

Curbing Quote Abuse

You pick up the phone, and before you've gotten an account number, a voice at the other end of the line asks, "What's IBM trading at?"

"Hello, Mr. Smith*" you say, knowing he'll call several more times today. But, he's not likely to trade. In fact, he hasn't traded in over three months. Mr. Smith is an "Excessive Quote User."

Research shows Excessive Quote Users like Mr. Smith comprise about 1% of Schwab's customer base, but request about 30% of the total quotes provided. The Excessive User requests an average 2,173 quotes per year, while most Schwab investors request just 46.

Costs Time & Money

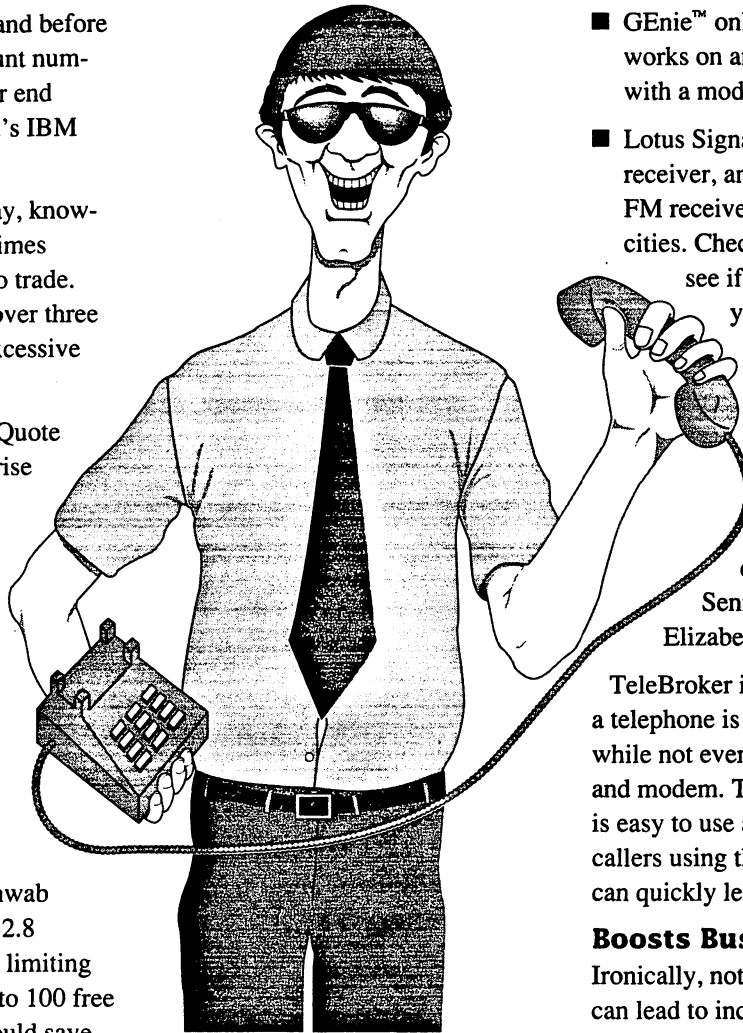
At the bottom line, the new Quote Service will save Schwab money. The firm provides 32.8 million quotes annually. By limiting heavy users like Mr. Smith to 100 free quotes per trade, Schwab could save as much as \$7 million annually.

The new service is also designed to save Repts time, and the frustration of dealing with Excessive Users. "It can be challenging when you have to provide quotes call after call. This policy gives employees more control over the situation," says Cleveland Branch Manager Lou Carr.

Changes Behavior

Most do begin to change their behavior in response to a quote policy letter authorized by the Branch Manager.

"It's an educational process for customers," said Danni Pruitt, West Houston Branch Manager. "Many times, customers are not aware of how many quote requests they are making."



Customers learn to pace themselves. "What makes the new policy work is that we're counting accurately on a daily basis," says Danni. "Customers know that no matter who they talk to on the phone, their quotes are counted."

Five days after someone like Mr. Smith is sent a letter covering the new policy, his quote allocation is re-set to 100 free quotes. Before these are used, the Branch or BASE may tell him about the wide variety of quote service options available from Schwab.

- TeleBroker, a new service available at all Branches and BASE.
- Equalizer® software for IBM compatible computers

- GENie™ online computer service works on any computer equipped with a modem
- Lotus Signal®, software with FM receiver, and Quotrek®, portable FM receiver, works in certain cities. Check with your Manager to see if they're available in your area.

Although TeleBroker has been marketed in a limited area to date, it may be offered as a choice to customers who have received the quote policy letter, said Senior Product Manager Elizabeth Wilcox.

TeleBroker is a good choice because a telephone is almost always at hand, while not everyone has a computer and modem. The Telebroker service is easy to use and offers guidance to callers using the system, so customers can quickly learn to use it.

Boosts Business

Ironically, notifying Excessive Users can lead to increased trading activity. After receiving a letter from his Branch, Mr. Smith did buy some additional IBM stock, along with some shares of Hewlett-Packard. Now, whenever he executes a trade, he knows he's building a 'reserve' of quotes for future use. "That's another hundred," he reminds you when making his latest buy.

Easing the Mr. Smiths away from quote abuse will also help give you more time to concentrate on other areas. "Over the long run it will free us up to do more business development and improve our service," says Danni.

** A fictional character; any resemblance to persons living or deceased is purely coincidental.*