



Beyond the Plan

The Evolution of Advice: Harnessing Technology & Psychology

Financial professionals know that the most successful plans are the result of high client engagement. How is that engagement secured in this post-pandemic, tech-driven landscape? By harnessing technology and psychology, advisors can go beyond tactical planning to meet client needs and expectations.

Through this study, we identified specific actions in regard to psychology and technology use that lead to improved client trust, loyalty, motivation, satisfaction, and more.

This study examined the **combined effects of financial psychology and technology (client portals) on client outcomes.**

Prior to this research, we knew:

- Client portals and behavioral science software are wealth management's top transformational technologies*
- Most advisors are familiar with the concept of financial psychology (71%)**
- Most advisors believe providing clients with a personalized financial planning experience is important (86%)**

From this background, we formed our hypothesis:

Today's clients are not just seeking financial advice; they desire an enriched and personalized experience.

Advisors who fully embrace technology and/or use financial psychology in their practice have better client outcomes than those who don't.

*2022 Arizent study across banking, wealth management, insurance and mortgage verticals

**eMoney study "Evolution of Advice" (2022)

Research method & advisor segments

For this study, we surveyed 500 advisors and 1,000 clients on the topics of technology and financial psychology (aka FinPsych*) to shed light on how they improve outcomes for financial planning clients. Based on responses, we determined our technology and financial psychology levels and segmented advisors accordingly.

Advisor technology segments

32%

- no access to client portal
- do not believe tech is important
- do not use client portal regularly

= technology averse

30%

- access to client portal
- + believe tech is important
- + use client portal regularly

= technology forward

	tech averse	tech important	tech forward
% of clients	32%	68%	30%
access to client portal	no	yes	yes
believe tech is important in enabling a better client experience	no	yes	yes
actively use client portal	no	no	yes

*Financial psychology, commonly known as FinPsych, is the practice of using psychology to understand and improve financial decision-making and behaviors.

Advisor FinPsych segments

34%

- do not** believe FinPsych is important to planning
- **do not** believe FinPsych has a role in advisor/client relationship
- **do not** integrate 6 or more FinPsych actions in the planning process

= **FinPsych averse**

23%

- believe FinPsych is important to planning
- + believe FinPsych has a role in advisor/client relationship
- + integrate 6 or more FinPsych actions in the planning process

= **FinPsych forward**

	FinPsych averse	FinPsych important	FinPsych forward
% of clients	34%	66%	23%
believe FinPsych is important	no	yes	yes
FinPsych plays a role in advisor/client relationship	no	yes	yes
6+ actions integrated in process (of 21)	no	no	yes

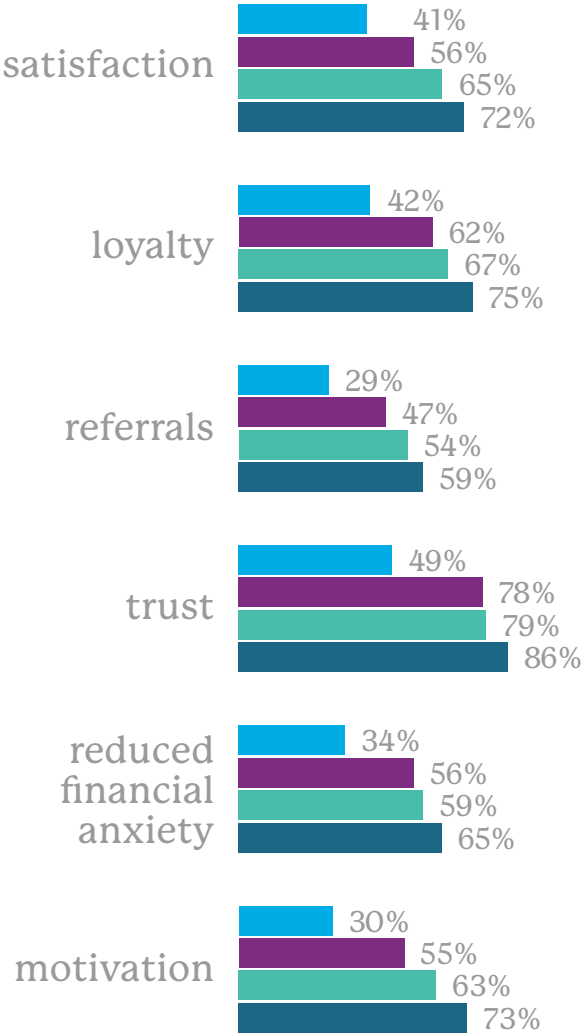
**See index for a complete list of the study's FinPsych statements.

Client outcomes are best when advisors employ both a client portal and FinPsych.

Clients who work with tech-forward advisors have significantly better key outcomes than those who work with advisors who are tech averse. Similarly, key outcomes for clients working with FinPsych-forward advisors are significantly better than those of clients working with advisors who are FinPsych averse.

The two practices are synergistic: **when both a client portal and FinPsych are part of their financial advising experience, client levels in key outcomes of satisfaction, loyalty, referrals, trust, reduced financial anxiety, and motivation are best across the board.**

The study identifies a large gap/growth opportunity in the industry: **Only 17% of advisors have fully embraced both practices.**



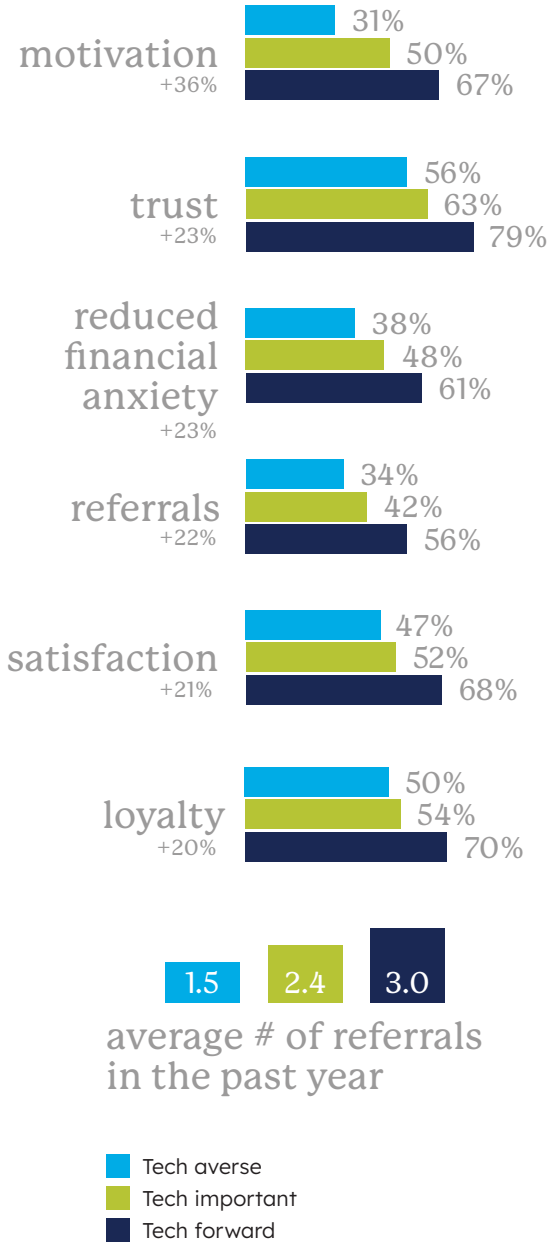
average # of referrals in the past year

- Neither Tech nor FinPsych forward
- FinPsych forward only
- Tech forward only
- Both Tech and FinPsych forward

Client motivation more than doubles when their advisors are tech forward.

Study results make clear the inherent value of tech-forward advisors—their clients score significantly higher in all areas of key outcomes: motivation, trust, reduced financial anxiety, referrals, satisfaction, and loyalty. Indeed, the demand for tech-forward advisors has exploded over the past four years. **This surge is driven by the transformative capabilities of client portals**, a tool that is revolutionizing client-advisor interactions. To meet this demand, advisors need to invest in their digital capabilities, ensuring they deliver a best-in-class planning experience to their clients.

There are significant differences between “believing” tech is important and actively practicing it.



Clients need and value technology in the financial planning experience.

Between 2019 and 2023, client expectations around tech-related attributes they expect from advisors rose substantially.



The number of clients who consider digital communication from their advisor a “must-have” attribute more than doubled, from 26% to 59%.



The number of clients who consider their advisor using tech for better accessibility a must-have attribute increased from 30% to 53%.



50% of clients say that an advisor adapting their use of technology to client needs is a must-have, up from the previous 34%.



The number of clients who said an advisor using tech to add value is a must-have increased from 30% to 49%.

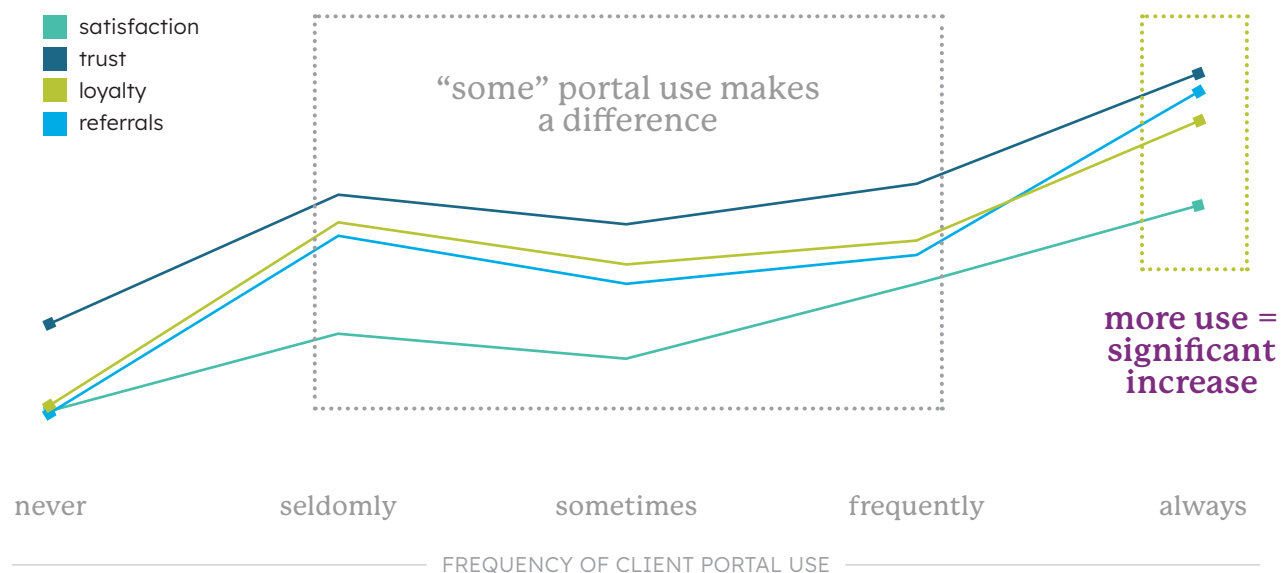
Tech-forward planned spending is tied to client expectations.

Tech-forward advisors understand the growing expectations of their clients and are responding accordingly: **87% of tech-forward advisors expect spending increases in the near future.** The top three reasons for their planned spending are **higher client satisfaction, improved client retention, and increased client engagement.**

Among clients, more portal use aligns with increased advisor satisfaction.

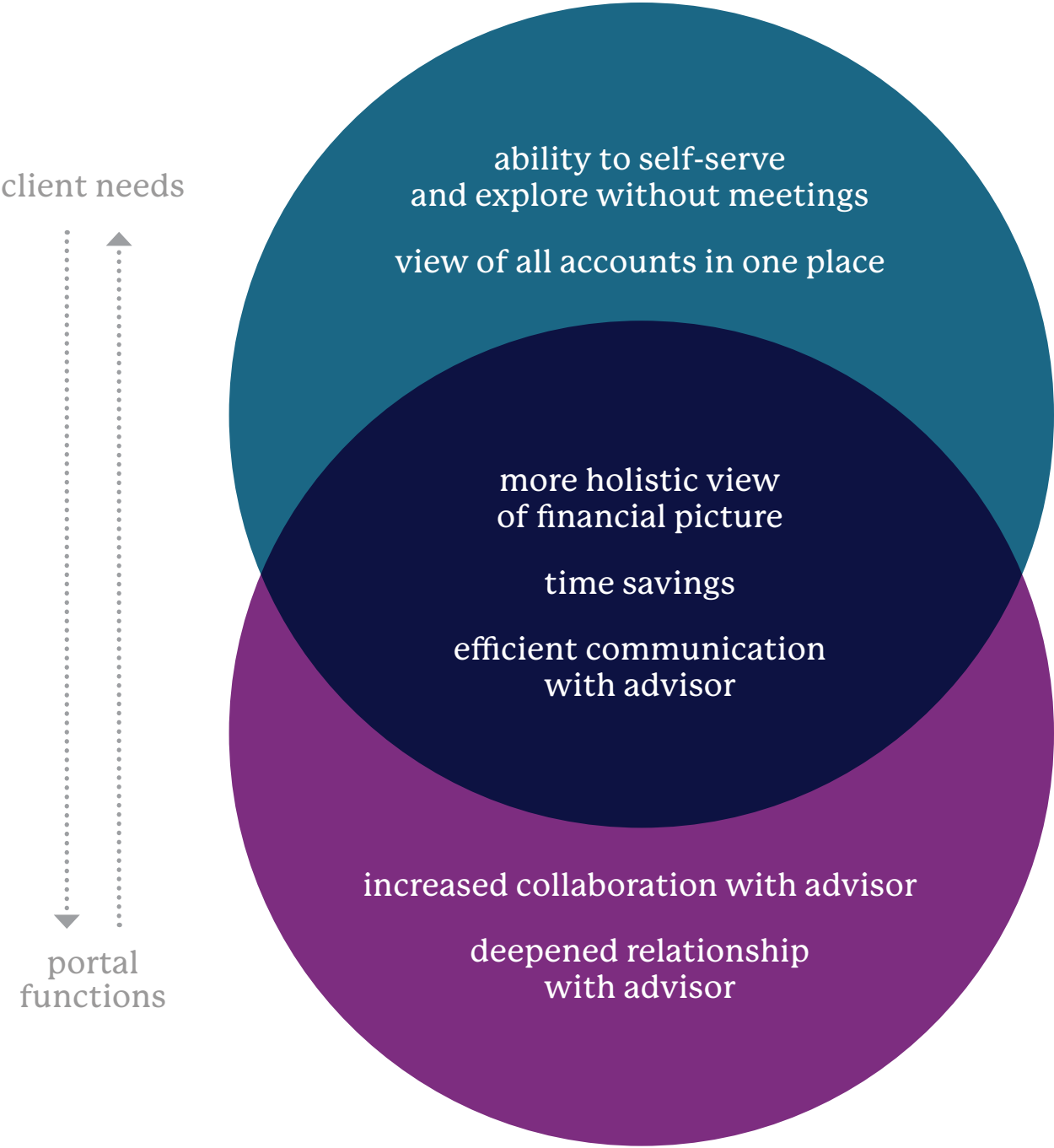
When it comes to portals, client outcomes are tied closely to level of use, with overall advisor satisfaction increasing as portal use increases. Portals offer clients a platform to view all their accounts in one place, save time through automation, gain a holistic financial picture, and communicate more efficiently. The result? Time saved, enhanced collaboration, and enriched advisor-client relationships.

66% of clients have portal access, with 30% actively using the tool.



What clients want, portals deliver.

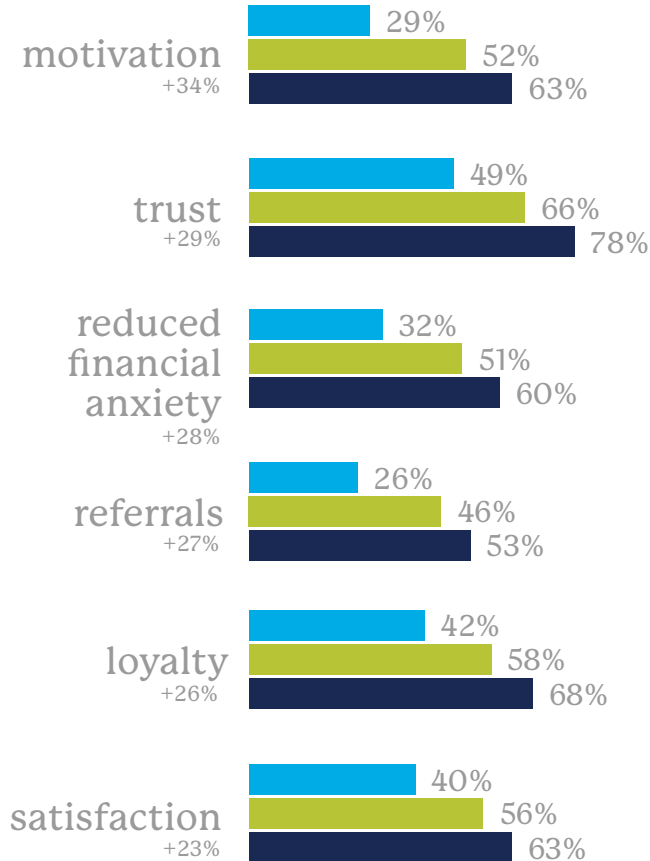
The study showed that portal functions align with what clients most want from the tool.



Clients benefit the most when their advisors fully embrace financial psychology.

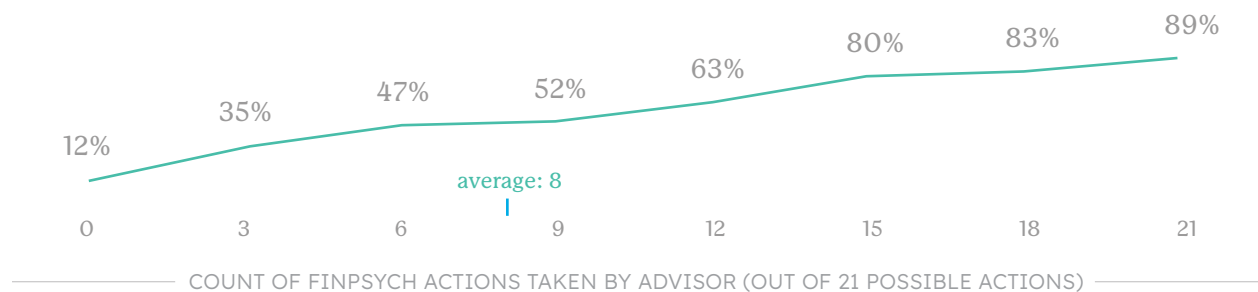
FinPsych is not an all-or-nothing concept. Client outcome increases can be achieved simply by an advisor believing in the importance of FinPsych in financial planning and starting to incorporate it in their practice. When an advisor takes the next step and commits to holistically weaving financial psychology throughout their client relationships, the client has even better outcomes across the board.

Financial psychology in planning is not a mere theory; it is an approach that tangibly increases client satisfaction while diminishing financial anxiety.



- FinPsych averse
- FinPsych important
- FinPsych forward

Client satisfaction increases with each additional action taken by an advisor.



All FinPsych is not created equal.

The following five advisor FinPsych actions have the **greatest positive impact on overall client satisfaction and are most effective at decreasing client anxiety.***

1. Helps me identify meaningful personal and financial goals and objectives
2. Always considers what I value most in life
3. Communicates recommendations in terms that I can understand
4. Makes an effort to learn about my money behaviors and attitudes
5. Tries to understand my values, including my cultural values, and priorities before delivering financial advice

While we know many advisors do one—or many—of these, the research tells us there is opportunity for improvement.

- Advisors take these actions less than 50% of the time
- Taking actions to understand *client values* is a common and important theme that clients want advisors to do more often
- Client satisfaction increases by adding just one of these actions, and by adding three, satisfaction is lifted by 23%
- With each subsequent action added, there is a steady and significant increase in client satisfaction

*See index for a complete list of the study's FinPsych agreement statements.

Consider it a call to action —and an opportunity.

So now we know: advisors putting client portals and FinPsych to work have the happiest, most satisfied clients. We also know that client expectations for both will only continue to grow and, as of now, **only 17% of advisors are both tech- and FinPsych-forward**. The industry needs a proactive response, and the field is wide open.

Regardless of your status as forward or averse, **there are plenty of ways to develop, and the client portal is key.**

Two of the most obvious areas where you can adopt **technology** to streamline the planning process are data gathering (a surprising amount of the profession's data entry remains manual) and consolidation. For instance, while clients rank having everything in one place as the most important feature of client portals, fewer than half of tech-forward advisors upload presentations.

Opportunities to facilitate **financial psychology** actions through technology include data storage (make sharing easy for clients), comprehensive assessment tools (planning involves a wide range of details about the client), education (clients want to learn) and gamification (make finances fun and engaging).

The future of financial advising is here. Are you ready?

It's time for financial advisors to seize the moment—ride the wave of digital transformation, immerse yourself in the world of financial psychology, and set the stage for your own success and the transformation of the financial advisor realm.

Appendix

Complete list of FinPsych agreement statements used in the study

- My advisor tries to understand my values and priorities before delivering financial advice
- My advisor makes an effort to learn about my cultural values
- My advisor makes an effort to learn about my family history and family values
- My advisor makes an effort to learn about my partner's/spouse's relationship with money (e.g., identify potential financial conflict, transparency issues, etc.)
- My advisor makes an effort to learn about my personality traits/types
- My advisor makes an effort to learn about my money behaviors and attitudes
- My advisor makes an effort to learn about my financial anxiety and stress
- My advisor helps me identify meaningful personal and financial goals and objectives
- My advisor uses a systematic process (set of worksheets, series of questions, onboarding, etc.) to help me clarify my values and priorities
- My advisor identifies my motivation for change and achieving my goals
- My advisor explains the consequences of a lack of transparency with a spouse or family member when making financial decisions
- My advisor identifies situations in which money may be used as a means of undue influence, control, or abuse in relationships (e.g., power imbalances, financial abuse and financial enabling)
- My advisor identifies how my psychology, such as my financial comfort zone, socialization, money beliefs, and past financial experiences and behaviors impact my objectives, goals, understanding, decision making and actions
- My advisor uses appropriate counseling and communication techniques with me
- My advisor always considers what I value most in life
- My advisor communicates recommendations in terms that I can understand
- My advisor focuses on identifying and building on my strengths to encourage my behavior
- My advisor doesn't hesitate to discuss the consequences of my actions, or inaction, to motivate change
- My advisor encourages me to use money as a tool to optimize my well-being and to flourish in life
- My advisor encourages me by focusing on the implications of debt, lack of savings/no emergency funds, etc.
- My advisor encourages me by focusing on my financial health and security