510 Meadowmont Village Circle
Suite 229
Chapel Hill, NC 27517
www.KehrerBielan.com

For Immediate Release:

Report Finds Productivity Growth Slows Among Bank Advisors

Kehrer Bielan's Annual Checkup Underscores Shortage of Advisors in Banks and Credit Unions

CHAPEL HILL, NC MARCH 2, 2015: After strong growth in recent years, average revenue produced per advisor improved less than 8 percent during 2014, according to the Kehrer Bielan 2014/2015 *Annual Checkup* report released today. The report, which was sponsored by INVEST Financial Corporation, also found that the typical bank or credit union saw investment services revenue improve only 6 percent, well below the typical host institution's expectations.

"The strong investment services revenue growth in financial institutions in recent years has been driven by improvements in advisor productivity," said Peter Bielan, a principal of Kehrer Bielan. "Banks and credit unions have recruited more sophisticated advisors, and existing advisors have enhanced their value propositions by adopting financial planning and embracing an advice-driven business model. But, we may be reaching a limit on how far productivity growth will take us."

According to the study, institutions that partnered with third-party broker dealers (BD) experienced the strongest growth; bank investment services revenue was up 7.0 percent during 2014. Revenue was up 5.8 percent in banks with their own BDs.

"The next surge in growth will have to come from adding advisors," said Dr. Kenneth Kehrer, an author of the study and principal of Kehrer Bielan. "The number of advisors in banks and credit unions fell slightly last year, and is certainly falling behind the growth in the investor population within financial institutions. As the number of investors grows and wealth accumulates, there is a need for more advisors, in financial institutions as well as in other wealth management channels. In fact, our research indicates that the typical bank or credit union should increase its advisor headcount by 70 percent in order to meet the need of its customers."

The study also found that the revenue growth in banks that outsource their BD functions was driven by an increase in the advisor sales force. The number of advisors in those banks increased 5.7 percent last year. The number of advisors working in the bank BDs actually shrunk 3.2 percent.

Kehrer Bielan Research & Consulting's *Annual Checkup* examines the health of investment services in banks and credit unions, drawing both on proprietary surveys and industry data. The report examines the separate performance of institutions with their own broker-dealers and banks and credit unions that partner with third-party BDs.

According to Jon Gabriel, a co-author of the study, the number of banks offering investment services continues to shrink, but they are getting bigger as the industry consolidates. The percentage of banks selling investments inched up from 26.2 percent to 26.9 percent. On the other hand, the number of credit unions selling investments actually increased.

"We are proud, once again, to sponsor this important annual study that provides high level, critical statistics about the state of retail investment programs in banks and credit unions," said Steve Dowden, chief executive officer of INVEST, which sponsored the study. "The *Annual Checkup* provides critical statistics for every retail investment program in banks and credit unions across the US and offers a benchmark for banks and credit unions to evaluate themselves against their competitors."

For more information and key findings from the *Annual Checkup*, visit www.KehrerBielan.com.

About Kehrer Bielan Research & Consulting. KBR&C provides the financial advice industry with insights based on a melding of research and experience in managing the delivery of investment, insurance, and wealth management services. The firm provides performance assessment and benchmarking, human resource management and development, due diligence, consumer insights, and interpretation of industry trends through its original research, unbiased consulting, and peer study groups.

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