

Europeans Log On To Investment Fever

US Brokers Start to Target Continent

By John Tagliabue

LONDON – Alan English has an addiction, and he is not ashamed to discuss it.

'I log on every day, sometimes from the office, in the morning and in the evening,' said Mr. English, 51, a computer consultant who is still hooked a year and a half after he began shopping for stocks over the Internet. 'Some days I trade four or five times a day.'

Mr. English is one of a growing number of Europeans with on-line investment fever. There is a stock market boom at the moment, and as Web surfing gains popularity across Europe, more and more people are logging on to shop for financial products, and buying and selling stocks.

Compared with the United States, where about 20 percent of all stock trades are entered from the Internet, the movement in Europe is still in its infancy. But as the trend gathers pace, American Internet brokers have begun moving into Britain and increasingly are setting their sights on the Continent as well.

Their arrival poses a challenge for new European on-line trading firms. Analysts expect it to accelerate vast changes in the securities business that are already under way here as Europe becomes a single market.

Nowhere is the trend more apparent than in Britain. In April, Charles Schwab Corp set up an online trading service, and in June the E-Trade Group, based in

California, announced a joint venture with a British partner, as well as licensing agreements in Germany. Other Internet brokers such as Ameritrade and DLJ Direct, are studying moves to catch up.

'American brokers, under competitive pressure back home that is driving down profit margins, are being drawn to the lucrative potential of Europe, where the idea of a discount broker is still rather novel,' said Stephen Eckett, the author of *Investing Online*, a guide to Internet investments.

Mr Eckett said that fees at full-service brokers in Britain for the purchase of \$10,000 of stock in a British company would amount to about \$120, while the going commission for making a similar trade on the World Wide Web could be as low as \$9.

Though European investors can already use US online brokers to buy shares in the United States, the American companies do not actively promote this business for fear of annoying European securities regulators. Thus, at the start, the American online brokers operating in Europe, like Schwab, are offering their customers the chance to trade only on individual European exchanges. The long-range goal, however, is to expand the system into a truly global marketplace where investors in any country will be able to trade freely in stocks across national boundaries. While European

Internet usage still lags behind the United States, it is expected to grow rapidly in the next several years and Europe's single currency will foster the spread of stock trading across national boundaries. The American online firms, despite their aggressive plans, will not have it easy.

Barclays plc, one of the largest British banks, will be the first to fight off the competition when it launches its own online service in September, complete with financial information and real-time share trading service.

Philip Bungey, Head of Research and Development at Barclays Stockbrokers, said Barclays would let customers trade in about 2,000 companies on the London Stock Exchange and the Alternative Investment Market, a small-companies market. In the future, he said, Barclays want to enable its customers to trade electronically on American exchanges, like NASDAQ.

Increasingly, American online brokers will be squeezed by the very revolution they have helped start. Mr. Eckett predicts a 'major collapse' of commission fees. He noted that in the United States, commissions for Internet trades have dipped as low as \$5 a transaction since Web trading surfaced about four years ago. 'The same will happen in Europe,' he said, 'as consumers surf the Internet in search of cheaper financial services.'

Task 1. Read the text and answer the questions.

1. Why are more people taking an interest in the stock exchange?

2. What will make European markets change more quickly?

3. Why do American online traders operating in Europe restrict their dealings to European exchanges?

4. How are the European traders reacting to American competition?

5. What will the long-term effect on American brokers be?

Task 2. Match the words from the text with their corresponding definitions. Write the answers (letters A-M) in the table provided below.

1.	To log on	A	The difference between the total cost of making and selling something and the price it is sold for
2.	Hooked	B	An authority that supervises an industry
3.	Profit margin	C	To reach a total of
4.	Stock exchange	D	To move faster and faster
5.	To catch up	E	To connect
6.	lucrative	F	Money that a customer pays for a service, usually a percentage of the total
7.	To amount to	G	A place where shares are traded
8.	Commission	H	To decide that you want it and try hard to get it
9.	A regulator	I	Addicted
10.	A broker	J	New, unusual and interesting
11.	To set one's sights on smth.	K	Profitable
12.	To gather pace	L	A person who buys and sells shares in companies, etc., for other people
13.	Novel	M	To help something develop
14.	To foster	N	To reach the same quality or standard as someone or something else

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.

Task 3. Complete the following sentences using the words from Task 2. Use the proper tense form where necessary.

1. Their annual fuel bills _____ over £6,000 last year.
2. Will Western industry ever _____ with Japanese innovations?
3. The merger proved to be very _____ for both companies.
4. An independent _____ will be appointed to ensure fair competition.

5. Ever since she was a little girl, Janet has _____ her _____ on being a fighter pilot.
6. The COVID-19 pathogen is a _____ coronavirus.
7. The group had a net _____ of 30% last year.
8. Inflation is set to _____.

Task 4. CLOZE. Complete the passage about a transaction on the stock exchange. Use some of the words from Task 2 and other key words related with stock trading. Some words may be used more than once.

Janis Williams has decided to invest a part of her savings on the _____ exchange. She contacts a _____ for further advice and how to do this, and he recommends a selection of different companies' _____ that she might be interested in buying. He also explains how these companies have performed in the past and how much she can expect to receive in _____. He tells her how the transaction will be carried out and lets her know how much _____ she will have to pay for the service. Once Janis has agreed to the terms, he contacts his representative on the _____ exchange, who arranges the transaction. At the end of the day the transaction has been completed and Janis has become a _____.