

Frontline News

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RIAs Speak: Schwab Is Tops

Registered investment advisors are the most powerful asset-gathering force in the advisory industry. At least that's how they're described in a survey from Citigroup that examines the RIA space and what makes it tick. The survey says that the RIA segments at Schwab Institutional, Fidelity and TD Ameritrade garnered more net new assets during the past six quarters than Merrill Lynch,

Smith Barney (a Citigroup subsidiary), Morgan Stanley and UBS combined.

The survey was chock-full of factoids about RIAs, but perhaps the juiciest tidbit in the report is this: Schwab was the custodian of choice by a landslide. If this were the Academy Awards, Schwab would walk off with the Oscar for best picture, director, actor, actress, screenplay—and maybe even costumes.

According to Citigroup, surveyed RIAs ranked Schwab first in each of the six categories rated. In the best service category, Schwab took top honors with 77% of the vote. Another 70% of RIAs said it has the best brand, while 68% said it has the best technology. When it comes to the best referral program, the best mutual fund offering and the lowest-cost service, Schwab finished first with 58%, 54% and 50% of the votes, respectively.

The Citigroup report found that the two leading considerations RIAs have when they choose a custodian are its service (29%) and technology (23%) capabilities. They also look at a custodian's costs (17%) and its mutual fund offerings (12%), take into account its brand (11%), and consider its ability to get them client referrals (8%).

As for custodian service levels, 82% of surveyed RIAs say they're serviced by a small team of four to five people, and 11% are serviced by a single individual. Just 7% are routed to a call center. Among RIAs with assets of more than \$1 billion, 20% are serviced by a single representative and none are routed to a call center.

The Citigroup survey contacted more than 100 RIAs across the spectrum with an estimated 25,000 clients and \$60 billion in total assets.

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