

AIA DISCOUNT BROKERS SURVEY

The AIA is an independent not for profit association of individual investors. The association provides independent investment education, represents the interests of members to regulators, government and the financial services industry and provides a forum for members to network for mutual benefit.

AIA members provide a valuable research sample.

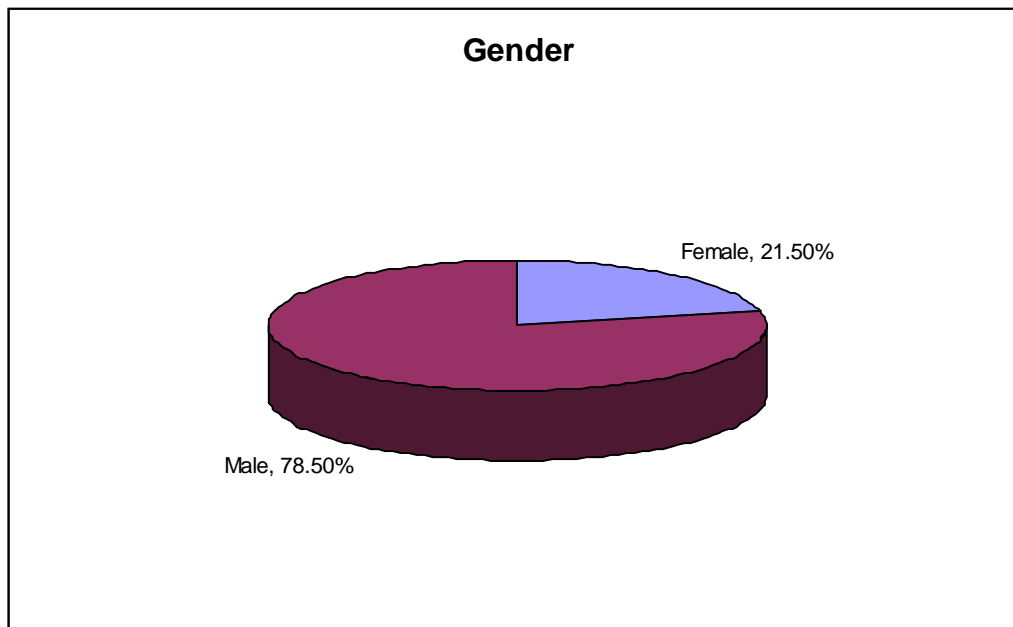
The Discount Broker survey has been conducted to reveal Users' levels of usage and satisfaction.

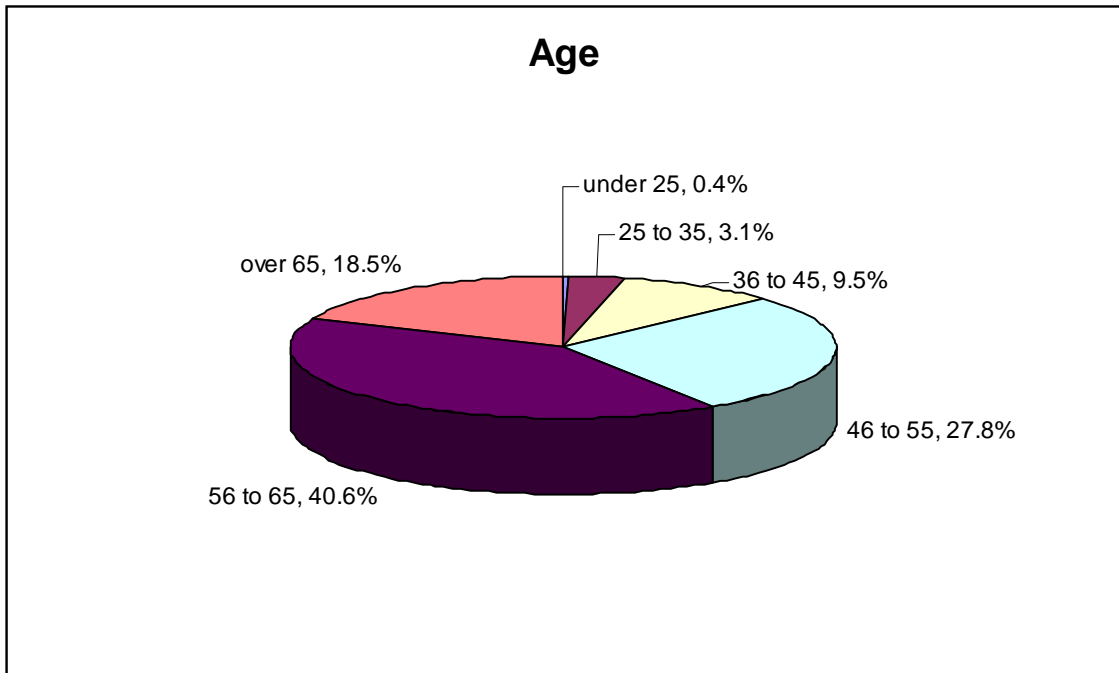
Discount Brokers and particularly those offering an internet service are a relatively recent arrival and provide individual investors with a significantly cheaper means of trading than the traditional stock broker.

The survey was undertaken between 30th October and 15th November 2003 by means of email survey and 455 responses were received. The AIA wishes to thank Adviser Ratings Pty Ltd who has conducted the survey on behalf of the AIA free of charge.

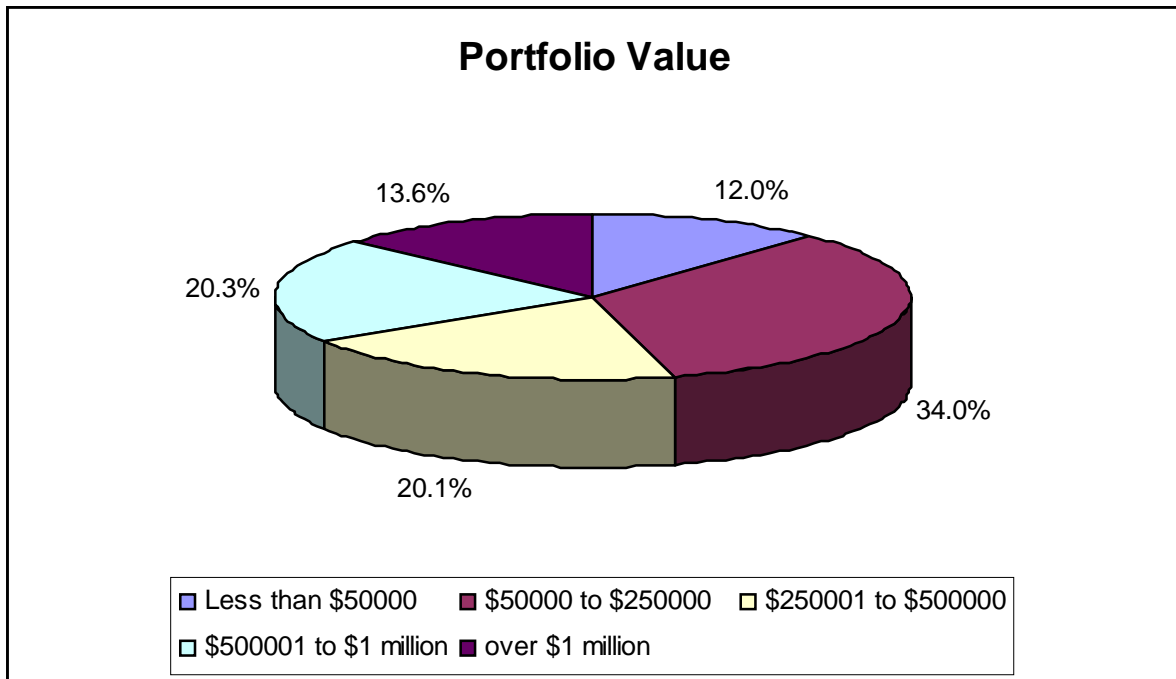
The opinions and commentary provided in this report are those of the AIA and are based solely upon the results of the survey.

SAMPLE CHARACTERISTICS

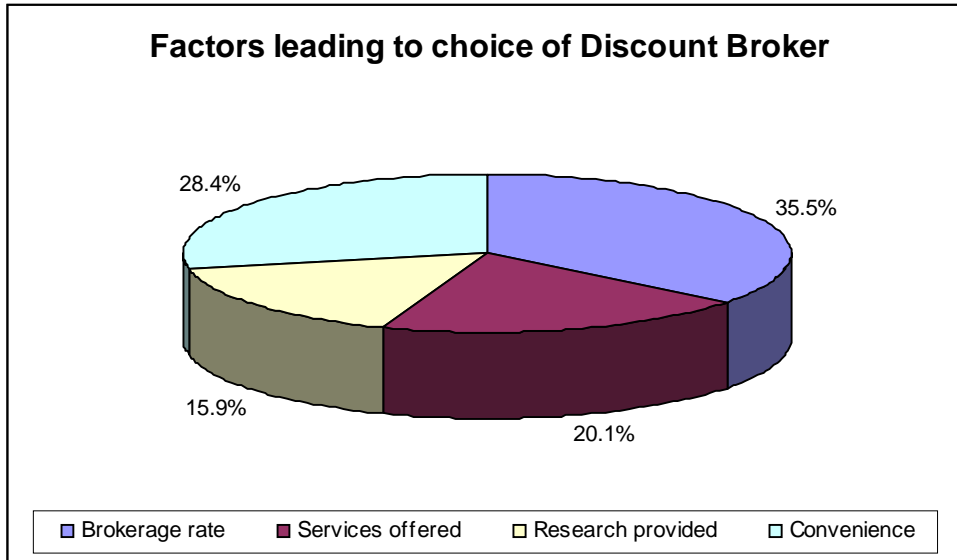




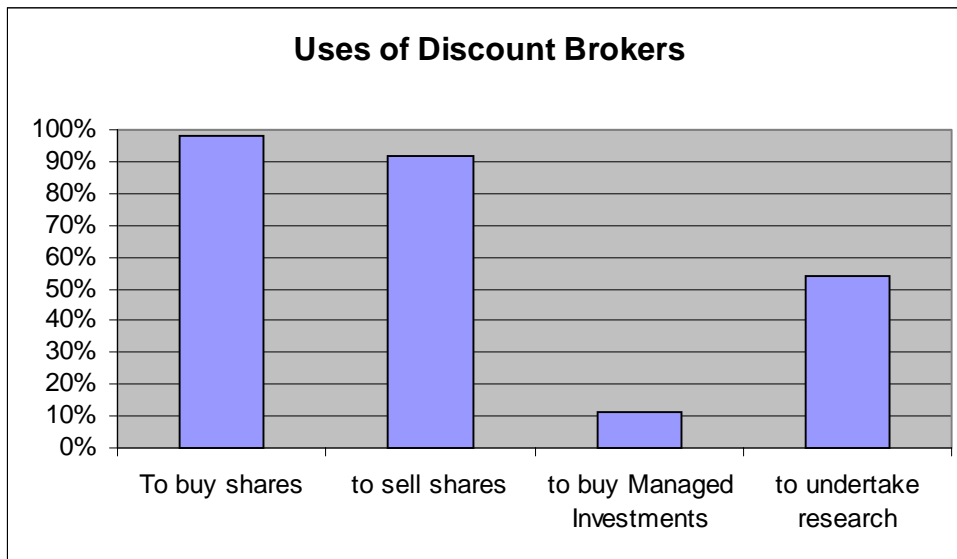
Consistent with AIA Membership demographics.



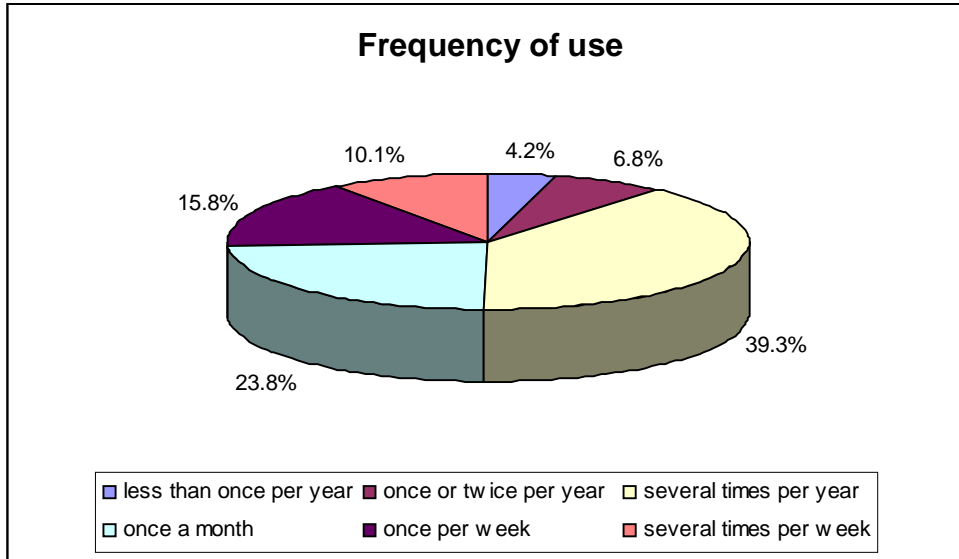
Relates only to equities component of respondents total portfolio



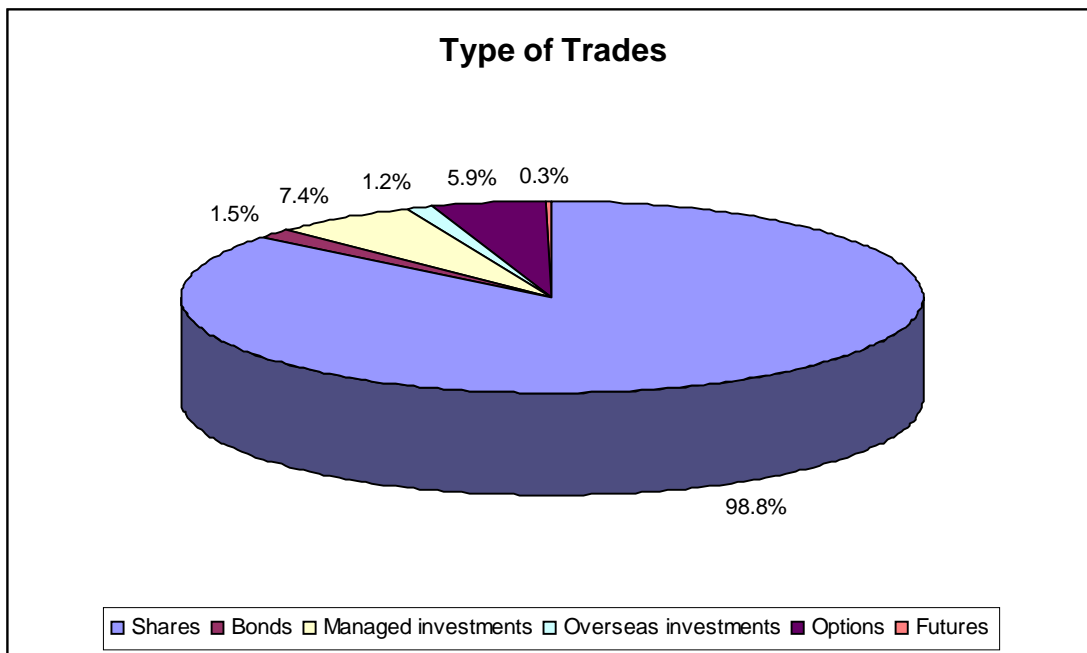
Not Surprisingly BROKERAGE RATE was the most commonly nominated factor, followed by convenience. However range of services offered and research provided do feature significantly suggesting that investors are looking for more than just a low brokerage rate.



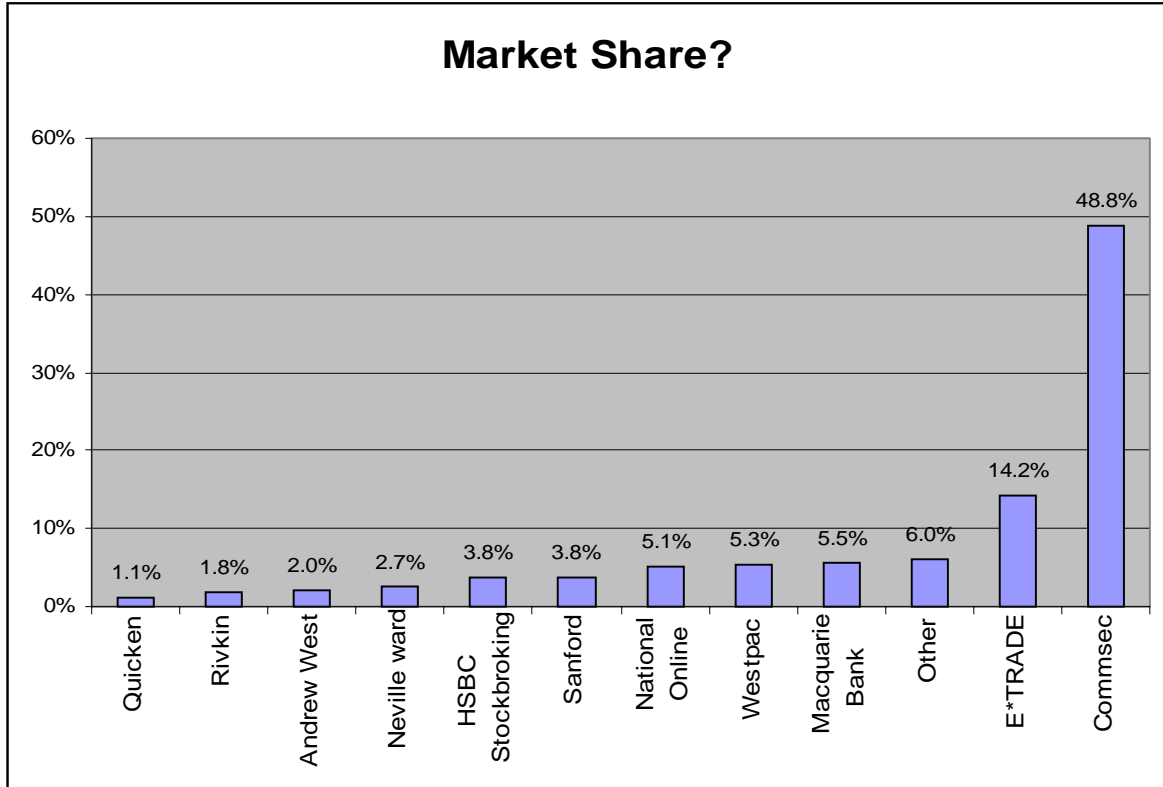
As expected the primary use of discount brokers is to trade in shares and it is worth noting that there is less selling than buying. The use of discount brokers to buy Managed Funds is much lower. There is a high level of use of research.



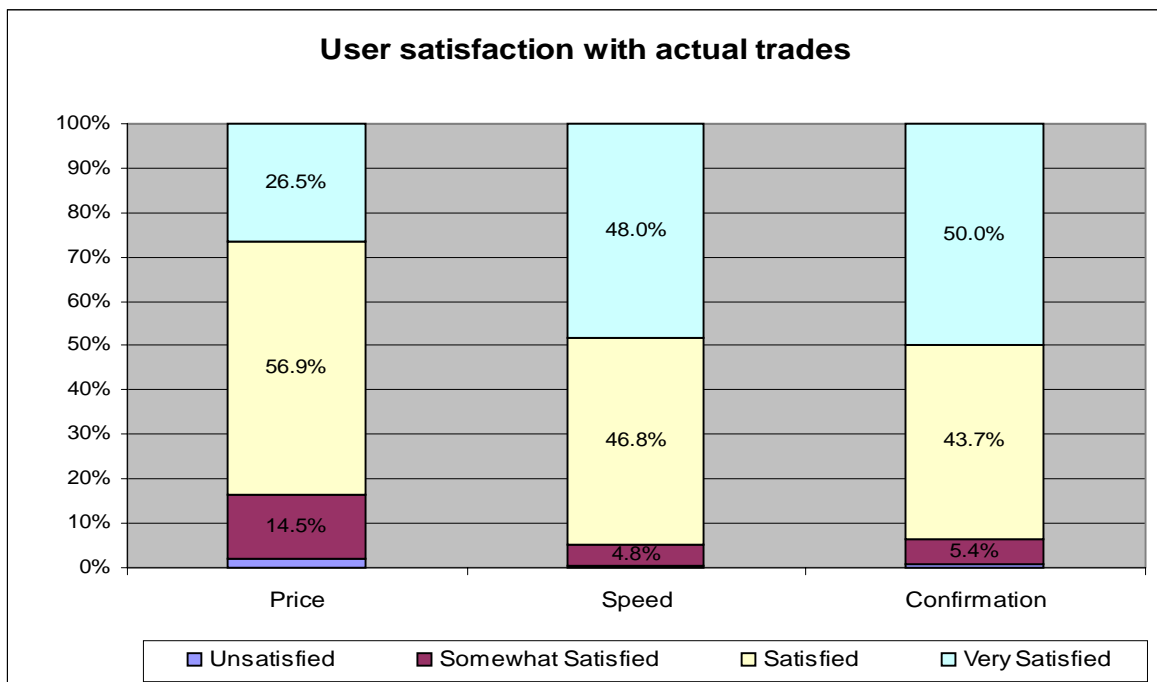
Almost 50% are frequent users i.e. once per month or more, with 16% using at least once per week and 10% several times per week.



While the vast majority of trades are in Australian Shares, discount brokers are being used to trade in other types of investments with Options featuring prominently.

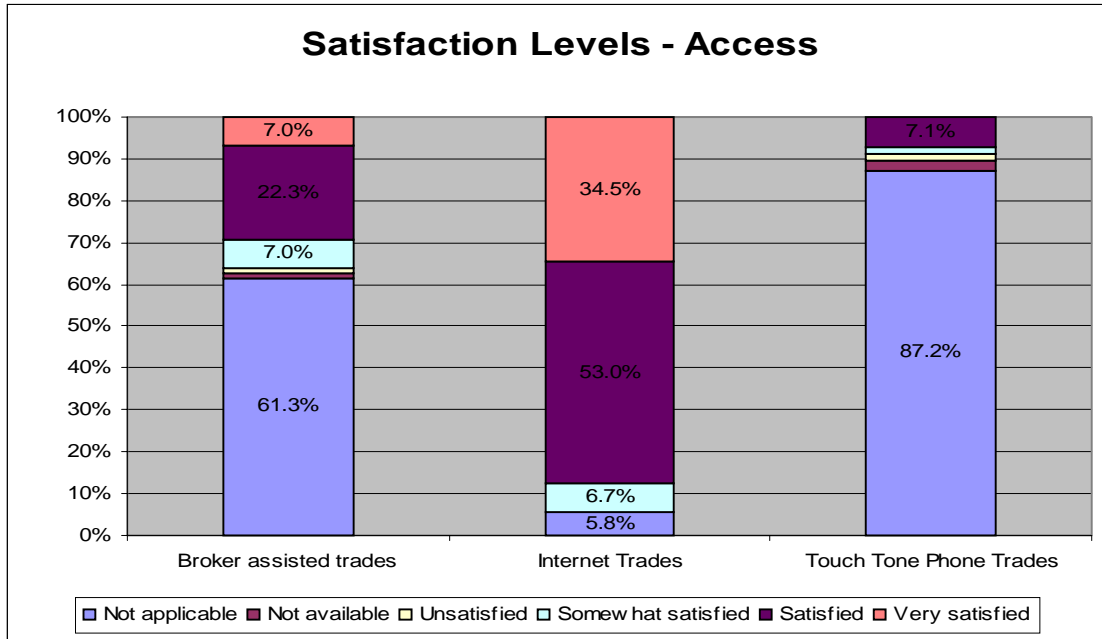


The standout is Commsec who dominate the market with only one serious competitor in E*TRADE. The other banks are providing little competition at this stage and this may be testament to Commsec's earlier entry to discount broking.



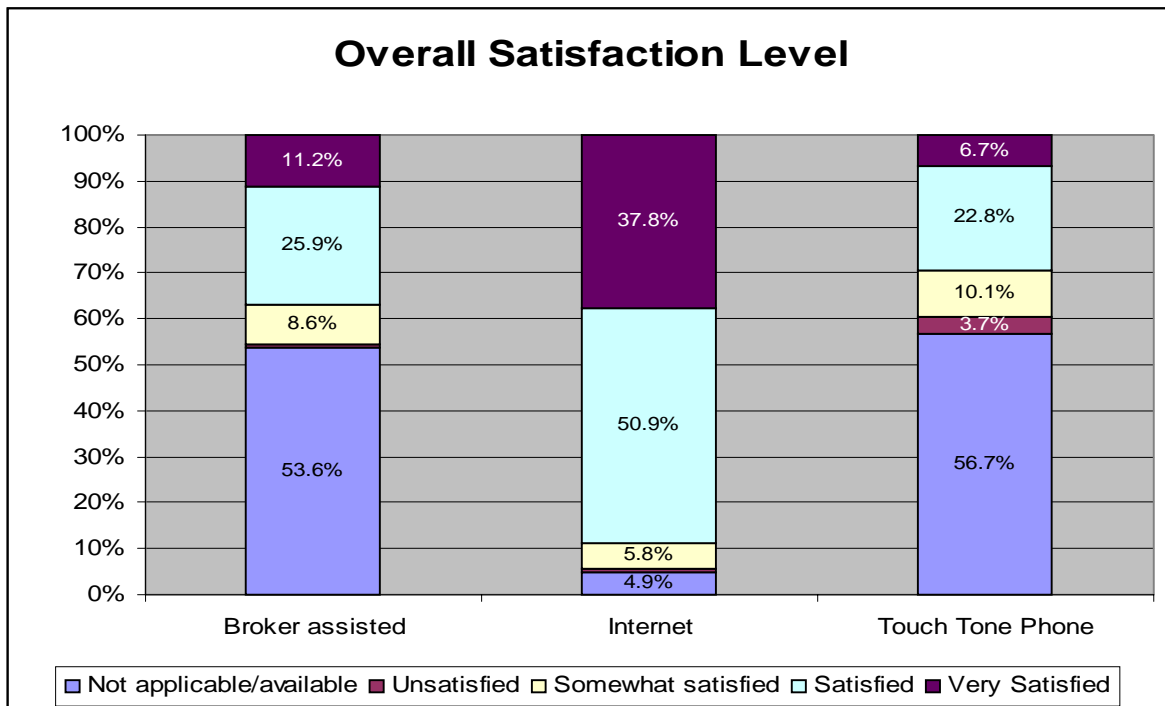
The question asked was: **How do you rate the quality of your trade executions with your discount broker/service?**

There is a high level of satisfaction with discount brokers in all three key areas of service namely, price, speed of trade and confirmation.



The question asked was: **How satisfied are you with the broker's reliability in terms of gaining access when you need it?**

Almost 90% of users are satisfied or very satisfied with the internet services provided. Where Broker assisted service is available (less than 40%). The satisfaction level is very high (over 90%). Touch Tone Phone services are generally not available.



The question asked was: **How do you rate your overall satisfaction with your discount broker/service?**

Where Broker Assisted and Touch Tone phone services are provided the satisfaction level is high. Internet services are the primary method for users of discount brokers and the survey results show a very commendable level of satisfaction.

SUMMARY

The survey results demonstrate a high level of satisfied users. The only area registering any notable level of dissatisfaction is the price achieved on trades and this may be no more than could be expected.

The results clearly show that the discount broker market is dominated by Commsec (48.8%) and E*TRADE (14.2%) with a combined market share of (63%).

The extent of use and level of satisfaction augur well for the future of discount broker services and may indicate a declining role for full service brokers.

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