



RESEARCH



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Major Opportunities but Big Challenges for Banks in Changing Retirement Market Highlighted in New Research Report from BAI and FRC

Nationwide 2009 survey provides comprehensive view of retirement market dynamics, consumer behaviors and key investment and banking trends

Chicago, IL and Boston, MA – (October 1, 2009) – BAI Research and Financial Research Corporation (FRC) today announced that the two organizations are partnering to produce a comprehensive research study on the U.S. retirement market. The jointly conducted study is entitled the *2009 Retirement Study: Capitalize on Market Opportunities*. Building on the 2007 and 2008 retirement studies, the updated 2009 study focuses on how current trends and economic conditions are impacting consumers' retirement investment decisions. It will provide new data, and analysis that banks and other financial institutions can use to shape their strategies and offerings to grow their retirement-related businesses. The study is now underway and will be completed by mid-December.

The report will show that retirement financing continues to grow in importance and priority in the thinking of mass affluent consumers. It also drills down into how several key factors, including the economic recession, stock market downturn and eroding home equities are changing consumer behaviors, including the flight to safety, drop-offs of 401 (k) contributions, modification of spending patterns and reliance on credit. The report highlights how increasing numbers of baby boomers are considering alternative means for funding their retirements, and how that new thinking is presenting significant opportunities for banks and asset management firms.

“With all the dark clouds hanging over the financial markets over the past year, we believe there is a real silver lining for banks within the retirement marketplace. Banks have an opportunity to provide much-needed retirement planning, savings and cash management products and services to critical consumer segments. Past research has shown that when banks initiate the retirement dialogue, consumers are receptive. In fact, banks that have the retirement relationship have much better deposit wallet capture rates and customer loyalty. We expect this trend to accelerate.” said Ajay Nagarkatte, Managing Director for BAI Research.

“We’re fielding this survey in partnership with BAI to provide banks and asset managers with specific information and analysis to help them grow their stake in the retirement asset business,” said Bruce R. Fador, CEO of FRC. “This research report will help firms to understand the future direction of retirement asset flow by analyzing consumers’ activities, preferences and views on key issues. The report builds on the landmark research our joint team completed in 2007 and 2008. That historical perspective will make the changes in the data, trends and consumers’ views immediately evident and compelling.”

The 2009 Study

The *2009 Retirement Study—Capitalize on Market Opportunities*, which is being underwritten by six of the 10 largest U.S. banks, will provide retail banks with the necessary benchmarks to:

- Offer a “performance dashboard” that provides targets on critical issues, ranging from consolidation and competition in the industry to evolving regulatory changes
- Expand the linkage between retirement and key performance metrics, such as retail deposits, ‘wallet share’ and percentage of assets
- Understand and act on current drivers of retirement behavior and their outcomes
- Gain a comprehensive, holistic view of retirement dynamics by analyzing and projecting trends based on data from 2007 – 2009

About BAI

BAI is the financial services industry’s partner for breakthrough information and intelligence needed to innovate and stay relevant in an evolving marketplace. For more than 80 years, we have focused on advancing the industry by offering unbiased education and research. Our offerings are as diverse as the industry, and include premier events such as BAI Retail Delivery Conference & Expo, ground-breaking

research and performance metrics, professional learning and development programs, and in-depth editorial coverage through *BAI Banking Strategies*. Visit www.BAI.org for more information.

BAI is Bank Administration Institute and BAI Center.

About Financial Research Corporation

Financial Research Corporation (FRC) provides the knowledge to build stronger relationships through product development and management, distribution solutions, and marketing strategies. For more than 20 years, our insightful research and consulting services have been assisting marketing, product development, and strategic planning professionals in the creation of innovative products and services. Based in Boston, FRC is at the forefront of assisting its clients to comprehend and respond to the rapid changes occurring in the manufacture and distribution of investment products. Our more than 200 clients include the world's leading asset managers and distributors. For more information, visit the FRC Web site at www.frcnet.com.

Methodology

The 2009 study is designed to examine key trends in the retirement asset market by tracking consumer behavior and measuring the competitive performance of industry participants. The 2009 study will consist of a nationwide sample of more than 2,500 respondents, plus 500 additional individual bank oversamples – balanced by census patterns of mass affluent individuals between the ages of 35 and 70 with investable assets of at least \$50,000. The online survey is being conducted among a nationally representative sampling of consumers by Bellomy Research Inc.
