



In search of investment tools on Internet

Bill Barnhart
MARKET REPORT



I've just returned from a short trip, which to me was a real adventure but to many of you would have been a walk around the block.

I entered the Internet, the worldwide network of computer networks with as many as 30 million people participating, in search of investment tools.

Investors who read the financial press already know there's a great deal available in computerland if you have a fairly good computer and a fairly high-speed modem.

You can get stock quotes, study investment research, obtain reports filed with the Securities and Exchange Commission, enter "buy" and "sell" orders, create and update your personal portfolio, and chat with people you may never meet about the outlook for specific investments.

Just about everything you need as an individual investor is available without ever talking to a broker or leaving the privacy of your home. And more is coming every day.

Yet the outlook for computer-assisted investing is uncertain.

In addition to the gap between the computer-literate and the computer-illiterate, there are several obvious reasons. A big one is security. From the investor's viewpoint, if you maintain a portfolio and transact business via the Internet, you need assurances that no one can tamper with your account. In turn, companies issuing securities require that prospectuses and other information they publish through the Internet cannot be

sabotaged.

Another is the problem of information overload: "If it's hard for people to sort out the information they already get from magazines, newspapers and newsletters, how much harder is it to sort this out?" said **Barbara Levin**, executive director of the **Mutual Fund Forum**, a trade group for mutual funds sold through brokers.

But sorting is one of the things computers do best, and one of the things brokers do best is to provide perspective and guidance. Yet as an industry, brokers are confronting the new world of the Internet with emotions that range from denial to fear.

Only a few—and they tend to be young brokers whose clients are among the computer cognoscenti—are embracing the technology.

Sure, the Internet is host to get-rich-quick scams, uninformed "flaming" about stocks and useless "home page" promotions by companies and brokerage firms.

But when you cut through the garbage, you find something quite encouraging: The pioneers developing the Internet for the individual investor, like the original pioneers of the Internet itself, see a larger purpose in their work than is currently understood by the institutional and regulatory establishment in the brokerage business.

They believe in such radical ideas as empowering the customer and sharing.

The notion that a particular brokerage firm has an exclusive hold on the truth about investing is ridiculous, as is the notion that the only way an individual investor should be able to access the financial markets is through a call to a traditional stockbroker. But these attitudes still rule the industry.

Last week, however, I found something entirely different when I called up the Internet home page of investment firm **Gruntal & Co.**, operated by **Michael Becker**, a 26-year-old Chicago-based broker for the firm. (Gruntal's Internet address is <http://www.gruntal.com>). I found in the Gruntal menu something called "Useful Pointers to Other Sites." It's the most popular item on the menu.

With a couple of clicks with the computer mouse, I was in the home page of "The Net Investor," a groundbreaking discount brokerage service offered by Chicago-based **Howe Barnes Investments** (Internet address: <http://pawws.com/tmi>). I also saw menus for several other investment-related computer services that, like Howe Barnes, have nothing to do with Gruntal and in the traditional mindset would be considered competition.

"Good brokers are not threatened by this," said **Richard Griffin**, a senior vice president at Howe Barnes who manages "The Net Investor." "The social role of the brokerage firm is to get people where they should be."

"The challenge to the full-service brokerage firm is to have brokers who are earning money for the reasons they should be: providing value for the customer," Griffin said.

In the world of the Internet, a valuable service worth paying for is that of electronic tour guide. It remains to be seen whether the brokerage industry and its regulators will figure that out.

There was no room for the "dumb question" feature this week. My address is 435 N. Michigan Ave., Chicago, Ill. 60611. My phone number is 312-222-3599. My e-mail address is WEBarnhart@aol.com.