

THE NEW VALUE PROPOSITION FOR ADVISORS:

# How Combining Technology and Financial Psychology Transforms Client Outcomes



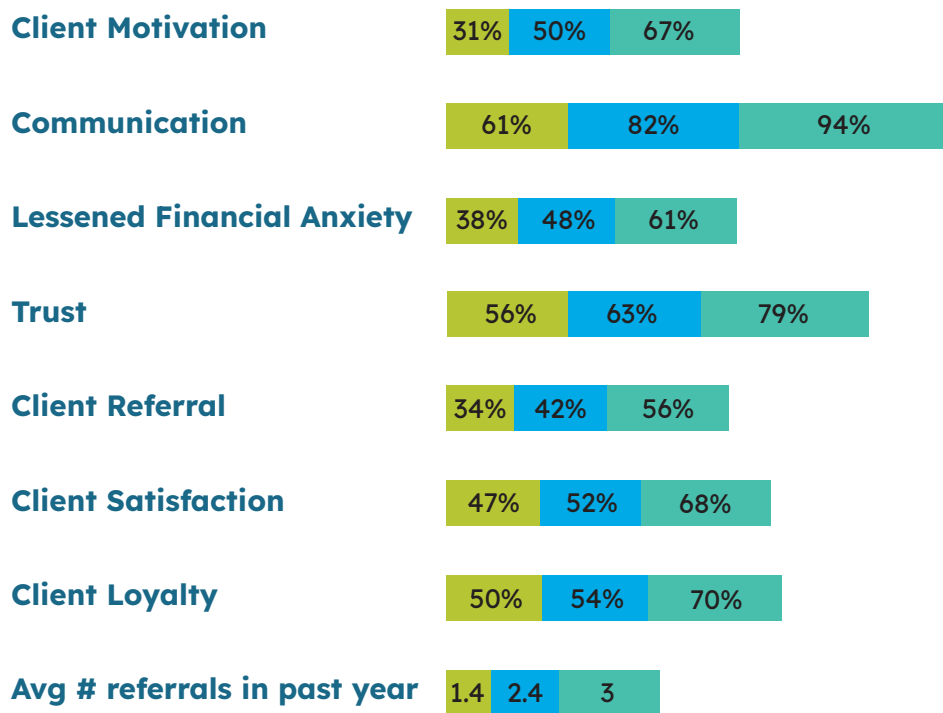
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Amidst evolving technology and heightened client expectations, financial advisors must surpass traditional planning approaches to truly elevate client satisfaction. To do so, they must explore the space beyond the plan—where technology, financial psychology (FinPsych), and commitment to service meet—to enhance their value and provide the personalized experiences their clients are seeking.

Our 2023 Beyond the Plan Research shows that advisors who embrace tech-forward and FinPsych-forward practices see the best client results overall. **Tech-forward advisors**, specifically those who use a client portal and believe technology is an important part of the client experience, see remarkably better outcomes than tech-averse advisors in at least eight measurable categories.<sup>1</sup>

## Tech-forward

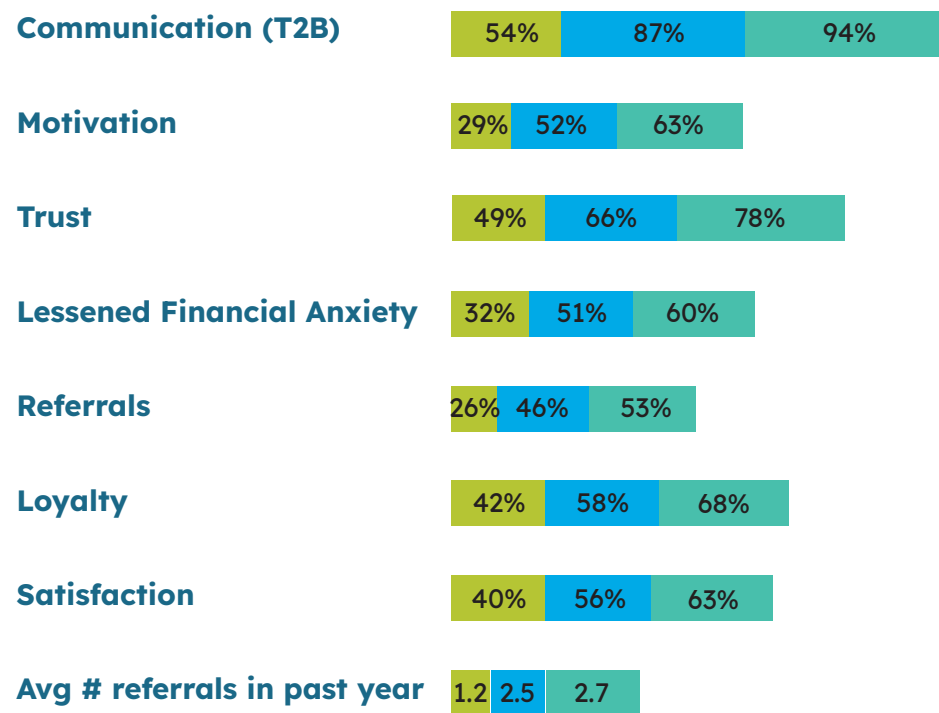


■ Tech Averse
 ■ Tech Important
 ■ Tech Forward

Not only does using a client portal set tech-forward advisors apart from those who don't, it also sets these advisors apart from those who believe technology is important but don't reliably integrate it into their practice.

Similarly, a **FinPsych-forward advisor**—one who incorporates at least 6 financial psychology techniques into their practice and believes in the importance of FinPsych—sees better client outcomes than those who are FinPsych-averse.

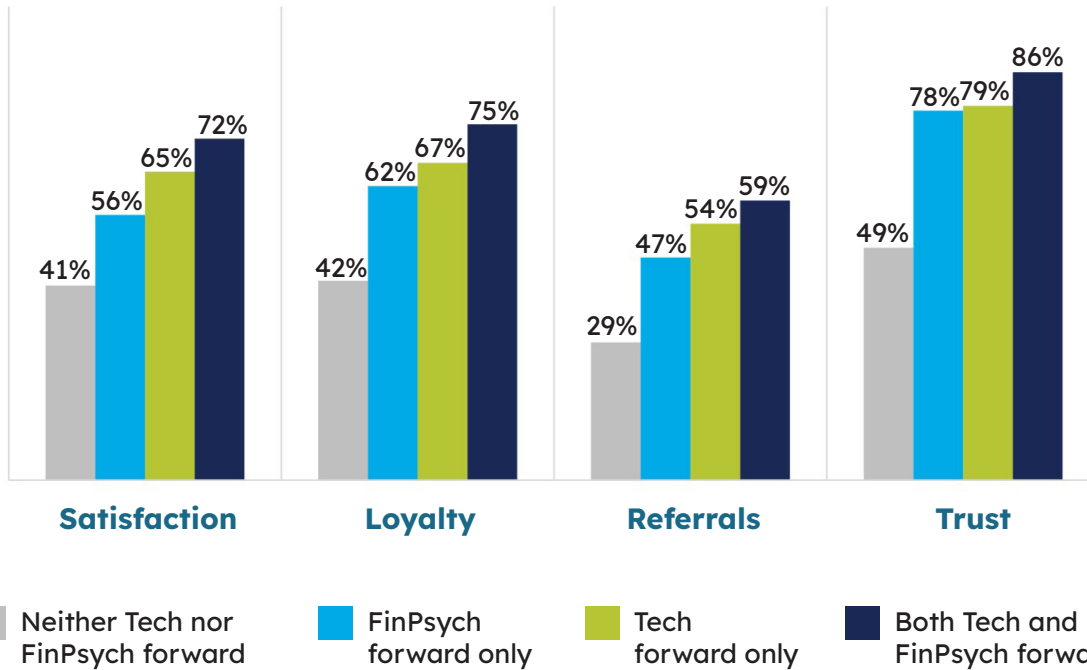
## FinPsych-forward



■ FinPsych Averse
 ■ FinPsych Important
 ■ FinPsych Forward



Most importantly, advisors who qualify as *both* tech- and FinPsych-forward see even better results.



It's clear that the combination of financial psychology and a dedicated focus on using technology through a client portal has a multiplier effect on overall client satisfaction. However, these tech- and FinPsych-forward advisors only represent 17 percent of the industry.

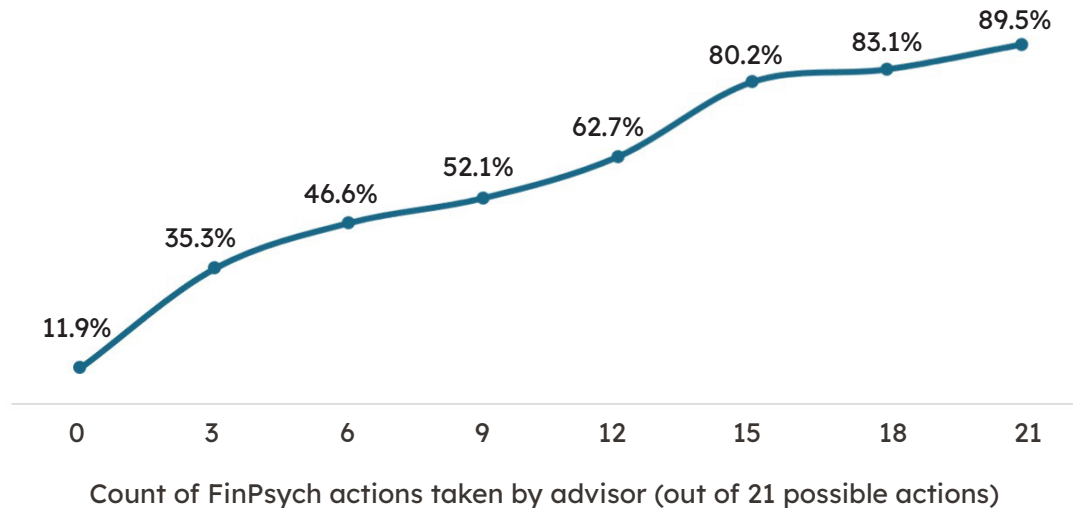
By seamlessly integrating this dual approach into your practice, you can attain profound and comprehensive insight into your clients and unlock the potential to provide sustained value throughout enduring, lifelong relationships.



# The Importance of FinPsych in Planning

As the scope of financial advice continues to expand, financial psychology plays an increasingly important role for both advisors and their clients. Advisors who fully embrace financial psychology in the planning process have the most satisfied clients, although even advisors who are new to this topic can generate satisfaction gains by implementing a single finpsych action.

Client Satisfaction



Advisors who fully embrace financial psychology in the planning process have the most satisfied clients.

Client satisfaction increases with each additional action taken by an advisor. However, not all financial psychology actions have the same effect. Our research shows these five practices have the greatest positive impact on clients' overall satisfaction:

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

# How to Implement Top FinPsych Actions

There are a few exercises and techniques you can use to help execute these top five FinPsych actions. But making an effort to understand your client's values and priorities should be step one.

The values people hold can be a significant driver in the way people feel, manage, or even talk about their money. These values can also uncover someone's personal money beliefs, or money scripts as they're called by the *Journal of Financial Planning*.<sup>2</sup> Money scripts are typically unconscious, trans-generational beliefs about money developed in childhood that drive adult financial behaviors.

Sometimes money scripts are helpful and motivate people to save or spend their money wisely throughout their lives. Other times, money scripts can lead to bad habits or destructive financial patterns. Once identified, money scripts can be challenged or changed to interrupt those destructive patterns and promote financial health.



## 1. Discover values with intentional questions

The first step in the value discovery process is to ask questions. Being *intentional* about your questioning is the best way to get to the core of someone's values and money beliefs. **There are many questions** you can ask your client to learn about their short- and long-term goals, financial background, risk tolerance, and more.

A few examples of projective questions are:



If you could solve any financial concern today simply by snapping your fingers, what would you solve?



If you didn't have financial worries anymore, what would you do, and how would that change the way you act?



What would happen if you made changes to your spending and saving patterns? How would you feel?



What would success look like for today's meeting?

You can also ask scaling questions, which are a series of questions that can help uncover a client's worries, concerns, and willingness to change. For example, you could open a meeting with, "On a scale of one to 10, how do you feel coming into this meeting today—one being not good and 10 being happy and proud of your progress?"

The toughest part about using these questions is how you react to your client's answers. For instance, it probably won't feel good to hear that, since your last meeting, your client feels like they are a five—not good, not bad but the same, maybe having made no progress on their goals. It's important to keep your responses positive and non-judgmental. Stay open and curious, and in this instance, try asking, "Why do you feel like a five today?" Or flip the conversation and focus on the positive, saying, "A five is good—tell me why you feel this high, and what's keeping you from scoring a four or lower?"

These types of questions show that you're curious about your client and will get them thinking and sharing right from the start of the meeting, which will help them feel more comfortable and continue to share their thoughts with you.

## 2. Practice active listening

Listening is important in understanding clients, developing trusting relationships with them, and helping them plan for their financial future. It's also a foundational aspect of employing almost any financial psychology tactic. Active listening is the process of intentionally listening to another without distractions. Try these active listening techniques:

### *Focus*

Before meetings, take a moment to settle your mind so you can remain focused on those in front of you. Remind yourself to pay attention to not just what they are saying, but also to their body language and facial expressions.

### *Quiet your inner dialogue*

Quieting your inner dialogue means listening intently to your client's narrative, which helps you be responsive and demonstrate empathy to your clients, which encourages them to be more open and transparent.

One helpful technique you can use to quiet your inner dialogue is to use the acronym W.A.I.T, or "why am I talking?". That doesn't mean you should be quiet the entire meeting, but this technique helps you add something thoughtful to the conversation rather than distract from the client's narrative with your own running thoughts.

### *Ask open-ended questions*

Another way to practice being a better listener is to ensure you have a good set of questions at the ready that you can use to probe further during the conversation. Prepare and study your list ahead of time so they flow naturally as part of the conversation.

### *Use reflective listening*

Another effective tactic for helping clients work through their ambivalence and motivate them to action is **strategic reflective listening**, which is an act of reflecting or mirroring what the client has told you. It works like this: When the client shares a concern, goal, or decision, you restate what they just said in your own words. They then confirm or amend your statement to make sure you're on the same page.

You don't need to repeat everything, just reflect the key points of what they said back to them. It's a powerful way to help clients clarify problems, affirm decisions and beliefs, or commit to goals. With reflective listening, you're also making sure your clients are heard and that you both understand their true motivations for wanting to make a change.

### *Reframe questions as statements*

Keep in mind that sometimes reframing these questions as statements can feel less intimidating to clients. With questions, they may feel there is a right or wrong answer. Changing the question, "Do you have a household budget?" to "Tell me about how you budget for your household expenses," allows the client to provide a more thorough description of their process.

### *Get comfortable with silence*

Using silence can also be a great tool to let the client think about what you have asked them. While it may feel uncomfortable to use silence, it gives them space to think and respond appropriately. Practice by counting to five while they let your question sink in, giving them a chance to provide a thoughtful response.

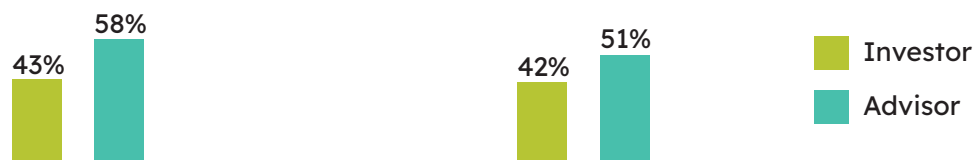


By being an effective listener and engaging clients in these kinds of meaningful conversations, you can understand your client's values, money beliefs, and personal goals, all of which help you be a better financial guide.



### 3. Address financial anxiety

Both advisors and clients believe financial stress and anxiety negatively impact the planning process. However, while our research shows that many advisors believe they are addressing these negative emotions, far fewer clients report that their advisor is working to understand and alleviate their financial stress.



**I believe financial stress has an impact on the financial planning process.**

**My advisor actively works to understand and address my financial stress.**

Advisors may be overconfident in their ability to address or understand their clients' financial stress and anxiety, but using established tools to identify financial stress can help ensure you truly understand your clients and their needs.

Validated assessments like the [\*\*Financial Anxiety Scale \(FAS\)\*\*](#), the [\*\*APR Financial Stress Scale\*\*](#), or a single-item stress assessment (where clients rate their stress on a scale from one to 10) are great tools to help identify the level and source of your client's stress.



**After employing the aforementioned FinPsych techniques and identifying any financial stress or anxiety, use these best practices to help alleviate your client's stress:**



***Providing a safe place for money talks:*** Anxiety can stem from many places, times, and things. These sessions are not about changing a client's mind. They are simply about providing the client with a structured space and time to talk about their fears and issues. You don't have to be a therapist, but building trust and offering empathy to your client helps create a safe space.



***Offering support and doing it together:*** You shouldn't underestimate the power you have as a teacher or support system. When a client feels stressed or anxious about their financial situation, it can feel overwhelming to do even simple financial tasks. If that's the case, it's acceptable to spend a meeting helping your client do the "small things." Simply having a trusted advisor there with them may give your client all the confidence and support they need to move past the anxiety hurdle to action.



***Recognizing growth:*** When a client has made progress, no matter how small, you should always recognize it. Anxiety can be debilitating, in part, because the person doesn't trust themselves or their circumstances. An honest compliment or acknowledgment that your client is growing or changing will encourage them to keep going.



#### 4. Communicate in a way your client understands

Part of lessening financial stress and anxiety is about communicating with your client and translating your financial recommendations in a way they understand. The way you present data, for example, has a far-reaching impact on the way that clients understand, engage with, and follow through on their financial plans. **Effective data visualization** has the potential to simplify financial recommendations, ease financial anxiety, and motivate clients toward their goals.

There's no single right way to present data to clients, but if you've been actively listening to their goals and concerns, you should have a good idea of what they want. Keep in mind these additional best practices for your presentations:



##### **Declutter and simplify:**

Reduce the noise in your presentations and focus on communicating a single, clear idea in every visualization. Grey out what's less important in charts and graphs, and use bright colors to highlight important data points.



##### **Avoid anchoring bias:**

A client's perception of data in a presentation can be colored by their emotional response to one data point. Imagine a scenario where a client sees the amount they owe in taxes in big, red, bold numbers. Every other number you present after they see this data point will be negatively influenced.



##### **Be mindful of scale:**

The same data elicits different reactions depending on how it's presented. Be aware that zooming in or out on data will affect its appearance, and consequently, the emotional impact it has on clients.



# Applying Financial Psychology—Starting with the Highest Impact Actions

## Top 5 FinPsych Actions

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

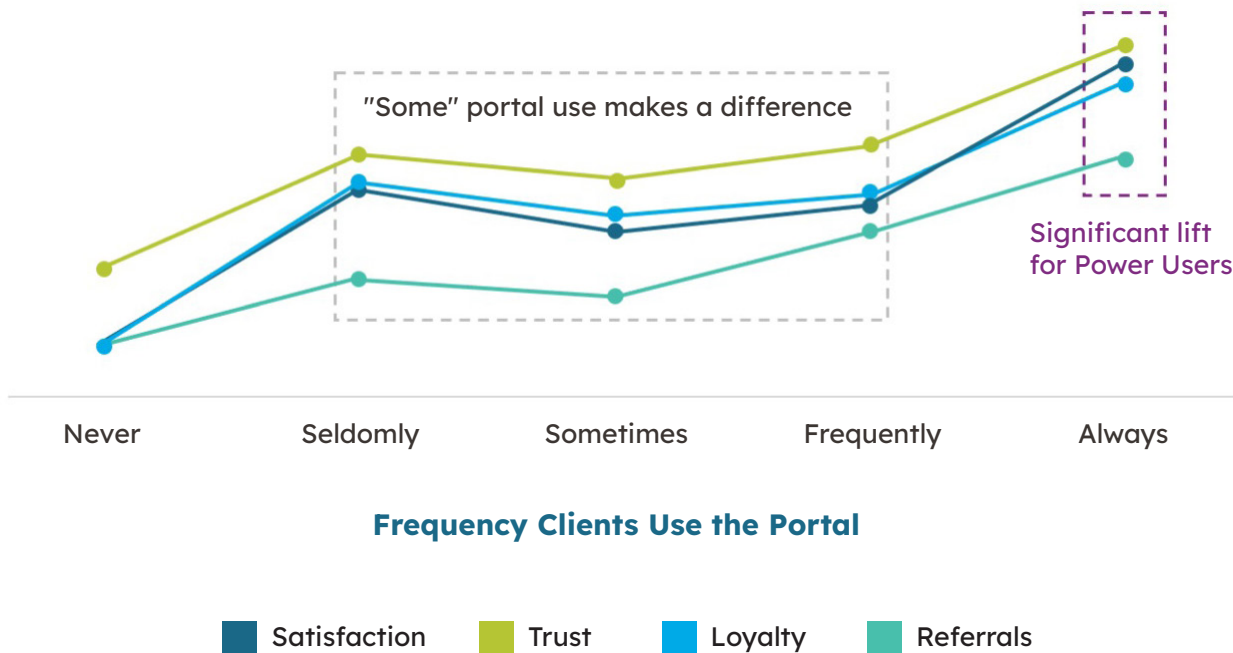
## How to Implement These Actions

- 1** Discover values with intentional questions
- 2** Practice active listening techniques
- 3** Address financial anxiety
- 4** Communicate in a way clients understand

# How A Client Portal Can Unite Your Fintech-FinPsych Approach

In our research, we found that a client portal plays a big role in supporting your FinPsych efforts and uniting a tech- and FinPsych-forward approach.

Sixty-six percent of clients have access to a portal but only half of those are frequent, active users. We found that these highly engaged users have significantly better outcomes than those who use a portal less often or not at all, particularly in terms of elevated trust, loyalty, overall satisfaction, and number of referrals given.



## Technology Benefit Hierachy

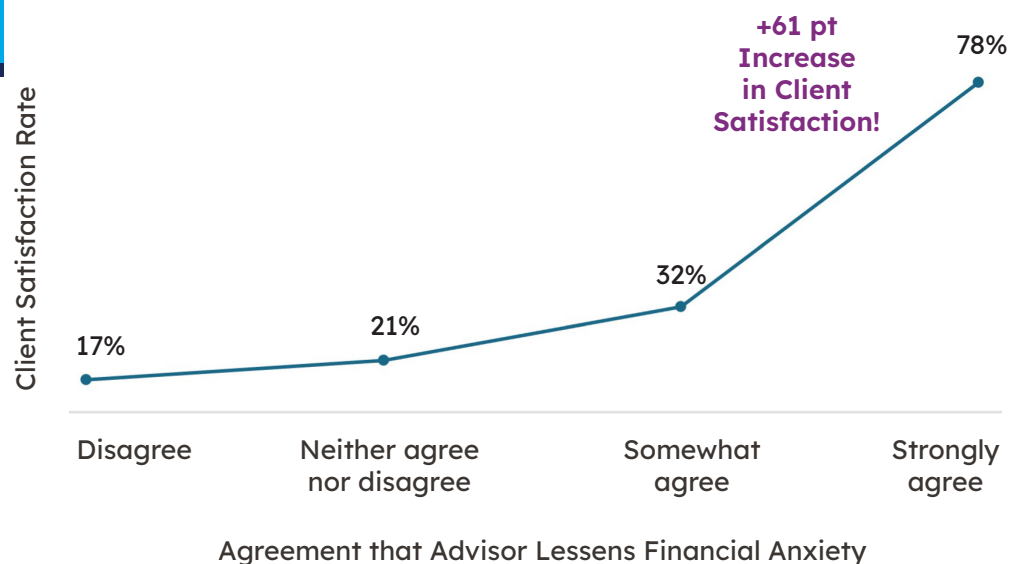


eMoney research in collaboration with the Financial Planning Association shows that client portals, because of their ability to give both advisors and clients a more holistic understanding of their financial lives while saving them time, are a key technology for lessening client anxiety. The same research shows that lessened financial anxiety leads to higher trust, which leads to more loyalty and ultimately, greater overall satisfaction.

In fact, when surveyed, there's a 61-point increase in client satisfaction among clients who believe their financial advisor helps lessen their financial anxiety.



## Effect of Lessening Financial Anxiety on Client Satisfaction



On top of this, the top 5 FinPsych actions that most improve overall satisfaction are the same 5 actions proven to lessen financial anxiety the most. Reduced client anxiety and overall satisfaction are *very strongly* correlated—and this is exactly how a client portal can unite your Fintech and FinPsych approaches.

By aligning the use of a client portal in your practice with clients' most desired features, you will drive satisfaction and other key outcomes by lessening clients' financial anxiety. But you will also position yourself as a tech-forward advisor, and in doing so, start to achieve the superior results this group sees.

**You'll strengthen the connection between you and your clients, putting you in a better place to deploy the FinPsych tactics shown to improve satisfaction, trust, loyalty, and motivation.**

Here's how you can unite Fintech and FinPsych by catering to each of clients' most desired portal features:

- 1 See all of their accounts in one place (57%)** – give clients peace of mind and a sense of security by pulling all of their financial information into their client portal. Show them what the reports in their portal mean and how they can do a quick financial checkup any time. Account aggregation plays an important role here in keeping data up to date. You may also want to establish a workflow for fact-finding to ensure you're depicting the entire financial picture.
- 2 Save time via automation (39%)** – Finding and organizing financial data is not only tedious, but can be overwhelming for some clients. Lower any barriers to engagement with their plan by automating data gathering. To do so, you'll want to rely on robust account aggregation tools to ensure that data is being pulled in quickly, accurately, and consistently over time.
- 3 Have a holistic view of their entire financial picture (35%)** – this speaks to the broader view of a client's financial life—not just a collection of their accounts. A holistic view of their finances connects a client's current plan progress with their goals, values, and motivations as they change over time. Find ways to show clients how planning recommendations are directly tied to what they want to achieve most in life.
- 4 Communicate more efficiently with their advisor (35%)** – a client portal can serve as your direct connection to clients in between meetings. As mentioned previously, be sure to communicate to clients in a way they understand when communicating through a portal. Also, be sure that yourself or your staff are available via email, phone, chat, or text for more efficient communication.
- 5 Self-serve and explore without meetings (34%)** – clients want the ability to check in on their finances and answer their own questions without having to meet in person. Make sure they have the tools they need in their client portal to educate themselves and stay connected to their plan goals and recommendations.

When these five items are satisfied, clients report that a client portal increases their collaboration and engagement with their advisor, ultimately deepening their knowledge of personal finance and their relationship with their advisor through better communication.

# Getting Clients Hooked On Their Client Portal: A Reliable Workflow for Immediate Engagement

The great results advisors see with client portal usage is among clients who use their portal most frequently. But even though most clients desire the benefits of a client portal, it's not always easy to get them to become sustained users. It takes work on your part to get clients interested from the start of the relationship and keep them coming back over time.

Here's a proven workflow for addressing clients' top-rated features and getting immediate engagement with your client portal.



## **Step 1 – Speak to the client's “why”**

Getting clients hooked on their portal starts with you understanding your client's “why”—why they need financial advice in the first place. Understanding this helps you better communicate why a portal will be important to them, how it can address their specific concerns and goals, and how it will help them get the best results. When introducing your client portal for the first time, help clients understand how using the portal will help them achieve their “why”.



## **Step 2 – Demonstrate portal features to educate and excite**

Once you understand and communicate how the portal will best help your client, you can show your client how to put it in action and use

it as a tool for success. Begin by showcasing the portal's capabilities in your first meeting, starting with the ones your client is most interested in, to generate excitement and start building accountability right away. You can even go so far as to bookmark their client portal login on their mobile devices so they know how to easily access it at any time.



## **Step 3 – Help clients see the big picture**

For most clients and advisors, a client portal's ability to show a client's holistic financial picture is their most desired feature. Leverage an account aggregation solution to automatically pull together client data and keep it up to date. For anything that can't be automated, establish a thorough fact-finding workflow to ensure you're collecting all the right information. If needed, work with clients to get everything organized. For most clients, the first time they see everything in one place is a powerful moment. Take advantage of this by reiterating that their client portal is their one stop for all of their financial information—both to see their current accounts and their progress towards future goals.



## **Step 4 – Normalize client portal use throughout the relationship**

Try to keep as much communication and collaboration as possible in the portal to keep clients engaged and incentivized to log in. Sending information, assigning tasks, and tailoring communication through the portal is a good tactic and helps keep everything in one place for the client, which only enhances the value they get out of their portal. Their client portal facilitates frequent communication,

allowing you to provide more client touchpoints and offer personalized direction, education, and empowerment along your client's journey.



## **Step 5 – Continue teaching clients how to view and manage their finances**

One of clients' most desired features of the client portal is the ability to self-direct and explore their finances on their own outside of meetings. Show your clients how they can navigate their portal and educate themselves. For example, if your client has a question during a meeting that they could have seen themselves in their portal, do a live screenshare and show them how they could get to that answer themselves. If your client portal has interactive features, be sure to demo these features so the client understands them. You could even model a simple scenario for clients in their portal when they have a question so they can see for themselves how to do this on their own. The ability to self-direct empowers clients to think actively about their financial future and get involved in their own planning.

As clients become more familiar with their portal, you can introduce more features and ways their portal can make achieving their goals even easier. In this way, you demonstrate the power of the tools you are giving them, while also reinforcing the value you're providing as their trusted advisor.

# Uniting Fintech and FinPsych for Better Client Outcomes

Frequent client portal use lessens clients' financial anxiety, kickstarting the whole technology benefit hierarchy.

## Workflow for Client Portal Engagement

- 1 Speak to the client's "why"
- 2 Demonstrate portal features to educate and excite
- 3 Help clients see the big picture
- 4 Normalize client portal use throughout the relationship
- 5 Continue teaching clients how to view and manage their finances

## Tehnology Benefit Hierachy





## Bottom-line Benefits of a Dual Approach

**While there are many benefits of adopting financial psychology tactics and technology, there are two outcomes that directly impact your bottom line: referrals and client loyalty.** Advisors versed in financial psychology receive 2.5 times more referrals annually, with 68 percent of clients expressing a strong commitment to their advisor relationship.

Similarly, active client portal use correlates with remarkable loyalty—56 percent of frequent users refer their advisor twice as often, and 70 percent feel strongly committed to their advisor relationship.

These outcomes highlight the tangible benefits of integrating financial psychology and technology in practice. Beyond known advantages like automation and efficiency, client portals in particular have a great impact on overall client satisfaction. Implementing a dual approach that combines financial technology and psychological insights not only benefits your bottom line but also underscores the diverse advantages of differentiating your client engagement and planning experiences.

**Start affecting change today! See how the eMoney Client Portal can help you engage clients, adopt the Fintech- and FinPsych-forward practices of top advisors, and realize greater client satisfaction.**

**Learn More** →

### Sources:

<sup>1</sup> eMoney, "Beyond the Plan" Research, July 2023

<sup>2</sup> Bradley T. Klontz, Psy.D., CFP®, and Sonya L. Britt, Ph.D., CFP®, "How Clients' Money Scripts Predict Their Financial Behaviors," Journal of Financial Planning, November 2012, <https://www.financialplanningassociation.org/article/journal/NOV12-how-clients-money-scripts-predict-their-financial-behaviors>.

