

**MEMO# 4924**

June 28, 1993

# 1993 MUTUAL FUND QUALITY OF SERVICE SURVEYS

June 28, 1993 TO: TRANSFER AGENT ADVISORY COMMITTEE NO. 36-93 RE: 1993 MUTUAL FUND QUALITY OF SERVICE SURVEYS

The Investment Company Institute is pleased to invite independent transfer agent organizations to participate with mutual fund organizations in two comprehensive studies of mutual fund service quality. Independent transfer agent participants will receive the results of the studies in exchange for participating in the funding of the studies and providing assistance with questionnaire completion to participating fund group clients that request it. As you know, the services offered to mutual fund shareholders play an increasingly important role in their decisions to retain and add to existing fund investments. Because most mutual funds have little face-to-face contact with their shareholders, providing quality service presents special challenges to the mutual fund industry. Therefore it is essential that the industry monitor both the range and quality of services provided to mutual fund shareholders, and shareholders' evaluations of those services. Scope of Research In response to strong member interest, the Institute will conduct two comprehensive studies of mutual fund service quality in 1993. The Institute's Operations Department will work with Coopers & Lybrand to perform Study I which will present data collected from mutual fund organizations on products and services offered to shareholders and will measure the quality of service in several areas including telephone servicing, written correspondence, and transaction processing. Study I will update and improve upon the ICI study issued in 1990, Mutual Fund Service in the 1990's and will provide additional creative analyses that will be useful to both independent transfer agents and fund company executives in evaluating service quality. The Institute's Research Department will perform Study II- 2 - with Abt Associates, a research firm specializing in service quality measurement from the customer's perspective. The key objective of Study II will be to obtain an overall measurement of service quality, and examine in-depth shareholders' perceptions of and satisfaction with mutual fund service. Shareholders' use of and satisfaction with telephone service will be examined in detail, including the types of information requested. The survey will identify the "key drivers" of service for mutual fund customers and will identify shareholder-based service standards. Study II will seek to update and improve upon the Institute's 1990 study of shareholders' perceptions of service, Mutual Fund Service: The Shareholder's Perspective. Benefits to Participants The two ICI studies will be published in separate volumes and will provide actionable information that is directly applicable to the responsibilities of senior executives in the operations area of both mutual fund complexes and independent transfer agent organizations. Study I In addition to quantitative measures of service quality, Study I will include an analysis which will identify and discuss activities, functions or operations associated with superior service within the industry. Thus, participants will be able to conduct a meaningful assessment of their own

service quality against representative industry-wide benchmarks. The report will also incorporate a special benchmarking analysis of telephone service activities from an external or non-mutual fund industry perspective. While the survey results will permit participants to benchmark themselves generally within suitable or appropriate industry peer groups, Coopers & Lybrand will be available on a consulting basis to perform participant-specified peer group analysis for interested participants. Consulting arrangements should be made through the ICI following completion of the survey. To promote ease of participation and to help ensure accuracy and timeliness of the data collection process, each participant will receive, in addition to a hard copy of the survey questionnaire, a diskette containing a Microsoft Windows- based automated version of the questionnaire. A workshop will be held to instruct all participants on questionnaire completion. It is anticipated that data will be collected for the second quarter of- 3 - 1993. Study II A key part of being a successful service provider is having an understanding of shareholders' service expectations. The survey results from Study II will provide an industry base to which fund companies and independent transfer agents can refer in determining the role of service from the shareholder's view. The data from respondents will be identified for shareholders using the direct market and sales force channels, thus enabling participants to focus on service evaluations within primary distribution channels. Results will be reported on an aggregate basis. Individual fund groups will not be identified or ranked. Independent Transfer Agent Participant Responsibilities The obligations of independent transfer agent participants are 1) to furnish shareholder service data confidentially for participating fund complexes that request assistance with questionnaire completion, and 2) to pay a share of the cost of the survey. Only independent transfer agents that agree to participate on this basis will receive the results of the survey. Participant Fees The cost to independent transfer agents of the two Mutual Fund Quality of Service Surveys is \$12,000. Participation fees will be billed during the data collection phase of the project. Action Requested So that we may proceed with this project as quickly as possible, it is important that we hear from you promptly as to your interest in participating in the two Mutual Fund Quality of Service Surveys. Please return the attached form to the Institute by July 16, 1993 via fax (202/293-1058) or mail to indicate whether or not your organization will participate. You may contact Diane Butler, Director of Operations & Fund Custody at 202/955-3547 or Sandy West, Director of Marketing Research at 202/955-3509 if you have any questions regarding this important industry project. Donald J. Boteler Assistant Vice President - Operations Attachment