

Brand Trust Critical for Full-Service Investment Firms in Canada to Retain Investors, J.D. Power Finds

Edward Jones Ranks Highest in Investor Satisfaction for Eighth Consecutive Year

TORONTO: 16 April 2020 – Satisfaction with full-service investment firms in Canada improves significantly from 2019, increasing to 790 (on a 1,000-point scale) from 778 year over year, according to the J.D. Power 2020 Canada Full-Service Investor Satisfaction Study,SM released today. However, the recent havoc in capital markets and economic uncertainty due to the COVID-19 pandemic may cause some wealth management firms to struggle to retain disgruntled clients, while those firms with higher brand trust will weather the storm.

The J.D. Power study finds that 70% of investors in Canada who highly trust their investment firm say they definitely will remain with their current provider, even when their portfolio performance does not meet expectations. By contrast, when brand trust is weak, only 16 percent of investors say they definitely will stay loyal to their current provider when investment performance lags expectations.

“Brand trust is not something that is built overnight and wealth management firms with strong brand equity are better positioned to avert client attrition during periods of market volatility, economic uncertainty or when things go sour,” says **Mike Foy, senior director of wealth intelligence at J.D. Power**. “It is never too late to start building and cultivating trust through frequent client communications, responsiveness, or owning and resolving issues, as well as providing useful guidance and assurance during especially challenging times like these.”

Following are some of the key findings of the 2020 study:

- **Digital contact more important than ever:** There is a direct correlation between advisor use of digital channels to communicate with clients and increased investment. In routine communications—and especially during the realities of self-isolation—advisors who enhance their client interactions using digital channels (video conferencing, text, email and online chats) are 35% more likely to realize increased investment from clients than when no digital contact is used. Also, increased investment is likely to occur when digital planning tools are being used.
- **Millennials more likely than Boomers to jump ship—but are better promoters:** Millennial¹ investors are more than five times more inclined to switch their primary wealth management provider compared with Boomer investors (31% vs. 6%, respectively). Yet, Millennials are better brand ambassadors as they are much more receptive to being asked to provide referrals and will act on such requests. More than one-third (36%) of Millennials will make a referral if asked by their advisor, compared to only 17% of Boomers.
- **Wealth transfer a missed opportunity:** More than two-thirds (68%) of Boomer investors have a designated next-generation beneficiary, yet only 31% were asked by their financial advisor about the beneficiary’s investment needs. Furthermore, 49% of Boomer investors without a next-generation beneficiary say they are willing to talk about beneficiary investment needs. These findings should serve as a wakeup call to firms that are missing key chances to help current clients address a key

¹ J.D. Power defines generational groups as Pre-Boomers (born before 1946); Boomers (1946-1964); Gen X (1965-1976); Gen Y (1977-1994); and Gen Z (1995-2004). Millennials (1982-1994) are a subset of Gen Y.

financial need, as well as to grow and retain a pool of next-generation investors and assets over the long term.

Study Rankings

Edward Jones ranks highest in overall investor satisfaction for an eighth consecutive year with a score of 836. **Assante** (829) ranks second and **Raymond James** (813) ranks third.

The Canada Full-Service Investor Satisfaction Study measures overall investor satisfaction with full-service investment firms in eight factors (in order of importance): financial advisor; account information; firm interaction; product offerings; information resources; investment performance; commission and fees; and problem resolution.

The 2020 study is based on responses from 4,328 investors in Canada who make some or all of their investment decisions with a financial advisor regarding their primary investment account. It was fielded from November 2019 through January 2020.

For more information about the 2020 Canada Full-Service Investor Satisfaction Study, visit <https://canada.jdpower.com/resource/canadian-full-service-investor-satisfaction-study>.

See the online press release at <http://www.jdpower.com/pr-id/2020040>.

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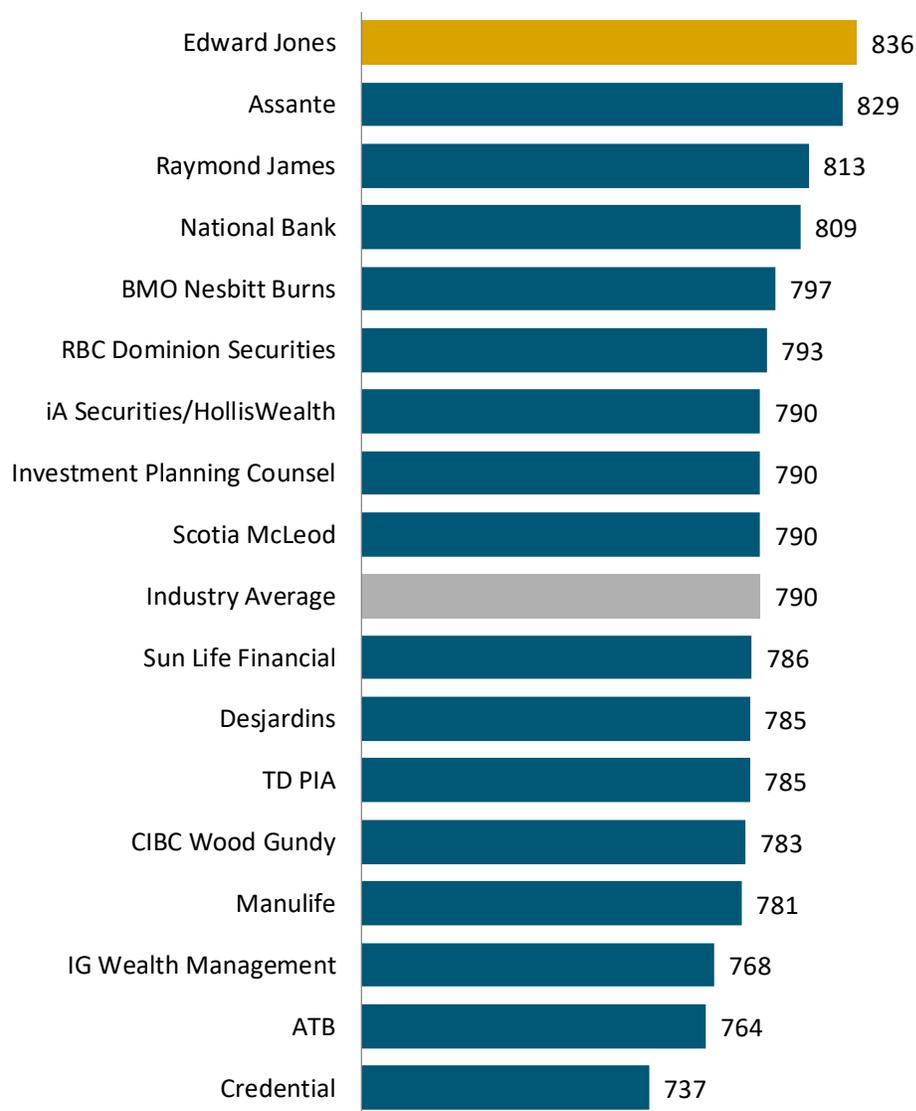
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NOTE: One chart follows.

J.D. Power 2020 Canada Full-Service Investor Satisfaction StudySM

Overall Customer Satisfaction Index Ranking

(Based on a 1,000-point scale)



Source: J.D. Power 2020 Canada Full-Service Investor Satisfaction StudySM

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