

For Immediate Release:

Bank and Credit Union Advisors Younger, More Diversified

Consulting Firm Unveils New Research at Leadership Study Group

CHAPEL HILL, NC APRIL 23, 2015: Over 3,000 banks and credit unions now offer investment services through almost 20,000 Financial Advisors (FA), which generated over \$8.1 billion in revenue last year. This is one of the findings from the latest research from Kehrer Bielan Research & Consulting presented last week at the firm's study group for top executives who manage the investment services business inside a financial institution.

"The buzz at BISA was all about how the Advisor population is aging and consists largely of white males," noted Dr. Kenneth Kehrer, a principal of the firm. "But we find that Advisors in banks are younger and more diverse than Advisors who work in the wire houses or independent firms, making the financial institution channel better positioned to capture the business of women and millennials."

The average age of Advisors in banks and credit unions is 44, compared to 51 in the other channels. "Importantly," said Tim Kehrer, who directs the Kehrer Bielan surveys, "the age distribution of Advisors in financial institutions is not tilted toward the older age groups. According to Cerulli, one-third of Advisors in wire houses and independent firms are between the ages of 55 and 64. But only half as many bank and credit union FAs appear to be in that age group."

Banks and credit unions also have relatively more female Advisors. Kehrer Bielan estimates that almost 24% of Advisors in financial institutions are female. One of the largest independent firms reports that less than 17% of its Advisors are women.

Financial institutions that deploy licensed platform bankers have more diverse sales forces than firms that offer investments only through full-time FAs. Advisors in firms with platform investment reps are 26% more likely to be female. "That is because about 11% of the Advisors in those firms are former platform reps," commented Dr. Kehrer. "And licensed platform bankers are predominantly female."

According to Tim Kehrer, who also directs Kehrer Bielan's studies of the third party broker dealers (aka TPMs), the smaller banks and credit unions that outsource the broker

dealer function have a significantly higher proportion of female Advisors than the larger institutions that own their own broker dealer.

Peter Bielan pointed out that the firm's research continues to find that there is a severe shortage of Advisors in banks and credit unions, which is why adding Advisors is the central Pillar of Performance—the firm's prescription for growing the investment services business in financial institutions. He led a discussion of how the firm is helping financial institutions address this need through its research and consulting on FA recruitment tactics, the use of Associate Advisors, sales assistants, and licensed platform banking staff, as well as retention and retirement transition strategies.

The group also discussed new data on the cost and break even point of an adding an FA. Jon Gabriel, another Kehrer Bielan principal, points out that this information can be used to make the business case for adding Advisors in an environment where the parent institution is trying to limit or reduce headcount across the overall enterprise.

The Kehrer Bielan Financial Institution Investment Services Study Group met April 16-17 in Chapel Hill. The next meeting of the study group is September 14-15.

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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