	n/a*	7
Desjardins Online Brokerage	1	38	32	170
HSBC InvestDirect	2	16	11	125
Interactive Brokers	8	5	10	66
National Bank Direct Brokerage	5	6	32	69
Qtrade Direct Investing	6	2	7	28
Questrade	4	2	2	128
RBC Direct Investing	6	3	13	90
Scotia iTrade	13	5	21	179
TD Direct Investing	1	1	25	58
Wealthsimple	10	39	7	n/a

* CI Direct Trading was not part of this year's survey by Dalbar

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