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The rise of the millennial investor

The financial market turmoil in 2020 looks to be irrevocably changing stock market demographics, heralding the rise of the millennial investor.

Mirroring the experience of the US, where the Robinhood financial app has garnered significant traction with the sub-40 age group, a UK fintech called Plum recently said it had seen a 180% increase in its customer base between January and September. The average age was 33.

Interactive Investor and AJ Bell, the investment platforms, have said they too are starting to see growing interest from this audience.

For example, Interactive said over the last six months 50% of new ISAs, which are often used as tax-efficient wrappers for stock market investing, have been taken up by 'younger' investors.

"The last two crises may have scarred the psyche of young people in many ways, and there is a danger that they will be overly cautious with their cash, having lived through two major financial crashes in 12 years and learnt how quickly the floor could fall from beneath them without warning," says Interactive's Myron Jobson.

"However, that is definitely not the case for everyone: we have seen a surge in account openings from younger people over the year to date."

AJ Bell reported that 22% of new customers in the first six months of 2020 were aged between 21 and 30, compared with the long-term trend of just 13%, resulting in the average customer age falling from 44 to 38 over the past 18 months.

"We believe that is because online platforms are increasingly catering for the needs of younger investors through intuitive mobile apps, ready-made investment solutions and content specifically designed to help them get started with investing," says AJ Bell's Charlie Musson.

The trend is a similar one in Germany. Data from the Aktion pro Aktie survey indicate that 34% of Germans now hold shares. This was just 24% as recently as 2017.

The increase was strongest among 18-24 year-olds, where the shareholder ratio climbed from 24% to 39% over the period.

"The year of crisis that has been 2020 has fundamentally changed shareholder structures," said a report by Block-Builders.net, which analysed the latest German data.

Here in the UK, Interactive, in common with many other investment platforms, has started to tailor its offering to cater more directly to those new to new investors with its Quick Start range.

And of course, there has been the emergence of apps such as Nutmeg, Wealthify and Plum.

Share Information

Code:

Listing:

Sector:

Website:

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They understand this new breed of investors, incorporating Facebook-style flourishes on their platforms.

Crucially, they get that millennials, who are often dismissed as the 'no income, no jobs, no assets generation', are anything but.

"Our data proves that for our investors at least, this stereotype is incorrect, as they have shown themselves to be savvy with their smart investment tactics during the Coronavirus pandemic," says Victor Trokoudes, Plum's chief executive and co-founder.

"In fact, it looks like our customers took lessons from Warren Buffett. They invested in things they know well, like technology, and were able to adapt quickly to events around them by investing more in our health fund."

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