
Teaching people to navigate the stock markets

Share Navigator is an Irish Fintech startup that teaches people how to invest in the stock markets and understand the risks.

Stephen Cox is a registered stockbroker with an MBA in finance and is the founder of [Share Navigator](#), based in DCU's Invent building. His business teaches people how to make their investments "go the extra mile" with real-time 'practice investing' in the financial markets.

What was the initial concept of Share Navigator, and what's the endgame?

Share Navigator was initially set up to teach people how to invest sensibly in equities, and to show them how to use options as a way of managing risk. As the business evolves, we are adding a low-cost online brokerage service.

The kickstart

The big challenge for any startup is finding finance and capital to grow the business, and big marketing budgets are not a reality at this stage.

We have to be smart about how to move forward, so we will continue to build our user base with education, and then add the online brokerage service. We also have other projects that we are working on, which involve insurance policies for investors on their stock positions.

Before you start, you should understand the risks

Very few people understand what risk looks like when they're investing.

We see a lot of people come through our doors labelling themselves as a low-risk investor, and when you take a look at their portfolio, they may only have three stocks in it – with half a million in those three stocks. This is typical. People don't understand the concept of risk management, and

this is the kind of behaviour people are reverting to, even after the economic crash. What we say in our training is that diversification works and investing in just one or two stocks is a recipe for a loss.

For example, everyone is talking about Bitcoin at the moment as the main attraction is the alluring price. However, a lot of these people don't understand where the supply of Bitcoin stems. My question is, 'How can you put a value on something when you don't understand the supply side of the equation?'

This just goes to show you the psyche of people when investing their money. Our job is to change the way people perceive risk and how to manage risk.

The best-kept secrets

In my view, options are the best-kept secret for investors.

Options, when used in the right way, allow investors to reduce risk substantially. However, the use of options is a difficult subject to teach, and what we found was that unless people were using it day in day out, they never fully grasped it.

Stock options are bought by the owner and give them the right but not obligation to buy or sell a stock at an agreed-upon price, within a specified timeframe. Right now we're developing software to remove all the terminology and jargon of options and to simplify it right down to a simple front-end product.

For example, if you own stocks in a company and want to protect yourself if you're up 30% - we're going to provide an insurance product on those stocks. The equivalent of that is buying a 'put option', but we're going to call it an insurance product so people can understand that they are insuring the value of the stock.

Who's your target market?

Initially, we started with your regular spread betting crowd, who did not understand the risks that they were taking and wanted to change to a more sensible approach to investing.

Ultimately, what we ended up getting was such a broad, diverse group of people.

Wealth-wise, you could have somebody with three or four grand right up to someone who's got two or three million in their trading account.

An interesting insight from the latter group, who we never believed would be so price-sensitive, is

that they are in fact acutely aware of the costs associated with brokers and wealth managers. We tend to attract a lot of this type of investor, one who maintains that they can learn to manage better and monitor their money themselves.

Teaching third level students to trade

Share Navigator was a provider for the Bank of Ireland Global Markets' inaugural student trading competition, the FX Trade-Off in 2017.

Our first competition was in-house for our customers, and it was a success. We found that the participation rates of our membership went through the roof, which was great.

We then decided we'd run it through third level colleges, and include bonds and equities. First, we created the All-Ireland student trader challenge in 2016 - there were 125 students paying €39 to enter. After, those who took part and enjoyed it asked us to run another one, and the demand for it was clear.

Last year Bank of Ireland Global Markets approached us with the proposition of a partnership for a similar, but free entry competition where the bank would sponsor it. It was great to work with the folks in Global Markets, and I think the registration figures caught everyone by surprise. Within two days we were nearly at 400. The interest levels were pretty substantial - we received 900 registrations, but as this was the first run of the competition there were only 500 places to be filled.

The risk-taking students

Students that were overtrading and taking on too much risk were the ones who finished lower down the ladder, and the ones that had managed risk for their portfolios did pretty well at the end of the competition, which was great to see.

What's next?

We will continue to provide low-cost training and education for our members, and also risk-free simulated trading competitions both in Ireland and abroad. We are also very excited about offering

a low-cost online brokerage service and creating software and low-cost investment platforms that make it easy for people to understand and manage risk when investing.

Our ethos is to help people to be smarter with their money - nobody is going to care more about your money than you will, no matter who you pay to manage it. Therefore, it's really in the interest of the investor to learn how it all operates.

Article by Grainne Byrne.

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