



Press Release

J.D. Power and Associates Reports: Providing Information Tools to Self-Directed Investors Drives an Increase in Investor Satisfaction

Charles Schwab & Co. Ranks Highest in Self-Directed Investor Satisfaction

WESTLAKE VILLAGE, Calif.: 1 October 2009 — Despite the current financial crisis, trading activity has increased among self-directed investors, with access to investment information and tools becoming increasingly important to their satisfaction, according to the J.D. Power and Associates 2009 Self-Directed Investor Satisfaction StudySM released today.

“While self-directed investors make trading decisions on their own, they still rely on their investment firm to provide information and tools that assist them in making those decisions,” said David Lo, director of investment services at J.D. Power and Associates. “Price and trade execution are no longer strong differentiators among firms, as various institutions offer essentially free trades and investors have come to expect flawless trade execution. Providing compelling investment tools and information, as well as a superior interaction experience, is the best opportunity for firms to set themselves apart.”

The study finds that overall satisfaction increases as self-directed investors use additional resources and tools provided by their investment firm, such as financial planning services, online stock tools and educational seminars or webcasts. Satisfaction averages 761 on a 1,000-point scale among investors who use just one resource, compared with 699 among investors who don’t use any available resources. Satisfaction continues to increase as investors use additional resources, and averages 836 among those investors who use all three types of resources offered by their firm.

Charles Schwab & Co. ranks highest in self-directed investor satisfaction with a score of 796, performing well in information resources, account information and interaction, particularly interaction via its Web site.

“Charles Schwab’s performance underscores the importance of providing information and tools to investors, as the firm has a particularly high proportion of investors who are aware of and utilize its educational offerings, but is not necessarily the lowest-cost firm,” said Lo.

Vanguard follows Charles Schwab in the rankings with a score of 788, performing particularly well in account offerings and receiving high ratings for its phone-based interactions. Scottrade ranks third with a score of 780, performing well in trading charges and fees, and receives high ratings for interactions through its branch offices.

The study also finds that investors are more satisfied when they have a clear understanding of the costs and fees charged by their investment firm. Satisfaction averages 821 among investors who receive an explanation of their fee structure and report they completely understand it. In contrast, satisfaction averages only 682 among investors who received no explanation of their fee structure.

“There’s a great deal of distrust among consumers as a result of the financial collapse, so they’re seeking transparency from their firms more than ever before,” said Lo. “As firms across the financial services industry

impose fees as a means to drive revenue, it's absolutely critical to be upfront and clearly communicate these fees to lessen the negative impact on satisfaction. In turn, higher levels of satisfaction can lead to improved loyalty and advocacy rates."

Among highly satisfied active investors (satisfaction scores averaging 800 or higher), 85 percent say they "definitely will" recommend their firm to others, compared with just 32 percent of active investors with lower satisfaction levels. In addition, more than 60 percent of highly satisfied active investors say they "definitely will not" switch firms in the next year, while only 19 percent of less-satisfied active investors say the same.

The 2009 Self-Directed Investor Satisfaction Study measures [customer satisfaction with investment firms](#) based on performance in six factors: interaction; account information; trading charges and fees; account offerings; information resources; and problem resolution. The study is based on responses from more than 5,000 investors who make all of their investment decisions without the counsel of an investment adviser. The study was fielded between June and July 2009.

About J.D. Power and Associates

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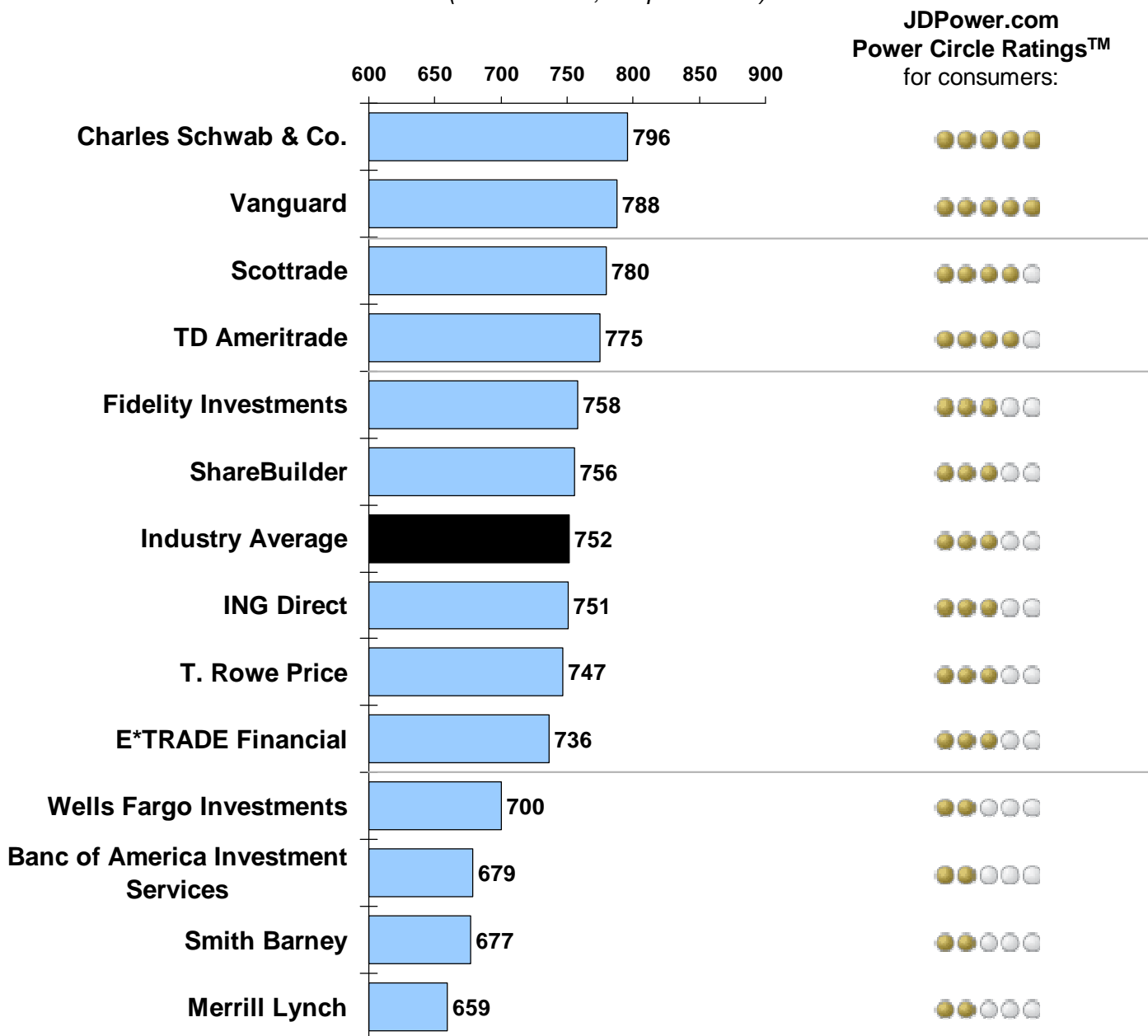
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NOTE: One chart follows.

J.D. Power and Associates 2009 Self-Directed Investor Satisfaction StudySM

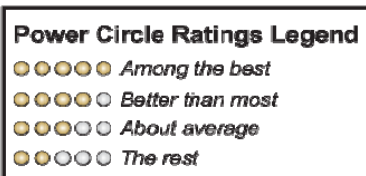
Self-Directed Investor Satisfaction Index Ranking

(Based on a 1,000-point scale)



Included in the study but not ranked due to small sample size are Ameriprise Financial, Chase Investment Services, Edward Jones, Morgan Stanley, UBS Financial Services, Wachovia Securities, WaMu Investments and Zecco Trading.

Source: J.D. Power and Associates 2009 Self-Directed Investor Satisfaction StudySM



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