

Annual Customer Buying and Satisfaction Ratings Identify Top Performer Firms and Pricing Trends Ameriprise, Edward Jones and Merrill in Multiple Categories; Full-Service Firms Outperform on Pricing Clarity

(May 6, 2021, Rye, NY) – **Ameriprise Financial** (NYSE: AMP), **Edward Jones**, and **Merrill Lynch** (Bank of America Corp. NYSE: BAC) earn the Hearts & Wallets’ Top Performer distinction in multiple categories in this year’s national customer buying and satisfaction ratings for brokers, banks and retirement platforms by Hearts & Wallets, the market research and benchmarking firm that specializes in how consumers save, invest and seek financial advice.

In the **Wants & Pricing: Delivering on Customer Wants, Unpacking Pricing and Rating the Top Performer Firms**, 5,920 U.S. households rate their top financial providers on service and pricing performance. This year’s ratings focus on the top service and pricing dimensions, or “wants,” most important to consumers. The full report examines diverse preferences in advice-seeking behavior to provide the most complete picture of U.S. competitive dynamics for different customer types through analysis of multiple attributes for key service dimensions and critical pricing dimensions.

National annual customer buying and satisfaction ratings are featured for leading national providers – brokers, banks and retirement platforms – cited most often by their customers as their primary, secondary or third firm by asset amount. The research draws from the Hearts & Wallets database on consumer quantitative buying pattern database, the Investor Quantitative™ Database, which is recognized as the largest single dataset with over 100 million data points on consumer buying patterns from 60,000 U.S. households.

Top Performer Ratings

Proven over the past decade, the Wants & Pricing Top Performer methodology offers a useful guide to firm performance on what customers value. To earn the Top Performer designation, firms must receive ratings from their customers distinctively higher than ratings that customers of other firms give to their firms (*see methodology at end of this release for more information*). Each firm must have sufficient sample size to be considered as a Top Performer.

Customers rate their firms on their most important wants. Top Performers are then designated on the most important “wants from firm” from each of the five service dimensions. The report focuses on top-level national ratings because they are most comprehensive and provide an easy-to-understand overview. The Hearts & Wallets IQ Dataminer software allows deep and broad analysis of 18,000 sets of competitive ratings for a more precise understanding of target customer groups. Report ratings encompass all customer account types and are weighted to national assets and age for comparison across firms and years.

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“Top Performer ratings allow firms to understand customer buying and satisfaction at the company level,” Laura Varas, CEO and founder of Hearts & Wallets said. “We encourage firms to expand their competitive horizon to identify new opportunities and threats that extend beyond the typical financial services landscape.”

Top Performer Firms

Ameriprise, Edward Jones and **Merrill Lynch** appear multiple times as Top Performers for customer satisfaction on top consumer wants. **State Farm** and **USAA** each achieved two Top Performer designations. **T. Rowe Price** and **TD Bank** each received one Top Performer designation. Tighter competition resulted in no Top Performers this year in many wants, notably in Access & Communication and Understanding & Empathy.

Top Performers (ratings distinctively higher than other firms) for selected attributes include –

- “Unbiased, puts my interests first” – **Ameriprise, Edward Jones, Merrill Lynch, State Farm** and **USAA** are Top Performers. **Voya Financial** (NYSE: VOYA) is most improved.
- “Investment ideas knowledgeable, timely and tactical” – **Ameriprise, Edward Jones** and **Merrill Lynch** are Top Performers. **Prudential** (NYSE: PRU) is most improved.
- “Has made me money” – **Ameriprise, Edward Jones, Merrill Lynch** and **T. Rowe Price** are Top Performers. Most Improved is **State Farm**.

Despite pricing clarity being a top consumer want, no firms earned Top Performers designations on 3 of 4 pricing measurements, including understanding of how firms earn money, the biggest driver of trust as demonstrated in Hearts & Wallets regression analysis in 2019.

The pricing measurement with Top Performers in 2021 was for the fewest customers who “don’t know” how they pay with **Ameriprise, Edward Jones, E*Trade, Morgan Stanley** (NYSE: MS) and **TD Ameritrade** earning Top Performers designation. At the national level, customers of full-service firms rate their firms better on this measurement than customers of other types of financial service firms.

Top Wants

In the Access & Communications dimension, consumers report shifts in channel preferences with increasing demand for digital connectivity and slight drops nationally for telephone and branch access. Year over year, national wants increased related to internet account access, quality of online tools and mobile apps. Internet access was most important for consumers with \$2 million-plus.

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“Channel usage shifts could be long-lasting, and this may be especially true for \$2-million-plus customers who have become more comfortable with technology,” Beth Krettecoc, Hearts & Wallets Subject Matter Expert, said. “Consumer habits could be reshaped during COVID-19, and channel use varies significantly by asset level.”

The full report analyzes top wants in all five service dimensions, tracks changes in customers of all asset groups, including important shifts in consumers with \$2-million-plus, and also features competitive analysis to inform corporate strategy, customer segment management and solution development.

Pricing Pitfalls

Fees being “understandable” and “reasonable” is the top want for most asset classes. The exception is households with \$500,000 to under \$2 million, which rank “unbiased, puts my interests first” slightly ahead of fees by one percentage point.

Consumers want pricing clarity, but it’s complicated. Customer confusion permeates 3 out of 4 (73%) saving, investing and advice relationships¹ with 44% of customers saying they don’t know how they pay, and 29% saying they believe financial solutions are free. (Even “free” products can have underlying costs or commercialization of consumer data.)

“Customers of most firms are improving in understanding of how firms earn money, but still many customers don’t know how they are buying financial products and services,” Varas said.

Customers understand service-based pricing better than product-based pricing. Workplace product pricing is especially confusing with customers not knowing how they pay in nearly half (46%) of relationships. Pricing confusion is higher among women, Millennials, lower-asset and “inexperienced” investors.

“Consumer confusion about pricing of financial products and services is an unsustainable industry dynamic,” Varas said. “The firms that can figure out how to present their value proposition and communicate explicit buying decisions will emerge as leaders. Overall, firms still have much work to simplify pricing, enhance communication and support consumer education in financial fluency.”

Methodology

Wants & Pricing is drawn from the section of the Hearts & Wallets Investor Quantitative™ Database (IQ Database) that analyzes consumer service dimensions, the price-value dynamic and captures customer satisfaction ratings for the big banks, brokerages, employer and mutual fund firms cited most often by 5,920 survey participants in the latest IQ Database survey wave fielded in August 2020. The full IQ Database is recognized as the largest single dataset with over 100 million data points on consumer buying patterns from 60,000 U.S. households.

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¹ Over half of U.S. households have saving, investing and advice accounts at more than one firm. Each firm is considered a “relationship.”

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To be cited as a Top Performer, firms must receive ratings from their customers that are distinctively higher than ratings that customers of other firms gave to their firms. Most improved providers from the prior year are also rated significantly higher by their customers than they were the prior year. Ratings from specific customer account types, such as brokerage customers, retirement plan participants, or personas such as women who value advice, may differ from national ratings and are available in the Hearts & Wallets IQ Dataminer interactive software.

About Hearts & Wallets

Hearts & Wallets is the market research and benchmarking firm that specializes in how consumers save, invest and seek financial advice. Leading firms rely upon Hearts & Wallets thought-leadership reports, software and benchmarking to make their saving, investing and advice solutions more consumer-centric. For more information visit www.heartsandwallets.com.

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