



Is MetaQuotes Its Own Worst Enemy? Nine Years after MetaTrader 5's Introduction, Brokers Still Prefer MetaTrader 4

By Damian Chmiel

Trading platforms designed by MetaQuotes are definitely the most recognized and well-known within the retail trading industry. If we asked the average trader which platforms they use for trading, most of them would confirm at least occasional contact with one of the MetaTrader versions.

Due to the unwavering popularity of MetaTrader 4, the supplier of the most popular investment software on the market has been struggling with trying to increase the usage rates of MetaTrader 5 for years. As it turns out, some brokers who already upgraded to MT5, have decided to return to the “good ol’” solution,

which still looks more appealing to traders. On top of that, big brokers that were so far avoiding MT4 and promoting their own software finally had to surrender and introduce their competitor's software to their clients. This unusual turnaround led Finance Magnates to seek for the answers to this surprising phenomenon.

MetaQuotes, originally from Russia and today based in Cyprus, was established in 2000 with the launch of FX Charts, which was renamed as MetaQuotes just a year later. The real breakthrough came however in the middle of the last decade when Metatrader 4 (MT4) was finally released. Since then, the platform has become the flagship symbol of dynamically developing retail electronic trading, and almost 15 years later it is still a first choice solution for many investors around the world. Despite its ‘old-fashioned’ design and the emergence of a considerable number of alternative apps and proprietary brokerage platforms, MT4 still retains a dominant position.

The refreshed version (MT5), which was to take over the lead after MetaTrader 4, officially debuted in 2010. Although almost ten years have passed since then and MetaQuotes has taken many steps to make this version the leading choice of brokers and traders, the issue remains problematic. More interestingly, since the beginning of last year, MT4 is not officially being sold anymore, and yet brokers still offer it to their clients. Some of them even decided - after removing the platform from the offering in the first place - to make it available again due to the tremendous



Arthur Azizov,
CEO of B2Broker

MT4 still generates the largest trading volumes. It is simpler to use than MT5 and 70% brokers still have MT4 trading platforms.

and constant interest of consumers.

] MetaTrader 5 – An Improvement for Brokers, not Necessarily for Traders?

In January 2018, MetaQuotes made an official announcement that it would no longer sell the MetaTrader 4 trading platform. The company elaborated that the system is outdated and cannot be developed further. It should be noted that the decision came amid an increasing push for MetaTrader 5 adoption, which began in 2016. Before MetaQuotes decided to stop selling MT4 completely, it firstly offered preferential license purchase rates to brokers for a newer platform, while

Main Differences between MetaTrader 4 and MetaTrader 5

Fig. 23

	<i>MetaTrader 4</i>	<i>MetaTrader 5</i>
Trading instruments	FX and CFDs	FX, CFDs, futures, and stocks
Timeframes	9	21
Pending orders	4 types (buy stop, buy limit, sell limit, sell stop)	6 types (additionally buy stop-limit, sell-stop limit)
Hedging	Only hedging	Hedging and netting
Technical analysis tools	30	38
Market depth	No	Yes
Economic calendar	No	Yes
Order execution types	3	4
Graphical objects	31	44
Strategy tester	Single-threaded	Multi-threaded
Fund transfer between accounts	No	Yes
Programming language	MQL4	MQL5

Source: MetaQuotes

increasing the fees for the earlier version.

Metaquotes has long been preparing the phase-out of MT4, and the final decision was dictated by technological constraints: “The architecture was designed under the limitations of a different time, due to which it is no longer possible to implement new features that should meet nowadays increased requirements of the industry or the brokers and traders demands,” MetaQuotes explained in January 2018.

Despite the developer’s actions, a large number of clients still prefer MT4, so brokers keep the platform on offer. However, according to the industry participants’ opinions, for the investment firms themselves, version number 5 is definitely more advantageous. MT5 does not exist primarily to help the millions of pop traders; it is first and foremost an improvement for brokers. What are the most significant ones? For the purpose of this article we will consider four different aspects: fewer third-party plugins (meaning better control),



Greg Niebank,
Group Head of Product at
CMC

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gateway liquidity solution, more markets and better features, and lastly an improved pricing structure.

Control and fewer third-party add-ons – Brokers using MT4 would need MetaQuotes’ own Virtual Dealing Desk to handle order routing or adapt third-party plugins to provide the feature that came built-in with the newer MetaTrader. Add extensive API support to the package, which allows brokers to build their custom apps and website integration, and you receive a better-tailored solution for every investment company.

Gateway liquidity solution – Thanks to the 5 STP Gateway, MT5 gets a massive advantage over MT4, allowing any MetaTrader 5 broker to connect directly to any other MetaTrader 5 broker for additional liquidity. This solution, which was not possible in the case of MT4 due

to technological constraints, has mutual benefits. Firstly, liquidity providers might increase their revenues by offering liquidity services at zero-cost and secondly, brokers using MT5 gain almost instant access to higher liquidity.

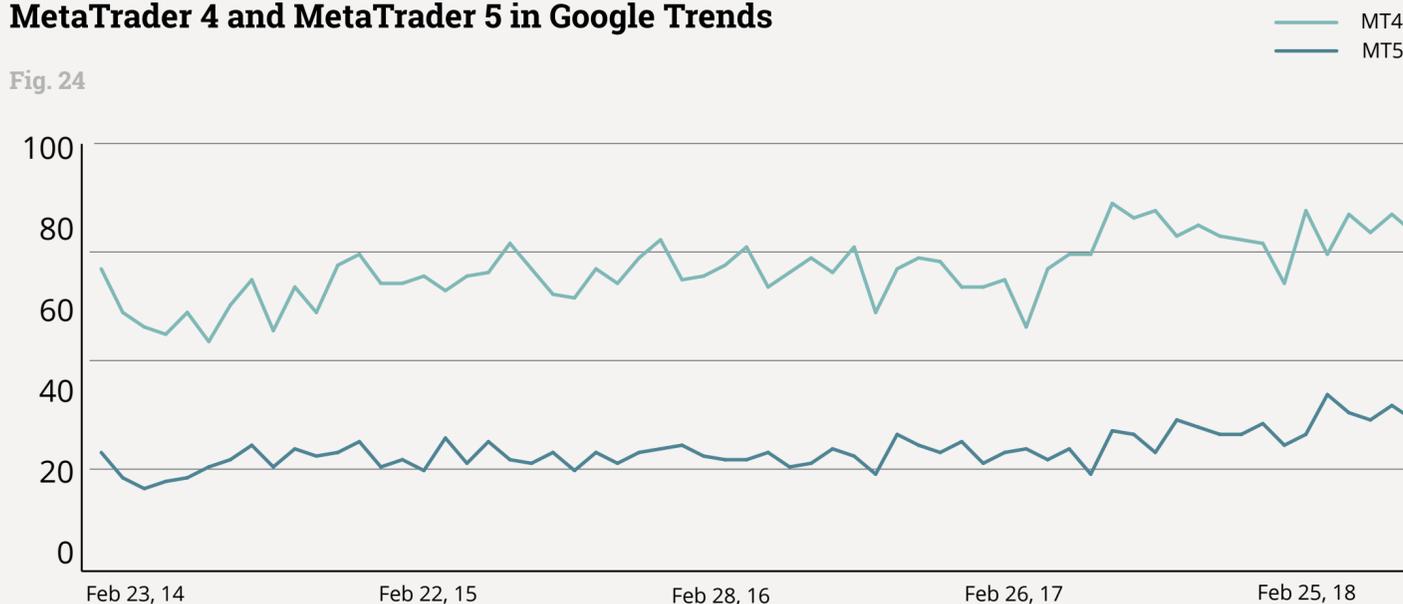
Higher markets range and new features – While MT4 limited asset offering to a few hundred symbols, MT5 has abolished these restrictions. In addition to supporting Forex and CFDs, MT5 allows offering futures, stocks, bonds, and options trading, thus bringing in a larger audience and additional clients.

Pricing – In its pricing system, MetaQuotes never concealed that it offers more preferential rates for brokers choosing MetaQuotes 5 (while MT4 was still being sold). In the beginning of 2018, a new entrant could expect to pay \$100,000 for MT4, while MT5 started at \$75,000 for 1,000 users and ran up to \$300,000 for 200,000 trader accounts.

MT5’s supremacy over MT4 when it comes to additional features were confirmed by Piotr Baszak, Head of Trading Department at Dom Maklerski TMS Brokers: “From MQ we know that the main idea behind building MT5 platform was to make the architecture of the system more reliable and be prepared to support also other asset classes,” Baszak said. “MetaQuotes does not work on development on new features in MT4. MT5 now is the priority. When it comes to interfaces MT4 and MT5 are similar therefore we do not see

MetaTrader 4 and MetaTrader 5 in Google Trends

Fig. 24



Source: Google Trends

clients having problems with MT5”.

“MetaQuotes is the leader on the market and seems that this will not change soon.

Some of the brokers, especially bigger ones who have big IT teams, will invest in their own solutions to differentiate. However, the platform itself is a kind of commodity to achieve business goals. I believe that the only platform that would allow clients to improve their results can be a real game changer. Until then there is no significant evidence that one of the platforms has any superiority over the others,” he added.

The examples mentioned above show that MT5 is definitely a better solution for most retail brokers. Taking into account the back-end infrastructure, it looks more developed than MT4 making things easier when it comes

MT4 Global Market Share in FX/CFD Retail Volumes *

Fig. 25

	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Total w/o Japan	50.5%	52.3%	55.1%	55%
Total with Japan	31.5%	33.9%	36.1%	37%

Source: Finance Magnates Intelligence
*-includes MT5 volume

to brokerage business. What is good for the broker, however, does not always go hand in hand with market demand. Clients' interests show that they still prefer to use MT4 - at least in terms of 'traditional' FX and CFD trading.

The monopoly that MT4 has established in recent years ironically works against MetaQuotes' attempts to promote MT5. Directly, traders are comfortable with MetaTrader 4, and they do not need any change – the platform is stable, working and available everywhere. Indirectly, MT4 still offers retail traders a myriad of add-ons and extras that were created in the last decade and enjoy strong community support. Take into account all electronic advisers (EAs), copy trade solutions, indicators, and additional tools developed by investors for MT4. MetaQuotes tried to solve this issue by offering an improved programming language inside MT5, which allegedly gives more possibilities, but many developers preferred to stay with older solutions. The gap between the popularity of the two platforms is confirmed by Google Trends statistics from the last five years. Internet users much more frequently search MetaTrader 4, but MetaTrader 5 is becoming more and more popular year by year.

At the end of the day, it turns out that a product which, in theory, is better, newer, more developed, and offers a number of benefits to brokers (and indirectly to customers) loses the fight with its older and technologically constrained sibling.

[50% around the World, 100% among Some Brokers – MT4 Will Not Die That Fast (If Ever)

According to data gathered by Finance Magnates' Intelligence Department, MetaTrader 4's market share amongst top brokers still looks very healthy. Throughout 2018, and in individual quarters, around 50-55 percent of brokers offered MT4. However, taking into account the Japanese market, this value drops to 31-36 percent, which shows that the MetaQuotes platform is mainly popular in the Western parts of the world. Even more interesting results can be seen when comparing trading volume generated on individual platforms in the case of different brokers. For IC Markets it was 93.7 percent (\$403.1 billion MT4 volume), for Pepperstone 86 percent (\$182.1 billion), and for Alpari 100 percent (\$132.3 billion) - these three brokers generated the highest turnover on the MT4 platform in the fourth quarter. The Top 10 brokers in terms of MT4 usage during the last three months of



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Head of Trading Department
at TMS Brokers

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2018 altogether recorded \$1,295.1 billion in trading volumes.

According to Arthur Azizov, CEO of B2Broker, the popularity of particular platforms “depends on how many platforms brokers provide for clients. For example, if a broker provides MT4 and MT5, then 75% use the former and 25% the latter. If for example, a broker provides both MT4, MT5, and cTrader then I would estimate the percentages at 50/25 & 25% accordingly.”

“I believe one of the main reasons that MT4 is still popular is that a lot of EAs, trading bots, signals and trading strategies develop their systems using MQL4. MQL4 and MQL5

Top 10 Brokers by MT4 Usage in Q4 2018

Fig. 26

	MT4 % Volume Share	MT4 Volume (\$B)
IC Markets	94.0%	497.3
Pepperstone	86.0%	210.4
Alpari	100.0%	139.4
Axi Trader	100.0%	130.9
FXOpen	100.0%	122.3
Tickmill	100.0%	116.4
FxPro	86.0%	97.2
FXCM	35.0%	70.3
Admiral Markets	100.0%	67.5
GAIN Capital	32.0%	67.3

Source: Finance Magnates Intelligence

(for MT5) are 2 totally different coding languages. For this reason, it is not easy for them to make the move and redevelop all their solutions to MT5. Leading on from this, while they both have similar functions, many brokers have built their trading environment around MT4, with MT5 still work in progress,” Azizov added.

[Old Brokers Finally Surrender to MetaTrader

The fact that MetaTrader 4 is doing well is evidenced not only by the percentage of brokers who still offer it or the turnover it generates but also by the decisions taken by investment firms in recent months. Brokerage companies, including Dukascopy and CMC Markets, that gave up offering MT4 to their clients some time ago decided to re-include the solution in their offer, reacting proactively to the continued interest of investors.

CMC is renowned in the industry for its refusal to adopt the MetaTrader 4 or 5 trading platforms. However, in its annual report, the company confirmed it would offer MetaQuotes' trading solutions to meet the demand of new clients and take advantage of the European Securities and Market Authority (ESMA) regulations. It seems that the firm is trying to acquire the client base from smaller brokerage houses that collapsed due to recent financial watchdog actions, offering these clients solutions to which they have become accustomed. Greg Niebank, Group Head of Product at CMC, said in an exclusive interview with Finance Magnates that MT4 still gathers the vast majority of traders: "There is a large community of long standing MetaTrader 4 users that we would not be able to attract unless we made MetaTrader 4 avail-

able to them. But I do think that MetaTrader 5 is becoming more popular and will eventually usurp MetaTrader 4," he said.

Considering the broad market, MetaTrader 4 still generates the largest number of trading volumes, according to the data and estimates of B2Broker's Azizov. "MT4 still generates the largest trading volumes. It is simpler to use than MT5 and 70% brokers still have MT4 trading platforms. My personal opinion overall is that MT5 is a better platform from all perspectives and I am surprised that brokers have not implemented it at a faster pace."

[Two MetaTraders and In-House Trading Platforms – Still the Best Solution for Many Brokers?

If you are wondering which platform should offer to your clients as a broker you, the answer will certainly not appeal to your wallet. For years, the principle of 'the more, the better' has been working great. Of course, small brokers cannot afford such a solution, but larger investment firms try to offer different approaches so as not to miss any potential clientele. For this reason, a large group of retail brokers still provides one of the two current MetaQuotes platforms, complemented by their in-house trading apps.

X-Trade Brokers (xtb), a retail online brokerage listed on the Polish stock exchange, is one of those who decided to merge MetaTrader 4 and its own platform, xStation 5. According to Filip Kaczmarzyk, Member of the Management Board and Head of Trading Department at XTB, it is hard to compete with the popularity of MT4. However, an increasing number of new clients decide to use the company's platform - which offers more instruments and trading on real shares. "MT4 is especially popular among customers who have been with us the longest. This is probably due to the fact that MT4 has long been the most popular trading platform on the market and it is especially difficult for experienced traders to change their habits. However, our new clients show much more interest in our own platform xStation 5, which is a complete trading solution and includes a wealth of analytical tools, in-depth market news, educational resources and much more. We try to encourage our MT4 clients to move to xStation 5 as we feel we are offering them an enhanced user experience in comparison to MT4."

Kaczmarczyk states that MT4 domination can be interrupted, as shown by the latest data collected by the broker. At this moment, XTB sees many more accounts being opened on



Filip Kaczmarzyk,
Member of the Management
Board, Head of Trading
Department at XTB Brokers

Developing our own platform was the right decision and that our clients have appreciated our effort in creating a complete trading solution for both advanced and beginning traders.



xStation 5 in comparison to MetaTrader 4. In some of the local branches the split goes even as high as 80/20 and on a group level, MT4's market share is currently below 50 percent. "That proves to us that developing our own platform was the right decision and that our clients have appreciated our effort in creating a complete trading solution for both advanced and beginning traders," Kaczmarczyk said.

Currently, most of XTB's turnover is generated via xStation 5, but that percentage is still not high enough to completely remove MT, which still has its avid followers, from offer. The conversation with the XTB representative, only confirms a thesis also put forth by

other brokers: Clients are creatures of habit and these habits are very difficult to change. That is one of the reasons why MT5 cannot currently win the fight with MT4, and why platforms built in-house must be gradually and systematically implemented (and promoted) in order to break through in the awareness of individual traders.

[Summary: Traders Are like Leopards: They Cannot Change Their (Trading) Spots

This article can be perfectly summarized with the statement of Tomasz Wiśniewski, chief analyst at Alpari Group. Wiśniewski admits in his own example that he returned to trading using MetaTrader 4 because he had been associated with it as an individual trader for ten years. “Back in that day, direct trading from the chart was not available on the MT4,” Wiśniewski said. “It vastly improved the trading process. Luckily, MetaQuotes introduced that feature to MT4 too, so I came back to that platform. I think that MT4 offers everything that people want and it is provided in a very user-friendly way. That is why people will remain loyal.”

Brokers and technology solutions providers associated with the investment market honestly admit that from their perspective,

MetaTrader 5 is a better platform for doing business and the clients themselves. However, retail investors do not share this opinion and still prefer to use MetaTrader 4. Old habits die hard? Most likely. A huge MT4 community? Definitely. Overall, B2Broker states that many of the biggest brokerage houses still provide trading on MT4 and don't advertise MT5 because the integrations are incomplete and cannot support it properly.

MetaQuotes' actions will ultimately make MT5 more popular. Already at this point, a new broker entering the market cannot purchase a license for an older version - only through white label solutions. The lack of support for MT4 and stronger promotion of MT5 will eventually allow the newer platform to win. So far, however, the 'four' is so deeply rooted and popular among retail investors that the change will not be easy nor fast.