Americans Cut Financial Firms Used; Average Share of Wallet Increases

Role Vertical Integration Plays in Growth; Loyalty and Trust Metrics Identify Opportunities to Compete More Effectively

(Jan. 16, 2025, Rye, NY) – U.S. households cut their number of retail financial services firms for the first time since 2013 with consolidation highest among wealthier households, according to a new market intelligence report by Hearts & Wallets, the independent data and benchmarking firm that specializes in saving, investing and financial advice.

Industry Performance Metrics: Competitive Penetration, Share and Loyalty Measures as Consumers Consolidate analyzes "stores," the firms where retail consumers purchase and hold investments, on household penetration, share of wallet, share of assets, and customer loyalty and trust measures. The report also looks at asset managers to identify overall corporate market leaders, drawing from Hearts & Wallets Investor Quantitative™ (IQ) Database, the largest single dataset with over 120 million data points on saving, investing and advice behaviors from 80,000 U.S. households the past 15 years.

Consumers Consolidate

Today, 20% of U.S. households, or about 26 million, use 4-plus saving and investing stores, down from 25% of households, or 33 million, in 2023. Consolidation resulted in the first year-over-year decline in total relationships Hearts & Wallets has observed in the past decade with saving & investing relationships going from 351 million in 2023 to 323 million in 2024, a consolidation of 28 million relationships, or an 8% decline. Correspondingly, industry average share of wallet (SOW) rose for the first time in 5 years, up 2 percentage points from 37% in 2023 to 39% in 2024. Wealthier households are bringing their assets to their favorite stores, with only 17% of millionaire households using 6-plus stores in 2024 down from 23% in 2023. Year over year, households with $5-million-plus are using nearly 1 fewer store on average.

Share of Wallet, Leading Firms and Influences

As consumers cut back on the number of firms with which they do business, average industry share of wallet (SOW) per firm rose, especially among the coveted 2.3M households with $5 million-plus, up 4 percentage points from 24% in 2023 to 28% in 2024. Consumer consolidation is affecting industry leaders in household penetration with **Bank of America Merrill** NET[1] (NYSE: BOA) narrowly holding on to No. 1 for all account types but losing ground to No. 2 **Fidelity** and No.3 **JPMorgan Chase** (NYSE: JPM). In U.S. household share of assets (SOA), Fidelity is No. 1. Bank of America Merrill NET and **Charles Schwab** NET are tied for No. 2. Since SOA is determined by household penetration and SOW, SOW drivers like advice coverage and account types influence SOA.

"With intensifying competition for the $78 trillion controlled by the 131 million households in the U.S., it's more important than ever to monitor consumer behavior and competitive buying patterns," Laura Varas, CEO and founder of Hearts & Wallets, said. "Choices about which stores and products to use for investing and advice are consumer decisions like any other."

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[1] Bank of America NET includes Bank of America, Merrill and Merrill Edge.

Vertical Integration and Firm Growth

Vertical integration – serving households through both products and stores – is linked to leadership positions. Vertically integrated leaders Fidelity and JPMorgan Chase serve more households with their investment products and services than other firms. Leading stores are horizontally integrated across banking, investing and insurance account types. Products, and the asset managers behind them, show potential for greater influence.

Primacy, Loyalty, Trust and Future Success

As consumers consolidate firms, customer loyalty and trust metrics are becoming even more important beacons to compete effectively for relationships. Fidelity, **Edward Jones**, **LPL** (NASDAQ: LPLA) and **Vanguard** earn high marks from customers on multiple loyalty and trust measures. Bank of America, Robinhood (NASDAQ: HOOD), **USAA** and **Wells Fargo Advisors** (NYSE: WFC) earn high marks on select metrics.

On Hearts & Wallets Loyalty Score for all customers, which combines metrics of intent to invest more and likelihood to recommend, Edward Jones and Vanguard stand out as leaders. On high trust for all customers, Edward Jones and LPL are industry leaders. Trust and intent to invest more are leading indicators of future flows.

"Robinhood is a good example of how primacy, loyalty and trust metrics can reveal important competitive data," Amber Katris, Hearts & Wallets Subject Matter Expert, said. "Only 46% of Robinhood customers entrust Robinhood as one of their primary or secondary stores, substantially below the industry average of 63%. Yet, among customers who use Robinhood as a primary or secondary store, 54% are highly likely to invest more, above the industry average of 33%. Together these metrics show that something is working well for some customers but not for others."

Competitive Metrics and More

See the full report for more on industry leaders based on corporate structure, the top 25 investing stores for household penetration, top 25 stores for share of wallet, and detailed analysis of firm leaders in loyalty and trust metrics.

About Hearts & Wallets
Hearts & Wallets is the data and benchmarking firm that specializes in powering growth for saving, investing and financial advice businesses. Leading firms rely upon Hearts & Wallets market intelligence reports, software and benchmarking to make strategic decisions that lead to growth by improving products, distribution, pricing, positioning and targeting. The power of 2.5x: over 70% of Hearts & Wallets subscribers experienced positive net flows in 2022 as compared to just 30% of non-subscribers. For more information, visit www.heartsandwallets.com.

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