

## **MEASURING AND COMPARING GROWTH PERFORMANCE IN RETAIL BANKING INCLUDING REGIONAL FACTORS**

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### **Abstract:**

This paper’s purpose is to analyze growth performance in terms of net new assets and the implications for management accounting and reporting, including a focus on regional factors. Regional factors such as competition and population are used to determine and account for differences across regions. The results are derived from an analysis based on a multivariate linear regression model, with the dependent variable being net new assets at the client advisor level. Then, the regional factors, such as competition and population, are analyzed by focusing on ranked net new assets growth performance categories of client advisors (in deciles). The database includes information on 521 client advisors working in the retail banking segment of a financial institution.

Based on the results of this paper, the following conclusions are drawn:

1. The greater the competition in a region, the lower the net new assets performance. The higher the population in a particular region, the higher the net new assets performance generated by a client advisor working in that region
2. Competition and population are relevant regional factors and need to be taken into account by management accounting and reporting systems in order to provide a significant and comparable basis for decision-making
3. A stricter implementation of the ‘hunter-farmer’ coverage model improves the tracking and measurement by management and their accounting due to more homogeneous groups, and would enhance targeted leadership
4. Integrated and streamlined branch location management accounting across all business segments, in tandem with an appropriate leadership and organizational structure, is advisable in order to improve collaboration

This paper contributes to current research by identifying the key components for net new asset growth in retail banking from the perspective of an individual client advisor. Particularly, regional factors – such as competition and population – are also taken into account in order to analyze the effects of regional differences between regions in which bank advisors work. Furthermore, the analysis in this paper derives practical recommendations concerning the setting up and implementation of management accounting and reporting systems for retail bank management.