



## Why Investing Today Is Easier Than Ever!

### Description

While beating the market is still not easy in the long run, it has become easier than ever. Major changes in technology mean that the process of buying and selling shares is now far less expensive than it used to be. This means that total returns are not subject to the same level of commission costs, thereby improving overall returns. When coupled with a greater access to information and research tools, today's investors seem to have it easier than ever.

### Lower costs

The internet was a game changer for investors across the globe. While previously a stockbroker was required who might charge a percentage of the total amount invested as commission on each trade, today commission levels are exceptionally low. That's not only in the developed world, but increasingly across the developing world, where the popularity of financial products and stock market investing is on the rise.

Furthermore, even lower dealing costs are now available for investors who can be flexible on when their trades are executed. Aggregated orders mean an investor's buy or sell instruction is lumped together with other investors' orders and this provides even lower transaction costs.

The effect of this on total returns is clearly positive. It helps smaller investors more than larger investors, since it means smaller amounts of money can be invested without commission eating into returns. It also means that diversification is easier, since there is a lower penalty (in terms of transaction costs) from buying a wide range of shares. This could help to reduce overall risk within a portfolio, which may aid long-term returns.

### Information availability

The internet has also made information much more freely available to investors. In previous years, obtaining accurate information about a company was difficult. Often it required a trip to a library, where much of the information was often out of date.

Today, though, a range of helpful tools are available which allow an investor to make an informed decision regarding how to invest their hard-earned cash. This information is available not only in the developed world, but across emerging markets and it means investors are able to buy and sell shares in geographies other than their home markets. Again, this improves diversification and could lead to lower risks and higher returns.

Certainly, there is an argument that there is too much information now available to investors. In other words, it creates 'analysis paralysis'. However, this appears to be a flawed argument. An investor can easily limit how much information they focus upon when making their investment decisions. While this requires discipline, that has always been a key facet of being a successful investor.

## Looking ahead

While share-dealing is much cheaper than it was previously and more information is available to investors, beating the market on a consistent basis requires skill and dedication. However, the chances of doing so now appear to be much higher than they were in the past, which means there has never been a better time to buy and sell shares in companies across the globe.

### CATEGORY

1. Investing

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