

Share of Wallet at Leading Financial Services Firms Drops as Multiple Relationships for Consumers at All-Time High

Selected Firms Are Top Performers Based on Customer Ratings for Trust, Intent to Recommend and Intent to Invest More

(June 12, 2019, Rye, NY) – Consumers are spreading their wallets around with use of financial services firms at an all-time high, as share of wallet drops at leading financial services firms, according to the latest report by [Hearts & Wallets](#), the source for retail investor data and insights.

Despite these industry changes, customer ratings among five select loyalty measures provide a bright spot for firms designated as Top Performers for trust, intent to recommend and intent to invest more. These Top Performer ratings and other insights are drawn from a survey of over 5,000 U.S. households and are contained in the **Stores & Success Metrics: Redefining Success Measures in a Marketplace of Multiple Relationships and Lower Share of Wallet** Report. This report on the U.S. household wallet also analyzes the retail financial services firms (or “stores”) U.S. consumers use, account types at each store, share of wallet for leading firms.

Written by Hearts & Wallets subject matter experts with decades of operating experience in retail finance, consumer packaged goods and technology development, and acumen honed at the nation’s finest business schools, the report is drawn from the latest fielding of the Hearts & Wallets Investor Quantitative™ Database (IQ™ Database). The IQ™ Database is recognized as the largest single dataset with 72,000 million data points on consumer buying patterns from over 45,000 U.S. households.

Deconsolidation

Multiple saving and investing relationships are at an all-time high as consumers often seek different levels of advice from firms based on interest in managing their finances and the depth of desired personal financial advice. Over half (56%) of U.S. households have 2 or more relationships, up from only 36% in 2011. Affluent consumers are more likely to deconsolidate with \$2 million+ consumers using 4 stores, up 0.7 percentage points in one year. Consumers appear to seek specialization, such as integrated features or loyalty reward programs.

“Consumers like to diversify rather than keep all their nest eggs in one basket,” Laura Varas, founder and CEO of Hearts & Wallets said. “They like to spread their wallet around to reduce risk but also combine service models to benefit from the different offerings. Firms looking to retain consumers should educate consumers about benefits of multiple relationships under one enterprise-level umbrella.”

Lower Share of Wallet

Because the trend of consumers increasing the number of firms they use, leading financial services firms are experiencing lower share of wallet. Average share of wallet dropped at most national stores, especially for stores that consumers say are their “primary” stores, the firm where the household has the most money invested. Average share of wallet entrusted to primary stores is at 71%, a decrease of 4 percentage points vs. 2015.

SOW, Multiples and Top Performers/2

Key Share of Wallet Measures

Trust is an important predictive measure for share of wallet. Very high trust, based on a “9-10” customer ratings on scale of 0 to 10, where “0 = very little trust and 10 = very high trust,” in the primary and secondary store had trended upward for the most part since 2011, but dipped over the past year, declining by 2 percentage points. A troubling trend is a declining trust among younger consumers over the past year. Very high trust for consumers ages 21 to 28 dropping by 4 percentage points over the past year, and very high trust for consumers ages 29 to 39 dropping 12 percentage points over the same time period.

“Improving trust is a key objective for many firms,” said Beth Krettecoc. “Our original research shows the drivers of trust are to help the consumer understand how the firm earns money, to explain things in understandable terms, and be responsive. Although the exact recipe varies by consumer segments, these key elements remain essential for building trust.”

Top Performers

Proven over nine years, the Stores & Success Metrics Top Performers offers a useful guide to firm performance on key customer loyalty metrics. To earn the Top Performer designation, firms must receive ratings from their customers distinctively higher than ratings that customers of other firms gave to their firms (see methodology at the end of this release for more information). Each firm included must have sufficient sample size to be considered as a Top Performer.

Top Performing Firms are as follows:

High Trust Top Performers – **Edward Jones, USAA, Charles Schwab** (NASDAQ: SCHW), and **Morgan Stanley** (NYSE: MS)

(highest proportion of customers who rate them a 9-10 on a 10-point scale to indicate how much they trust, where 0 equals “very little trust” and 10 equals “very high trust”)

Intent to Invest More – **Charles Schwab, Edward Jones**

(stores that have the highest proportion of customers who rate them a 9-10 on a 10-point scale to indicate how likely they are “to invest more”, where 0 equals “not at all likely” and 10 equals “extremely likely”)

Intent to Recommend – **Ameriprise** (NYSE: AMP), **Charles Schwab, Edward Jones, Morgan Stanley and USAA**

(stores that have the highest proportion of customers who rate them a 9-10 on a 10-point scale to indicate how likely they are to recommend, where 0 equals “not at all likely” and 10 equals “extremely likely”)

Methodology

Stores & Success Metrics: Redefining Success Measures in a Marketplace of Multiple Relationships and Lower Share of Wallet is drawn from the section of the Hearts & Wallets Investor Quantitative™ Database (IQ™ Database) that analyzes consumer use of retail financial firms, accounts types, trust, intent to recommend and intent to invest more.

About Hearts & Wallets

Hearts & Wallets is a data and consulting firm focused on understanding the drivers behind retail investor decision making. Combining a consumer marketing framework with financial services operating experience, the company is a catalyst for consumer-driven innovation in retail investing and saving. Hearts & Wallets works with leading financial providers to improve the effectiveness of their marketing communications, solution design and service delivery. For more information visit www.heartsandwallets.com.

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