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

For Immediate Release:

Credit Unions May Be Better Prepared for Life After DoL Than Large Banks

Advantages Include Higher Advisory Revenue, Productivity

CHAPEL HILL, NC JULY 13, 2016: Financial Advisors that work in credit unions appear to be better positioned to adapt to the Department of Labor's fiduciary standard for qualified retirement accounts than Advisors that work in large banks, according to a study released this week by Kehrer Bielan Research & Consulting. The key differential? Credit unions have pulled ahead in the race to transition to fee-based business.

"The new regulation will push all Advisors working in financial institutions to transition from primarily transaction business to nearly all advisory business," said Tim Kehrer, co-author of the study and senior research analyst at KBR&C. "The average credit union in our annual benchmarking survey generates one quarter of its overall revenue from advisory fees—a 19% greater share than the average in banks that own their broker dealer."

Credit unions have made tremendous progress in the transition to advisory business in recent years. Last year's benchmarking study found that credit unions generated 18% less advisory revenue than the bank broker dealers, relative to total revenue. Advisory revenue as a share of total revenue increased by 39% in credit unions year-over-year, while it decreased slightly in the bank BDs.

"Large banks that own their broker dealer generally have made the transition to advisory a top business priority for the past several years," commented Dr. Kenneth Kehrer, a principal of the firm. "Our study suggests that some credit unions have followed the lead of the large banks, and they appear to be doing a better job of it."

The *2015-2016 Kehrer Bielan Credit Union Investment Services Benchmarking Study* drew on data from 944 credit unions with investment services offerings and an in-depth survey of a sample of 46 credit unions about the workings of their investment services businesses. The study compared the performance of the sample of credit unions to the performance of a dozen top bank broker dealers.

Growing advisory revenue helped to keep average Financial Advisor productivity high in the credit unions in the survey. Average gross investment services revenue per Financial

Advisor was $438,917 in 2015, essentially flat from the 2014 average of $444,873. Meanwhile in the bank broker dealers, average revenue per Advisor was down 6%.

"The big news out of last year's study was that average Financial Advisor productivity in leading credit unions had caught up with average productivity in the large banks, which have tended to have more productive Advisors historically," said Tim Kehrer. "The credit unions in this year's survey not only maintained average productivity, they increased their advantage over the large banks significantly, in large part thanks to strong growth in advisory revenue."

For further information about the *2015-2016 Kehrer Bielan Credit Union Investment Services Benchmarking Study*, contact:

Tim Kehrer
(703) 566-8459
tim.kehrer@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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