FOREX MARKETS · BROKER SWITCHING

Why Do Forex Traders Switch Brokers?

A study of 1,200 retail Forex trader profiles examining why traders change providers after losses, how they assess responsibility, and whether switching improves results.

60%
CHANGED BROKERS AT LEAST ONCE

55%
SWITCHERS CITE LOSSES AS A KEY FACTOR

34%
REPORT IMPROVED RESULTS AFTER SWITCHING

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TU Research Team

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Methodology

CAWI · Structured online survey

Sample

1,200 Forex trader profiles

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01 Executive Findings

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Changing brokers is common, but improved profitability is not. Among 1,200 retail Forex trader profiles, 60% have switched at least once. Losses are a main or important factor for 55% of switchers, yet only 34% report better results afterward.

- **Repeated switching:** 24% have moved providers three or more times.
- **Execution and costs:** 45% of loss-influenced switchers identify one of these as their main reason.
- **Responsibility:** 42% attribute losses primarily to their own decisions, strategy or leverage, versus 24% to broker conditions.
- **Due diligence:** 32% rely mainly on external opinions or do not investigate.
- **Outcomes:** 43% tighten risk controls or reduce exposure; 44% report unchanged performance and 17% worse results.

02 Introduction & Research Questions

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A drawdown can prompt traders to reassess their strategy or search for a provider with lower costs, better execution and more reliable technology. A broker change can address operational problems, but it cannot remove market risk or repair an ineffective strategy. The survey examines switching frequency, the influence of losses, perceived responsibility, investigation, selection criteria and subsequent behavior and performance.

03 Institutional Validation

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ASIC's January 2026 review of 52 CFD issuers reported retail client losses exceeding AUD 458 million in 2023–2024, including about AUD 73 million in fees. Weaknesses in distribution and consumer-protection compliance underline the importance of separating provider-related issues from market losses.

ESMA found that 74–89% of retail CFD accounts typically lost money across the European jurisdictions examined. Its 2018 intervention introduced leverage limits, margin close-out requirements and negative balance protection. In March 2026, ESMA also identified complex disclosures and information overload as obstacles to comparing investment services.

The FCA Financial Lives 2024 survey, published in 2025, covered 17,950 respondents and included questions about investment-platform switching, satisfaction and costs. It offers a methodological precedent, although it is not specific to Forex. Barber and Odean's study of 66,465 US brokerage households found that the most active investors earned 11.4% annually versus 17.9% for the market.

INSIGHT

Institutional evidence establishes the importance of trading costs, investor protection and behavior, but does not establish how often Forex traders switch after losses or whether switching improves profitability.

04 Theoretical Framework

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Loss aversion. Prospect theory (Kahneman and Tversky) explains why losses can weigh more heavily than equivalent gains. A drawdown may trigger a search for a new broker even when the primary cause lies elsewhere.

Self-attribution and overconfidence. Daniel, Hirshleifer and Subrahmanyam describe how investors can credit success to skill while attributing failure externally. Genuine execution complaints remain possible, but expecting a new provider to fix an unchanged strategy may overlook leverage, sizing and frequency.

Switching costs. Klemperer's framework highlights the friction of changing providers: verification, fund transfers and adapting to a platform. These costs can delay switching until dissatisfaction or losses become substantial.

INSIGHT

Better trading conditions can reduce costs and operational problems. They do not guarantee positive net returns.

05 Methodology & Research Team

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The structured CAWI online survey covers **1,200 retail Forex trader profiles**, aged 18–60, across North America, Europe, Asia, Latin America, Africa and the Middle East. Profiles represent individuals with real-money Forex experience during the previous 12 months. Switching means moving primary live trading activity to another provider; loss-related switching means losses contributed to that decision.

- Anastasiia Chabaniuk — research design and interpretation
- Chinmay Soni — data validation and statistical verification
- Ciaran Ryan — editorial and methodological supervision
- Andrey Mastykin · Oleg Tkachenko — data collection and analysis

06 Survey Results

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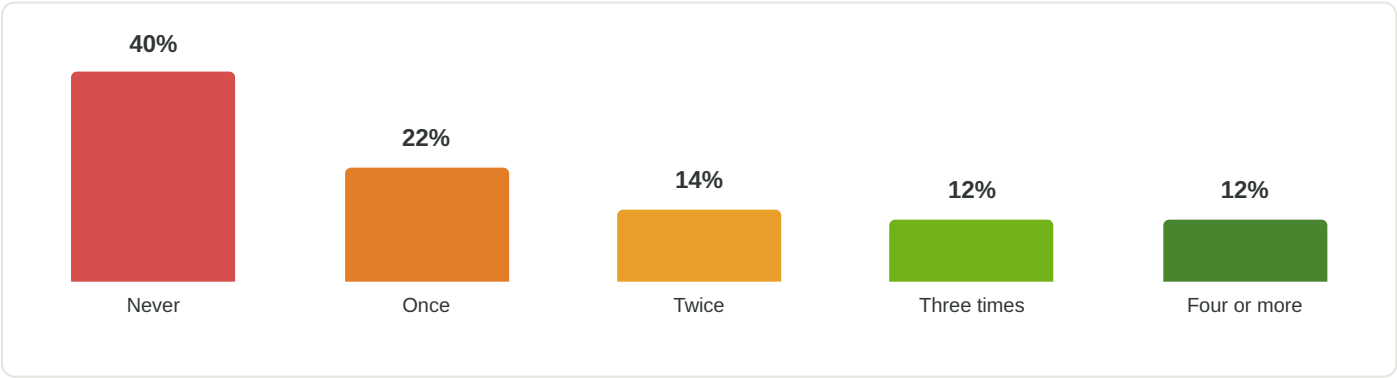
How often do Forex traders change brokers?

All 1,200 profiles; frequency of primary broker changes.

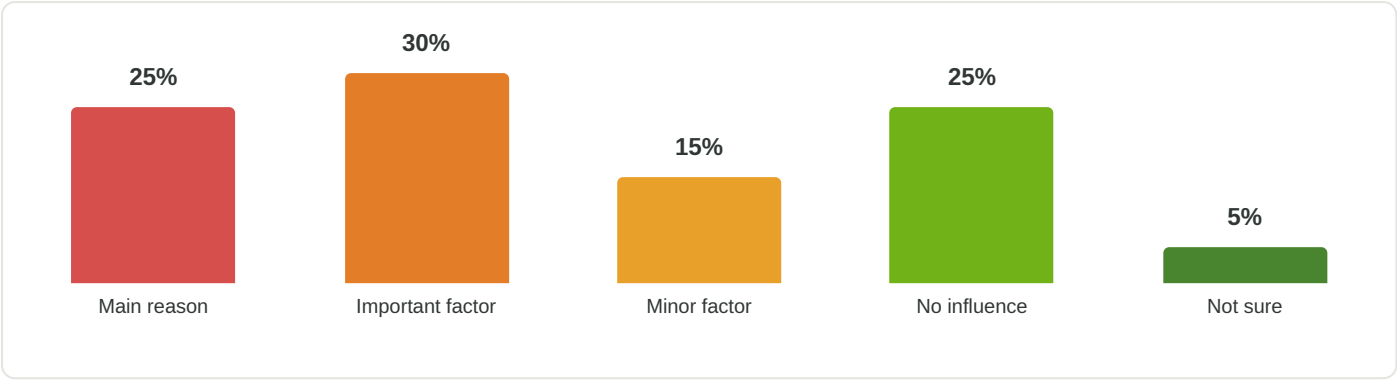


INSIGHT

60% have switched at least once, and 24% three or more times.

Do trading losses influence broker-switching decisions?

Among profiles representing traders who have switched.

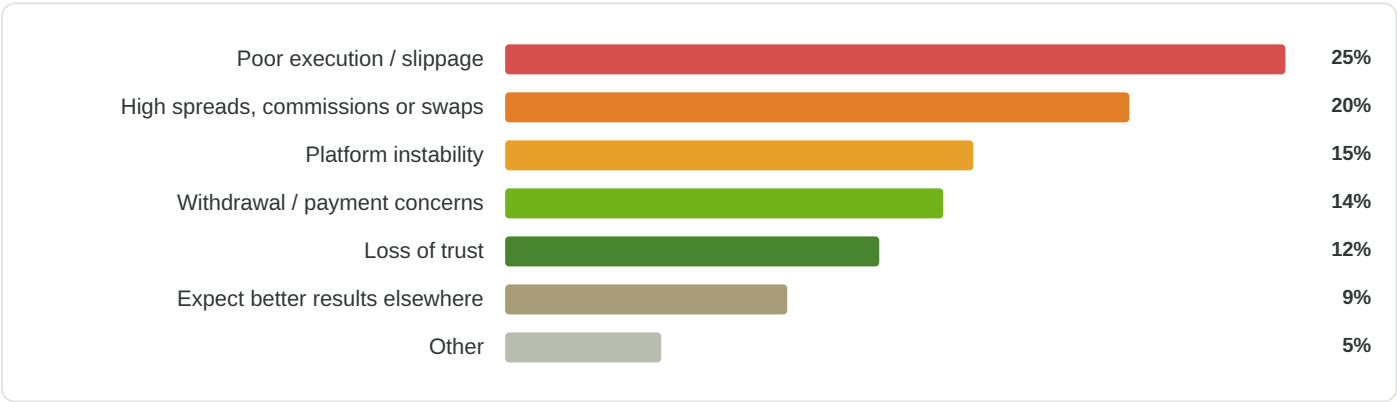


INSIGHT

Losses are a main or important factor for 55%; including minor influences raises the share to 70%.

Why do traders change brokers after losing money?

Among 504 loss-influenced switcher profiles.

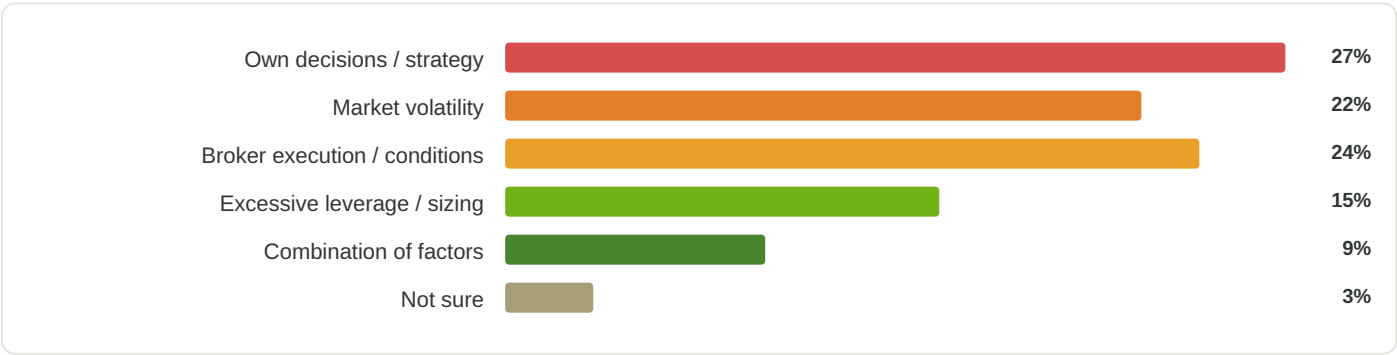


INSIGHT

Execution and costs account for 45%; platform reliability and withdrawal concerns add another 29%.

Who do Forex traders blame for their losses?

Perceived primary cause among loss-influenced switchers.

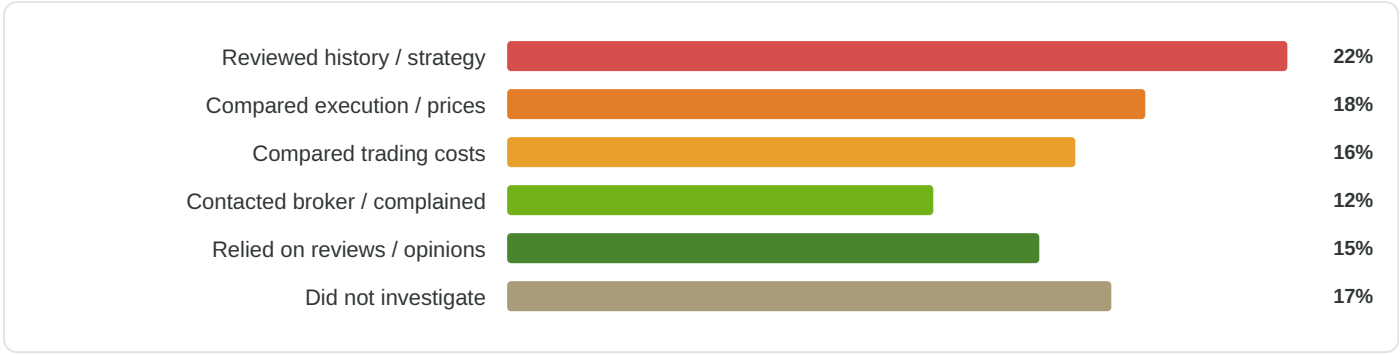


INSIGHT

42% identify their own decisions, strategy or leverage, versus 24% identifying broker conditions.

Do traders investigate losses before changing brokers?

Checks reported before moving to another provider.

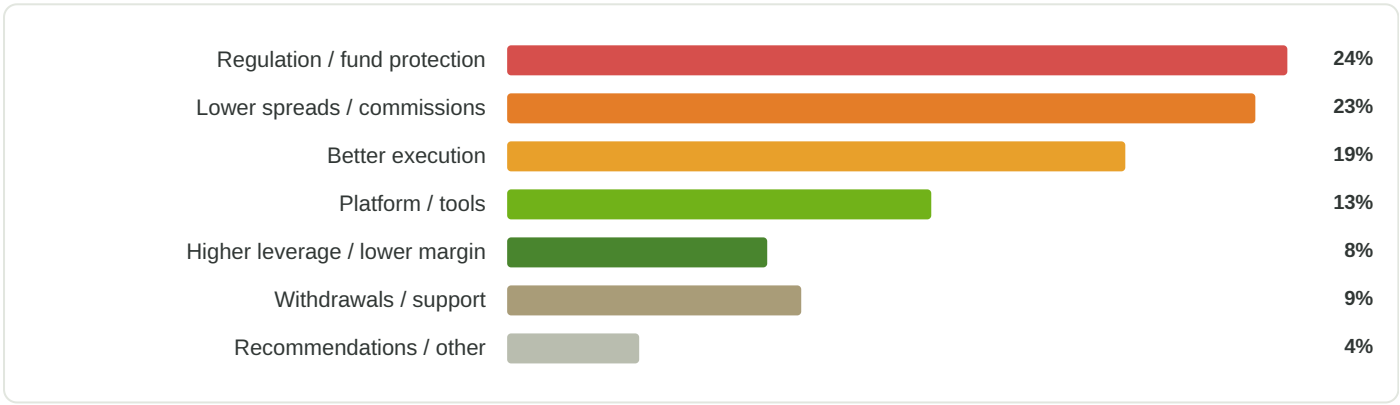


INSIGHT

68% perform a direct review or contact their broker; 32% rely on opinions or do not investigate.

What matters most when choosing a new Forex broker?

Primary selection criteria among switchers.

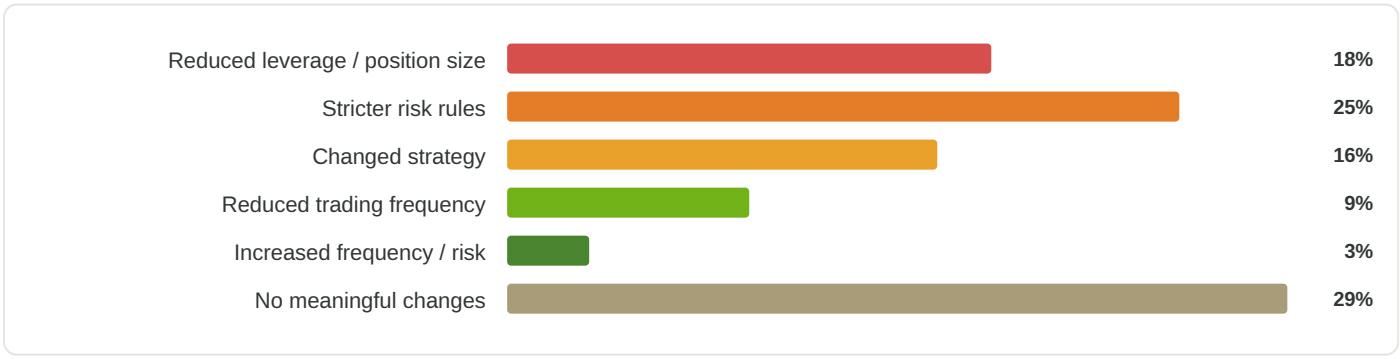


INSIGHT

Regulation, costs and execution account for 66% of priorities. Only 8% prioritize leverage or margin.

Does switching brokers improve trading behavior and results?

Changes in trading practices after switching.

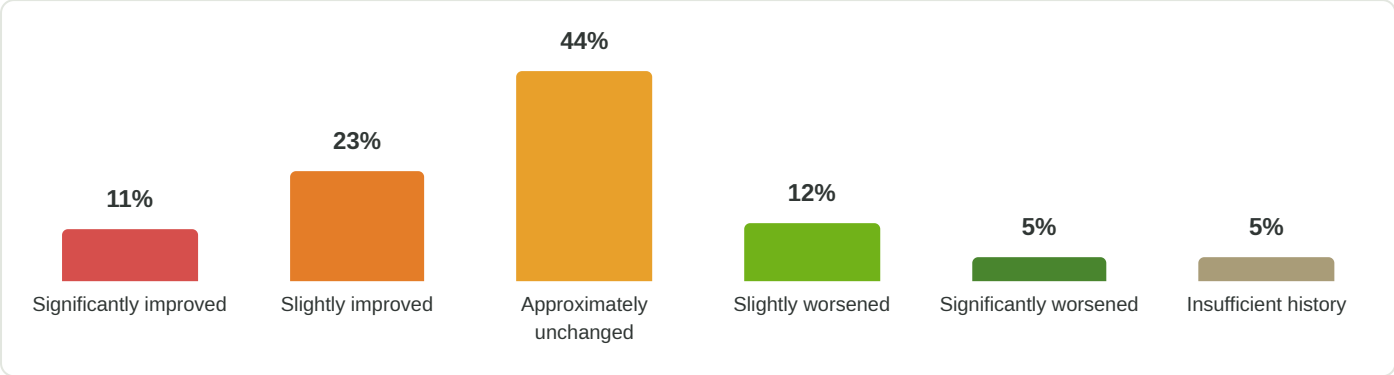


INSIGHT

43% reduce exposure or tighten risk controls, while 29% make no meaningful changes.

Reported performance after switching

A separate outcome measure for broker switchers.



INSIGHT

34% report improvement, 44% little change and 17% worse results. These associations do not establish causation.

07 Practical Implications

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Broker selection should form part of a broader risk-management process. Before moving funds, distinguish market exposure and trading decisions from provider-related problems.

- **Review trading history:** inspect entries, exits, sizing, leverage and costs.
- **Compare total costs:** include spreads, commissions, swaps and execution quality.
- **Verify regulation:** check the legal entity, authorization and investor protections.
- **Investigate execution:** document unexplained slippage, platform failures or pricing discrepancies.
- **Avoid switching solely for leverage:** greater exposure can accelerate losses.
- **Reassess risk management:** address ineffective strategies and excessive sizing.
- **Evaluate withdrawals and support:** check verification and complaint procedures.
- **Track performance:** compare net results over meaningful periods, accounting for market conditions and activity.

INSIGHT

A new broker may improve the trading environment, but it is not a substitute for a sound strategy and disciplined risk management.

08 Data Sources & References

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