

## U.S. Third-Party Distributor Volumes Up 50%

2014 Greenwich Leaders: U.S. Retail Structured Products

Q1 2015

While total notional volumes in U.S. retail structured products remained relatively flat, only declining about 3% from 2013 to 2014, volumes among third-party distributors jumped over 50%. Retail remains by far the largest channel for retail structured product distribution, accounting for over half of reported volumes.

As the financial crises fades from memory, creditworthiness continues to recede as a concern for clients. “We are now seeing product manufacturers differentiating more based on understanding clients’ needs, having innovative products and providing marketing support to their clients,” says Greenwich Associates consultant David Stryker. Nevertheless, competitiveness of pricing remains the most important key selection factor, cited by 76% of third-party distributors and 60% of affiliated distributors.

The U.S. retail structured product market is again dominated by HSBC, J.P. Morgan and Barclays. However, investors’ ebbing concern with credit risk, coupled with a number of banks stepping back from the market, has allowed banks outside the Top 3 to make meaningful progress in their footprint over the past year. BNP Paribas has grown its footprint in U.S. retail structured products more than any other bank and is starting to close the gap on the market leaders.

HSBC and J.P. Morgan are the clear leaders with market penetration scores of 76% and 75%, respectively, followed closely by Barclays with 69%. BNP Paribas has leapfrogged into the #4 spot with a score of 45%. Rounding out the 2014 Greenwich Share Leaders with a three-way tie in U.S. Retail Structured Products are Morgan Stanley and Goldman Sachs, at 27%, and Citi at 24%. The 2014 Greenwich Quality Leader in U.S. Retail Structured Products is HSBC.

*Consultants Andrew Awad and David Stryker advise on the retail structured products and fixed-income markets.*

### Methodology

Between April and June 2014, Greenwich Associates conducted telephone interviews with 67 distributors of retail structured products in the United States to better understand product demand, distributor preferences and the competitive landscape. Respondents were asked to name the firms they used for retail structured products and to rate those providers in a series of product and service quality categories. Quality Leaders have distinguished themselves from their competitors by receiving service quality ratings that exceed those of competitors by a statistically significant margin.

*The findings reported in this document reflect solely the views reported to Greenwich Associates by the research participants.*

### Greenwich Share and Quality Leaders — 2014



#### U.S. Retail Structured Products Market Penetration

Dealer	Market Penetration*	Statistical Rank
HSBC	76%	1
J.P. Morgan	75%	1
Barclays	69%	3
BNP Paribas	45%	4
Morgan Stanley	27%	5T
Goldman Sachs	27%	5T
Citi	24%	5T



#### U.S. Retail Structured Products Quality

Dealer
HSBC

Note: \*Proportion of distributors interviewed that consider each firm an important provider of retail structured products. Based on interviews with 67 distributors in the U.S. Share leaders are based on top 5 dealers including ties. Quality leaders are listed in alphabetical order.  
Source: Greenwich Associates 2014 U.S. Retail Structured Products Study

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