

BANK INSURANCE MARKET RESEARCH GROUP

CONTACT: Andrew Singer
914-381-7475
a.singer@singerpubs.com

More Banks Sell Fee-Based Products—But Still Not Enough

Mamaroneck, NY—August 6, 2008: More bank-based brokers are selling fee-based investment products these days. That's the good news. The bad news is they still aren't selling enough.

That's one conclusion from a study of 47 depository institutions published this week by the Bank Insurance Market Research Group (www.singerpubs.com).

The [*2008 Bank Brokerage Compensation Study*](#) found that brokers at nearly half (48 percent) of banks were compensated on a fee-based schedule for at least some investment product sales (as opposed to commission). In BIMRG's 2007 study, by comparison, only 36 percent of banks reported the sale of fee-based products like mutual fund wrap accounts in their retail brokerage units.

Fee-based product activity typically accounted for only 6 percent of total program revenues at the banks, however, no improvement over earlier studies.

"Banks would like to boost advisory product sales," noted Andrew Singer, author of the study, "but they still trail wirehouses and other investment product providers by a wide margin."

The 63-page compensation study, which has been conducted bi-annually since 1993, looks at the compensation of bank program managers, brokers, sales managers and licensed platform personnel in retail investment programs.

Bank brokers averaged \$115,573 in annual compensation, up from \$105,892 in 2007. This was a new high mark. Program managers earned \$219,468, up from \$210,198.

“This year’s study suggests that there is a growing competition for reps among banks,” said Singer. ‘Reps leaving to join other bank programs’ was the leading cause of turnover at 35 percent of institutions. In past studies, ‘dismissal of sales reps’ was the leading cause of turnover by a wide margin.

“That said, turnover was lower than in recent studies—79 percent of banks reported annual broker turnover at 10 percent or less,” said Singer.

The study was conducted in collaboration with the Bank Insurance & Securities Association (BISA).

The Bank Insurance Market Research Group 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*](#) (2008 Edition) and [*Who’s Who in Bank Insurance*](#) (2007 Edition).