

Edward Jones, RBC Top J.D. Power Investor Survey.

Registered
Rep.

By Jerry Gleeson

Edward Jones topped annual investor satisfaction rankings compiled by J.D. Power and Associates for the second consecutive year, with RBC Wealth Management a close second, according to the study released yesterday. (See how they rated.) Overall investor satisfaction with the dozen companies in the study was markedly higher this year, although the survey also showed that investors increasingly believe that investment firms are more focused on profits than on customer satisfaction.

“The surprising thing for this year’s study is the markets improved and we saw improvement in (investor) satisfaction, but what didn’t improve is investor perception of their firms,” says David Lo, director of investor services practices at J. D. Power. That

perception has been trending lower over several years, he adds. “In this industry, a lot of the sentiment is driven mostly by the FA. If the sentiment toward the advisor is good, the relationship is good, but the perception of the firm might be different.” That could be driven by a number of factors, such as complaints about fees or negative news about financial companies in the media, he says.

The study polled about 4,500 investors between May 3-14. Overall investor satisfaction averaged 769 on a 1,000-point scale, up from 731 a year ago. The survey measured satisfaction according to seven factors (in descending order of importance:) investment advisor; investment performance; account information; account offerings; commissions and

fees; website; and problem resolution.

The relationship with the advisor is essential to improving customer satisfaction, the report says. It links satisfaction with asset growth; firms see an average increase in assets under management of \$125,000 among highly satisfied investors, compared with a loss of \$6,000 among investors with low levels of satisfaction. Advisor practices that boost satisfaction include:

- Fostering engaged relationships that involve developing an investment strategy;
- Periodically reviewing investment objectives;
- Regular communication regarding investment performance;
- Clear explanations for fees and commissions.

The ranking of RBC Wealth Management at number two in the survey was a sharp change from last year, when J.D. Power was unable to compile enough RBC investor replies to set a meaningful place for the firm among its peers.

John Taft, chief executive of RBC U.S. Wealth Management, said the company’s growth over the past three years—800 more financial consultants, for a total of 2,200; currently \$166.4 billion in assets under administration—contributed to stronger response this year. The company’s efforts to help advisors develop closer relationships with clients has boosted performance, he adds. “We have a small firm culture and big firm resources, and I think that allows us to attract some of the best financial consultants in the country,” he says. ●

INVESTOR SATISFACTION INDEX

Firm	2010 Score	Difference from 2009
Edward Jones	794	+10
RBC Wealth Management	793	NA *
LPL Financial	791	+18
Charles Schwab & Co. Inc.	786	+15
Raymond James	778	+20
Ameriprise Financial	776	+22
INDUSTRY AVERAGE	769	+38
Fidelity Investments	759	+38
UBS Financial Services	759	+9
Wells Fargo Advisors/Wachovia Securities	759	NA **
Morgan Stanley Smith Barney	753	NA **
Merrill Lynch/Bank of America Investment Services	747	NA **
Chase Investment Services/WaMu Investments	739	NA **

*2009 results were based on small investor sample

** Merged firms were rated separately in 2009

Source: J.D. Power and Associates 2010 U.S. Full Service Investor Satisfaction Study

*Clear explanations for fees and commissions.