Examining the Mindset of U.S. Financial Professionals: A Survey by Schwab Independent Branch Services

June 2018
Methodology

HOW

- 15-minute online survey developed and conducted by Edelman Intelligence

WHEN

- March 8 – March 23, 2018

WHO

- 994 financial pros in the U.S. (margin of error: +/- 3.1%)
- To qualify, respondents must:
  - Be 18+
  - Live in the U.S.
  - Work in the financial services industry
  - Identify as one of the following job titles: Advisory Firm, Bank Financial Advisor, Bank Trust Officer, Business Development Officer, Financial Advisor, Financial Analyst, Financial Planning Specialist, Insurance Agent/Broker, Owner/Manager of Investment, Portfolio Manager, Registered Representative/Broker, Wholesaler
  - Interact with clients at least once a week
  - Have worked in the financial services industry for at least 7 years
  - Work for one of the following types of organizations: 401K/403B (e.g., TIAA), Bank Insurance, Investment Broker Dealer, Registered Investment Advisor, Retail Brokerage, Trust Division, Wirehouse
Financial pros see a bright future for the industry

Feel the industry is going in the **right direction** (vs. **wrong direction**) 82%

Agree they are **optimistic about the future** of the industry 80%

Agree they would **recommend the industry** to a recent graduate 77%

Q1: Based on what you currently see going on in the financial services industry, would you say it is moving...?
Q2: How much do you agree or disagree with the following statements about the financial services industry? (Top 2 box <Somewhat/Strongly agree> reported)
Base size: Total = 994
The majority are fulfilled

86% Agree they feel **successful**

69% Agree they **don’t regret anything** about the professional path they’ve taken

61% Agree their profession is the **most important thing to them**

Q4: How much do you agree or disagree with the following statements with regards to your profession? (Top 2 box <Somewhat/Strongly agree> reported)

Q16: Thinking about your profession, how much do you agree or disagree with the following statements? (Top 2 box <Somewhat/Strongly agree> reported)

Base size: Total = 994
But there is still room for improvement

80% Agree they are ready to take their profession to the next level

63% Agree they are ready for a change

Q4: How much do you agree or disagree with the following statements with regards to your profession? (Top 2 box <Somewhat/Strongly agree> reported)
Base size: Total = 994
They express some doubt and concerns

- 71% Agree they wonder what life would be like if they had taken a different professional path.
- 41% Agree there are negative experiences they’ve had in their profession that still keep them up at night.
- 26% Say they’ve been promised things by a firm that were never delivered.

Q2: How much do you agree or disagree with the following statements about the financial services industry? (Top 2 box <Somewhat/Strongly agree> reported)
Q16: Thinking about your profession, how much do you agree or disagree with the following statements? (Top 2 box <Somewhat/Strongly agree> reported)
Base size: Total = 994
... And admit to some frustration

- 44% Agree that if they could go back in time, they would not work in the industry
- 26% Fear having to compromise their personal values
- 38% Feel Stuck

Q2: How much do you agree or disagree with the following statements about the financial services industry? (Top 2 box <Somewhat/Strongly agree> reported)
Q7: What are your biggest fears when it comes to your profession? (Multi-select)
Q16: Thinking about your profession, how much do you agree or disagree with the following statements? (Top 2 box <Somewhat/Strongly agree> reported)
Base size: Total = 994
Three in four experience professional obstacles, ranging from lack of support to limited autonomy

Feel they have **obstacles** to becoming more successful

**PROFESSIONAL OBSTACLES**

*(SHOWING TOP 5 AMONG THOSE WHO EXPERIENCE OBSTACLES)*

- I'm too busy servicing existing clients **and don't have** enough support to go after new business **30%**
- I have to continually adjust my approach because of **new technology that disrupts the industry** **24%**
- The **firm that I am associated with** has far too much control over how I get compensated **23%**
- I'm **not able to serve my clients the way I want to** due to regulations and / or policies **22%**
- My **firm is not providing me the support I need** to grow **21%**

Q14: Which of the following do you feel are obstacles to becoming more successful in your business? (Multi-select)

Base size: Total = 994, Those who feel they have obstacles to becoming more successful = 754
The Industry is Changing Rapidly, Thanks to New Technology and Regulations

86% Agree the financial services industry has changed more in the last 5 years than in the previous 15

76% Agree new technology is changing the industry to the point where it will be unrecognizable in 10 years

71% Agree recent & upcoming regulations are having a positive impact on clients (67% agree they are having a positive impact on advisors)

Q2: How much do you agree or disagree with the following statements about the financial services industry? (Top 2 box <Somewhat/Strongly agree> reported)
Base size: Total = 994
They recognize the importance of technology for themselves and their clients

78%
Agree that constantly improving the client experience through innovation is important

74%
Agree having high quality technology both for their clients and themselves is important

Q9: How important is each of the following to you in your profession? (Top 2 box <Very important/Critical> reported)
Base size: Total = 994
Client happiness and honesty rank high

IMPORTANT FACTORS TO THEIR PROFESSION

(SHOWING TOP 5)

- **MAKING AN HONEST LIVING**: 89%
- **MAKING MY CLIENTS HAPPY**: 88%
- **EARNING CLIENTS’ TRUST AND TREATING THEM IN AN ETHICAL, EMPATHETIC, PROACTIVE WAY**: 87%
- **MAKING A GOOD LIVING**: 86%
- **WORKING FOR AN ORG. THAT EMPLOYEES ARE PROUD TO BE AFFILIATED WITH**: 82%

Q9: How important is each of the following to you in your profession? (Top 2 box <Very important/Critical> reported)
Base size: Total = 994

June 2018
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Their top desire is to better serve their clients and communities

**STATEMENT AGREEMENT**
*(SHOWING TOP 8)*

**Compare: clients vs. money**

73% 73% 71% 65% 61% 60% 55% 46%

- I wish I could serve my clients better
- I wish I could help my community more
- I wonder what life would be like if I had taken a different professional path
- I wish I prioritized work-life balance
- I wish I looked harder for opportunities to advance my profession
- I wish I took greater risks to make more money
- I dream of owning my own business
- I wish I had built something from scratch

Q16: Thinking about your profession, how much do you agree or disagree with the following statements? (Top 2 box <Somewhat/Strongly agree> reported)
Base size: Total = 994
Independence is seen as important and desired

- 79% for Independence
- 58% for Running my own business; being a master of my own destiny

55% Agree they dream of owning their own business

47% Say they want to build something new (vs. wanting to be part of something established)

Q8: From each pair below, please select the word or phrase that best describes you.
Q9: How important is each of the following to you in your profession? (Top 2 box <Very important/Critical> reported)
Q16: Thinking about your profession, how much do you agree or disagree with the following statements? (Top 2 box <Somewhat / Strongly agree> reported)

Base size: Total = 994
Entrepreneurialism is in their DNA

Q17: Which of the following applies to you?

- I don’t consider myself an entrepreneur, nor do I aspire to be one (32%)
- I consider myself an entrepreneur (37%)
- I don’t consider myself an entrepreneur, but I aspire to be (31%)

Base size: Total = 994
Important Information

This online survey of U.S. financial professionals was conducted by Edelman Intelligence for Schwab Independent Branch Services. Edelman Intelligence is neither affiliated with, nor employed by, Charles Schwab & Co., Inc. The survey is based on 994 interviews and has a 3 percent margin of error. Survey respondents are U.S. residents over 18 years old who have worked in the financial services industry for at least seven years. All data is self-reported by study participants and is not verified or validated. Respondents participated in the study between March 8 and March 23, 2018.

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