

Investor Satisfaction with Full-Service Financial Advisors Crumbles as Markets Fall, J.D. Power FindsLack of Comprehensive Advice and Personalized Financial Planning Leaves Wealth Managers Stuck in Co-Dependent Relationship with Market Returns

TROY, Mich.: 4 April 2023 — In 2022, Wall Street experienced its worst year since 2008, with the S&P 500 finishing down nearly 20%. Mirroring that performance, investor satisfaction with full-service investment advisors plunged 17 points (on a 1,000-point scale) year over year, according to the J.D. Power 2023 U.S. Full-Service Investor Satisfaction Study.SM That lockstep movement between market performance and investor satisfaction highlights a real challenge in the wealth management industry.

“Advisor satisfaction continues to track overall market performance, and this points to a systemic problem in our industry: advisor value propositions grounded in investment performance,” said **Tom Rieman, head of wealth solutions at J.D. Power**. “Advisors cannot control the ebbs and flows of the market, but the good ones help their clients plan for their best futures and deliver value in the form of comprehensive advice that should shine through in all market conditions.”

Following are some key findings of the 2023 study:

- **Full-service advisor satisfaction plunges:** Overall investor satisfaction with full-service investment advisors is 727, which is down 17 points from a year ago. The performance is consistent with the long-term trend of investor satisfaction moving in lockstep with stock market performance. The fact that advisor satisfaction is tracking market performance shows that few advisors are delivering on their core value proposition, which will not bode well for the future of an industry that’s already struggling under the weight of digital transformation and changing patterns of investor behavior.
- **Small fraction of advisors currently offering comprehensive advice:** Comprehensive advice is defined as personalized guidance from an advisor that addresses all financial and wealth management needs; demonstrates an intimate understanding of the client’s lifestyle and goals; puts the client’s best interest first; includes a financial plan; ensures clients understand the fees they pay; and is an integral part of the client’s life. Today, just 11% of advisors are delivering this level of advice. The rest are delivering transactional advice (42%) and goals-based advice (47%).
- **Just more than half of full-service wealth clients have financial plans:** Among full-service wealth management clients, 57% say they have a financial plan, yet only 56% of clients with plans say they are receiving comprehensive advice. Moreover, among clients with financial plans, 32% do not feel their advisor makes recommendations that are in their best interest and 29% say they do not feel their advisor understands their financial goals and needs.
- **Younger clients ready to vote with their feet:** Among clients in all age groups, those in the Millennial and Generation Z¹ groups are the most likely to switch firms in the next 12 months and are most likely to already be working with a secondary investment firm. Slightly more than one-fourth (27%) of these younger investors say they “definitely will” or “probably will” switch firms, and 49% say they are working with a secondary investment firm.

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.

Study Ranking

Charles Schwab ranks highest in overall investor satisfaction with a score of 752. **UBS** (741) ranks second and **Fidelity** (740) ranks third.

The U.S. Full-Service Investor Satisfaction Study, now in its 21st year, measures overall investor satisfaction with full-service investment firms in seven factors (in order of importance): trust; people; products and services; value for fees; ability to manage wealth how and when I want; problem resolution; and digital channels.

The study is based on responses from 6,168 investors who work directly with a dedicated financial advisor or team of advisors. The study was fielded from October 2022 through January 2023.

For more information about the U.S. Full-Service Investor Satisfaction Study, visit <https://www.jdpower.com/business/wealth-management-platform>.

See the online press release at <http://www.jdpower.com/pr-id/2023033>.

About J.D. Power

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J.D. Power has offices in North America, Europe and Asia Pacific. To learn more about the company's business offerings, visit [JDPower.com/business](https://www.jdpower.com/business). The J.D. Power auto shopping tool can be found at [JDPower.com](https://www.jdpower.com).

Media Relations Contacts

Geno Effler, J.D. Power; West Coast; 714-621-6224; media.relations@jdpa.com
John Roderick; East Coast; 631-584-2200; john@jroderick.com

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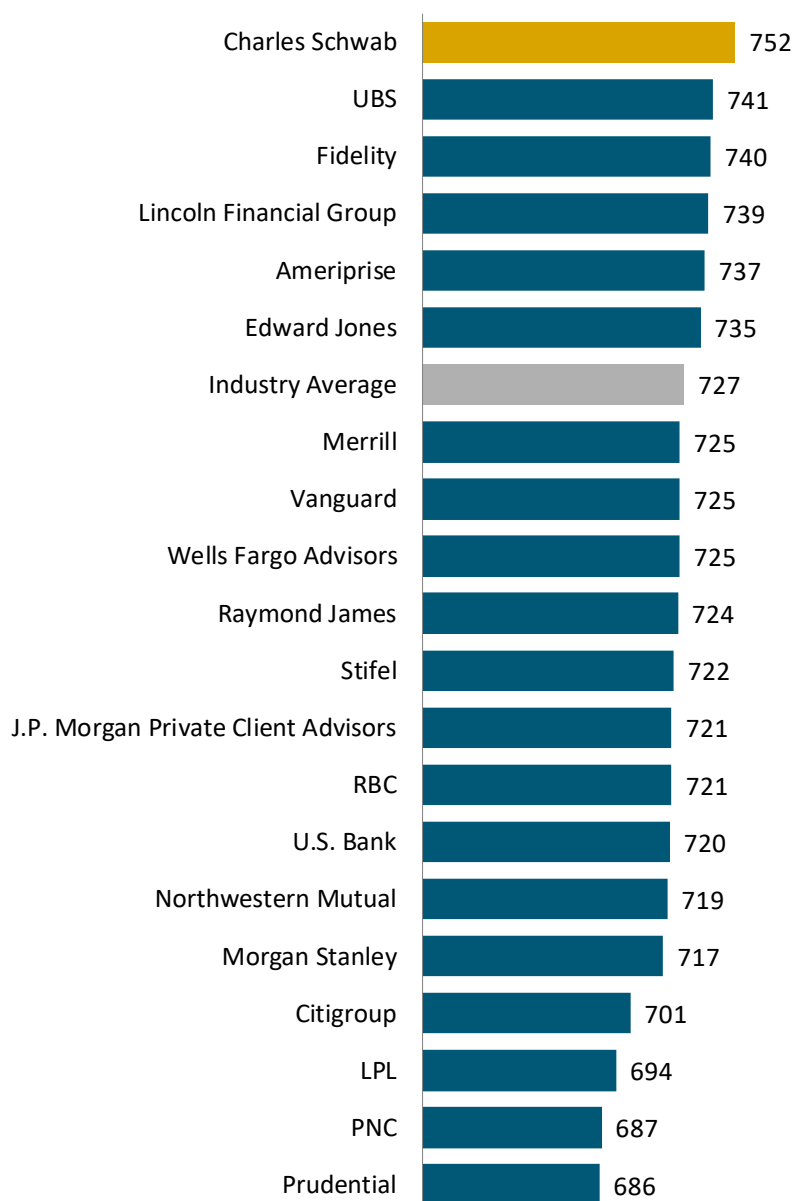
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NOTE: One chart follows.

J.D. Power 2023 U.S. Full-Service Investor Satisfaction StudySM

Overall Customer Satisfaction Index Ranking

(Based on a 1,000-point scale)



Source: J.D. Power 2023 U.S. Full-Service Investor Satisfaction StudySM

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