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Brokerage Manager Compensation Soars At The Largest Banks

Mamaroneck, NY—July 12, 2007: Bank brokerage managers at the largest banks appear to be doing very well these days, thank you.

Indeed, the compensation gap between brokerage program managers in the largest institutions and managers in other banks appears to be widening. Program managers in 'very large' institutions—those with more than $15 billion in retail deposits—earned the most compensation by far of any asset-size group—$410,714 on average over the most recent 12-month period—according to BIMRG's recently published *2007 Bank Brokerage Compensation Study*, up from $388,125 in 2005 and $342,857 in 2003.

By contrast, program managers' compensation in all institutions (large and small) averaged $210,198, down from $228,030 in 2005.

The 65-page study, which has been conducted bi-annually since 1993, looks at the compensation of program managers, dedicated Series 7-licensed sales reps, sales managers and licensed platform personnel in retail investment programs. It surveyed 49 institutions between February and April 2007.

The survey found that program managers at 'high-revenue' institutions earned much more than those in low-revenue institutions. Managers in banks with at least $10 million in annual brokerage revenues averaged $377,778 in total compensation. Those in programs that had less than $10 million in revenues averaged less than half that—$176,221.

Where do banks find their program managers? Forty-seven percent of program managers came to their current position from “another bank investment program.” The second most cited background was “another part of the present bank,” which was reported by 25 percent of respondents.

What about dedicated Series 7-licensed brokers—how much did the typical rep earn in total annual compensation over the last 12 months?

The median figure was $100,000, a three-percent increase from $97,500 in BIMRG’s 2005 study. The mean was $105,892—a new high mark—which represented a two-percent increase from 2005 ($103,664).

One ‘star’ producer at a very large Southern bank earned $4.2 million, more than any of the 2,510 Series 7 reps covered in this report (and the highest in the history of the study). He was identified as a male in his 50s who worked previously at a “wirehouse or stockbrokerage.”

The most cited background for bank brokers was “another bank investment program” (55 percent of institutions), followed by “wirehouse or stockbrokerage” (32 percent). No other background was cited by more than 4.3 percent of participants.

Dismissal of sales reps is the most frequent cause of sales staff turnover, cited at 40 percent of institutions. This was also the most frequent reason for turnover in 2005 (cited by 53 percent).

At larger institutions (more than $5 billion in deposits), however, the most common cause of turnover was "Reps leave to join other bank programs," cited by 41 percent of institutions. This suggests the growing competition for experienced bank-based brokers.

The study, authored by Andrew Singer, was conducted in collaboration with the Bank Insurance & Securities Association (BISA), the nation's leading trade association dedicated to serving the needs of those responsible for marketing securities, insurance and other investment and risk management products through commercial banks, trust companies, savings institutions, and credit unions.

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The Bank Insurance Market Research Group (www.singerpubs.com) provides market research and investment sales data to the bank and insurance industries. Among its recent publications are *Who's Who in Bank Wealth Management* (2007 Edition) and *Who's Who in Bank Insurance* (2006 Edition).

NOTE: Credentialed members of the press may obtain additional information by Andrew Singer at 914-381-7475.