

IG rides investment boom, but who really wins?

IG is a clear [City](#) success story, an example of the [Square Mile](#) at its innovative best.

Ever since founder and poker player [Stuart Wheeler](#) more or less invented [spread betting](#) in 1974 it has looked to be ahead of the pack.

Just now it is riding an extraordinary stock market dealing boom that has seen thousands of new [investors](#) get the trading bug.

The investment house based on Cannon Street in the City saw profit for the year to May jump 52% to £450 million.

Client numbers rose 31% to 313,000 – chief executive June Felix insists the new clients are the same “high quality” as the old ones.

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A typical IG client using it to trade CFDs or other spread bets is a 41-year-old male in financial services or IT –

someone who knows what he is doing, the firm insists.

Trading revenues rose 31% to £853 million, which means profit margins are running at more than 50%.

Since most customers lose money, that supposedly savvy 41-year-old might look at the profit margins and think there is a clear winner from this game, and it is not him.

As long as this really is all clever adults taking a punt they understand and being comfortable with the outcome, who are we to object?

The risk must be that the new crowd includes at least some people who don't really know what they are doing.

To keep its growth going, IG earlier this year bought tastytrade, a US broker of derivatives sold to a supposedly similarly smart crowd.

The good news is that nothing ever went wrong with derivatives trading. I mean, hardly ever.