

J.D. Power Reports:

After an Increase in Trading among Canadian Investors Using Discount Brokerage Firms, Overall Satisfaction Increases for a Third Consecutive Year

National Bank Direct Brokerage Ranks Highest in Investor Satisfaction With Discount Brokerage Firms in Canada

TORONTO: 23 September 2013 — Investors in Canada are conducting more trades and increasing the amount of their investments as overall satisfaction with discount brokerage firms improves, according to the J.D. Power 2013 Canadian Discount Brokerage Investor Satisfaction StudySM released today.

A transition has been occurring in the Canadian investment market year over year, as the percentage of investors with only discount brokerage accounts has increased to 33 percent in 2013 from 21 percent in 2012. Among investors with discount brokerage accounts, the percentage of moderately active traders—those who make between one and 12 trades per year—has increased to 58 percent in 2013 from 46 percent in 2012, while the amount of their investable assets has increased to a median of \$141,191, up from \$133,665.

With more active trading, overall investor satisfaction with discount brokerage firms in Canada increases for a third consecutive year and is 724 (on a 1,000-point scale) in 2013, up 24 points from 2012 and 45 points since 2011. In comparison, self-directed investor satisfaction in the United States averages 752, down from 768 in 2012, according to the J.D. Power 2013 U.S. Self-Directed Investor Satisfaction Study.SM

“More investors are making trades in Canada, and they appear to be recognizing the value their discount brokerage firm is able to provide,” said Craig Martin, director of investment services at J.D. Power. “As markets rise, investors want to be a part of the growth. The effectiveness of discount brokerage firms in educating their investors regarding the available opportunities, and in turn increasing their confidence in investing, is paying dividends. Conversely, in the United States, overall satisfaction with self-directed brokerage firms has declined despite the market’s improvement, as investing attitudes and behaviors have not yet shifted among a substantial portion of the population.”

The study, now in its fifth year, measures investor satisfaction with their primary discount brokerage firm across six key factors (in order of importance): interaction; trading charges and fees; account information; account offerings; information resources; and problem resolution.

KEY FINDINGS

- Overall investor satisfaction with discount brokerage firms in Canada increases to 724, up 24 points from 2012.
- Overall satisfaction is 48 points higher when mobile access is offered to investors for trading and setting and managing alerts.
- Forty-four percent of highly satisfied investors plan to increase the amount of their investments with their discount brokerage firm.

Interaction is crucial to overall investor satisfaction, which raises the importance of brokerage firms' websites. The website's appearance, ease of use, clarity of information and speed of executing a trade are critical to investors who are managing their own investments. That said, interaction satisfaction is largely dependent on the type investor. Satisfaction with discount brokerage websites is highest among active traders—those who make more than 12 trades per year—partially due to more frequent use of their firm's website and the focus that many sites place on trading. Less active traders often are looking for guidance and information rather than trading tools so they find themselves struggling to locate their desired information.

"Brokerage firms need to make sure their website meets the key needs of the different types of investors they serve," said Martin. "Investors who make a lot of trades need and value different capabilities and options than do less-active investors. Treating all investors the same is likely to result in dissatisfying a large proportion of them."

The study finds that overall satisfaction is 48 points higher when mobile access is offered to investors for trading and setting and managing alerts. While investors value online tools, phone interaction continues to be an important part of the experience. More than one-half (52%) of investors have called to talk to a representative about their account, ask a question or perform other tasks in the past 12 months, with 26 percent making trades over the phone.

"A key element of an outstanding investor experience, which also creates loyalty, is effectively communicating in a way that ensures investors are aware of the resources available and how those resources add value to the investing experience," said Lubo Li, senior director of the financial services practice at J.D. Power, Toronto. "In a business where word of mouth is the best advertising, loyal investors are critical to the long-term success of brokerage firms."

The study finds that 71 percent of highly satisfied investors (overall satisfaction scores of 900 and above) say they "definitely will" stay with their primary discount brokerage firm for at least the next year and 44 percent plan to increase the amount they invest, while only 43 percent of satisfied investors (overall satisfaction of 700 to 899) say they "definitely will" stay with their firm and 33 percent plan to increase their investments. Additionally, 71 percent of highly satisfied investors say they "definitely will" recommend their brokerage firm to family and friends, compared with just 30 percent of satisfied investors.

"It may be an obvious point, but an investor's wealth is likely to grow over time, so today's investors who make a few trades will likely be active investors of the future. The average tenure for investors is 11 years, making it clear that waiting until investors become active investors or have accumulated substantial wealth before ensuring a great experience is a risky proposition," said Li.

Discount Brokerage Investment Firm Rankings

National Bank Direct Brokerage ranks highest in discount brokerage investor satisfaction with a score of 757, and performs particularly well in the interaction, account information and account offerings factors. Following in the rankings are Disnat (750); BMO InvestorLine (742); and TD Direct Investing (734).

J.D. Power offers the following tips to investors selecting a discount brokerage firm:

- Leverage the tools and resources, such as educational seminars, available from your investment firm to help you research, analyze and invest more prudently.

- Make sure your investment firm knows your preferred method of contact—e.g., email, phone or mail—so you will receive all communications in a timely manner.
- Consider increasing the interaction with your investment firm’s local investment centre, which is an excellent resource for investment guidance.

The 2013 Canadian Discount Brokerage Investor Satisfaction Study includes responses from more than 3,000 investors who use investment services with discount brokerage firms in Canada. The study was fielded from May through June 2013.

About J.D. Power

J.D. Power is a global marketing information services company providing performance improvement, social media and customer satisfaction insights and solutions. The company’s quality and satisfaction measurements are based on responses from millions of consumers annually. Headquartered in Westlake Village, Calif., J.D. Power has offices in North/South America, Europe and Asia Pacific. For more information on car reviews and ratings, car insurance, health insurance, cell phone ratings, and more, please visit JDPower.com. J.D. Power is a business unit of McGraw Hill Financial.

About McGraw Hill Financial

McGraw Hill Financial (NYSE: MHFI) is a leading financial intelligence company providing the global capital and commodity markets with independent benchmarks, credit ratings, portfolio and enterprise risk solutions, and analytics. The Company's iconic brands include: Standard & Poor's Ratings Services, S&P Capital IQ, S&P Dow Jones Indices, Platts, CRISIL, J.D. Power, and McGraw Hill Construction. The Company has approximately 17,000 employees in 27 countries. Additional information is available at www.mhfi.com.

Media Relations Contacts

Gal Wilder; Cohn & Wolfe; Toronto, Canada; 647-259-3261; gal.wilder@cohnwolfe.ca
Beth Daniher; Cohn & Wolfe; Toronto, Canada; 647-259-3279; beth.daniher@cohnwolfe.ca
John Tews; J.D. Power; MI, USA; Tel: +1-248- 580-6218; media.relations@jdpa.com

Follow us on Twitter [@JDPOWER](https://twitter.com/JDPOWER)

No advertising or other promotional use can be made of the information in this release without the express prior written consent of J.D. Power. www.jdpower.com/corporate

#

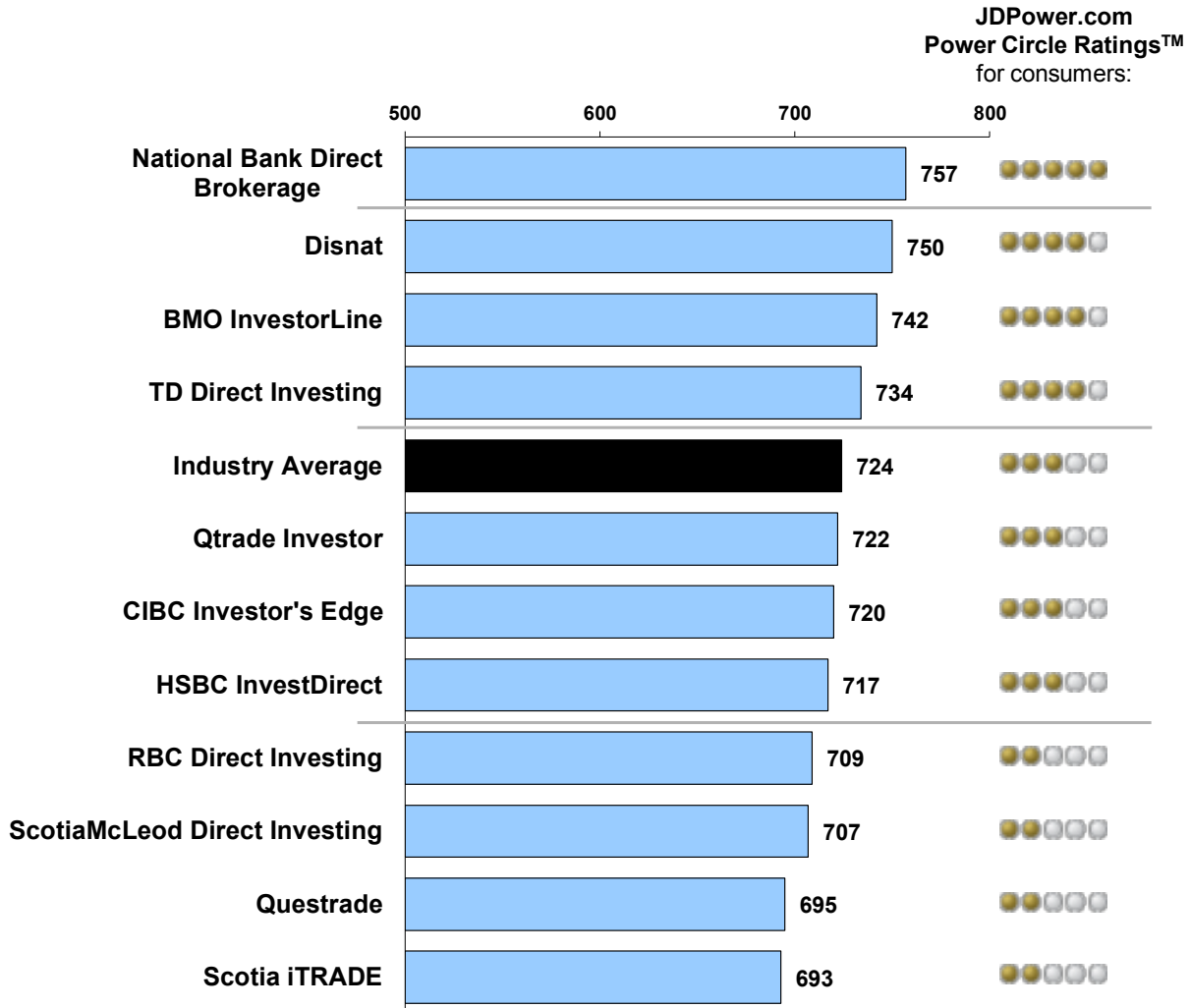
(Page 3 of 3)

Note: One chart follows.

J.D. Power 2013 Canadian Discount Brokerage Investor Satisfaction StudySM

Investor Satisfaction Index Ranking

(Based on a 1,000-point scale)



Included in the study but not ranked due to small sample size are Credential Direct and Virtual Brokers.

Source: J.D. Power 2013 Canadian Discount Brokerage Investor Satisfaction StudySM



Charts and graphs extracted from this press release must be accompanied by a statement identifying J.D. Power as the publisher and the J.D. Power 2013 Canadian Discount Brokerage Investor Satisfaction StudySM as the source. Rankings are based on numerical scores, and not necessarily on statistical significance. JDPower.com Power Circle Ratings™ are derived from consumer ratings in J.D. Power studies. For more information on Power Circle Ratings, visit jdpower.com/faqs. No advertising or other promotional use can be made of the information in this release or J.D. Power survey results without the express prior written consent of J.D. Power.