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NEWS INNOVATION REGULATORY OUTLOOK INSIGHTS LEADERSHIP PERSPECTIVES MARKETPLACE



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2018 Investment Services Revenue Up 9 Percent in Financial Institutions

by: *Connie Gregory, SVP, CUSO Financial Services; Tim Kehrler, Director of Research, Kehrler Bielan*

According to the Kehrler Bielan *Annual Industry Checkup*, sponsored by CUSO Financial Services and Sorrento Pacific Financial, 2018 was a year defined by how it ended in banks and credit unions providing investment services. Gross revenue was up 9 percent, and revenue per advisor climbed almost 12 percent. However, investment assets under administration were actually down almost 3 percent at year end. What happened?

The growth in revenue was driven by an increase in the value of assets under administration, some of which earn quarterly fees. As the stock market boomed during the year, the value of those assets grew, throwing off higher and higher fees. Then, during the fourth quarter, there was a market correction, wiping out all of the market gains for the year. But, investment services firms had already earned the fees on the higher valuations. Given the lag in the payment of asset fees, banks and credit unions didn't experience the drop in fees until the first quarter of 2019.

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