

Making Clients Comfortable with You

The Psychology of Financial Planning (Part 2)



By Carol Yip

They say there are no second chances to making a good first impression. I truly agree. That's why it is extremely crucial, if not critical, that your potential clients get a good first impression of you. When you meet your potential client for the first time, you only have one chance to make him/her comfortable with you; that one in a lifetime opportunity to also understand his/her belief system (including his/her behaviour, emotions and habits), perception and expectations of the financial and non-financial considerations. In that short time, you will also need to sieve out possible hidden agenda that the potential client may have about his/her financial situation.

It's a tall order indeed, but an order you must fulfill as a financial planner if you want to succeed and do well for your clients.

From my own experience, clients normally take their time to be comfortable with me before they are willing to share their personal problems and financial concerns. As you can see, time is an important factor in the

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financial planning process. So does that mean you will be spending hours in your first meeting with that potential client exploring various issues until he/she feels comfortable and safe to reveal his/her true self to you? Or do you quickly zoom into asking the critical questions (which could be sensitive to the potential client) to get answers that you want?

It is a Catch-22 situation (*a state of affairs in which a preferred outcome or solution is impossible to reach as a result of a set of inherently irrational rules or conditions*), really.

To answer that question, put yourself in the client's shoes. Will you expose yourself and be vulnerable to a total stranger whom you just met minutes ago, and answer the personal questions on your financial situation that you may not be comfortable with? If the answer is no, expect your potential client to feel the same way.

Yet, to give your client a comprehensive financial plan, you literally need to squeeze out every single detail of your client's financial life. Therein lies the dilemma. So how do you make your client comfortable with you? How do you extract the information you need from him/her? This information is, after all, critical to you preparing a good financial plan for him/her. You certainly don't want a situation where the client withholds certain pertinent and important information from you which could be detrimental to his/her financial plan. If that is the case, will the financial plan you then prepare for the client be effectively implemented to generate the desired results?

Sometimes, the client could be seeking your advice in personal finance because he/she is stressed out by other problems, for instance, a career crisis, business failure or marriage breakdown. Under these



circumstances, will you, as a financial planner, help him/her to solve these problems first instead of getting him/her to plan his/her financial future?

If you follow strictly the six-step financial planning process, you are required to collect the necessary data from the client as required in the Fact Finding Form. But in this Fact Finding Form there are no questions that would guide you to ask the client about his/her personal life. There are no questions to assist you to ‘dig’ deeper into their personal lives to get yourself more acquainted with them.

And as you would already know, life is not all about money. As such, if your client does not live a life that’s free of troubles, money can become a serious problem. It is, therefore, critical that as a financial planner, you also help your clients to address the issues in their personal lives. Only then, will the dollars and cents make sense.



The Client is Unique

Each client has a unique childhood experience, upbringing by the parents of different parenting styles, different influences from siblings, friends and people, as well as the challenging environments at work and social life.

Even for twins who grow up in the same environment, the way one twin perceives a message from the environment may differ a great deal from the other twin and hence, rendering decision making to be different.

If each client is unique, how then can we apply Step 1 of the six-step financial planning process to open the door to the client’s private world if we only implement the standard

steps of asking questions based on the Fact Finding Form?

Interviewing Skills

Do you find it difficult or uncomfortable asking your client certain questions in the fact-finding form? Or you find it tough to get your client give you answers to the questions because your client only answer with a simple “yes” or “no,” or maybe just keep silent (not answering the questions at all).

Even if you are comfortable with the questions in the Fact

Finding Form, will your clients be comfortable to answer or know how to answer appropriately?

Here are some points to take note when you use the Fact Finding Form:

- a. How much will the client reveal to you when you ask the standard fact-finding questions?
- b. Is there a need to ask more questions than is necessary according to the Fact Finding Form?

The success of your financial planning practice revolves around possessing the necessary interviewing skills to ask questions that will not offend your client, and to ask leading questions that will lead your client to give you important answers and information to help you prepare a meaningful financial plan for him/her. And even if the client is ready to reveal the required information, are you equipped with the right

listening skills to absorb and comprehend the meaning of your client’s words – the spoken and unspoken words – to help the client more than what is required of your duties as a financial planner?

Listening Skills

Want to be a good and effective financial planner? Learn the art of listening. Yes, it’s an art. We must all be clear about this: that listening, not talking or asking questions, is the gifted and great role – the imaginative role. And the true listener is much more

beloved, magnetic than the talker, and he/she is more effective and learns more and does more good.

I cannot over-emphasize this point. There is a need to listen to your

clients. Personally, I believe this to be more important than what you are required to do with the Fact Finding Form. When you listen to your client, you must also ‘listen’ with your eyes, so to speak, to observe your client’s body language and the messages that are emanating from them. Are these messages congruent with the words expressed verbally by the client?

There may be times when you will need to confront your client’s investment philosophy or their spending habit after listening to his/her expectation of the financial plan. How well can you handle this kind of a situation? Most people don’t like confrontation. If the need arises, will you confront? Will

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you confront in a manner that is acceptable by your client? Will your client understand the reason you confront him/her? Generally, if he/she feels that you, as a financial planner, have listened and understood his/her aspirations and problems, he/she will be more at ease. So as you can see, you need to be a good listener!

Understanding the Client Empathetically

Everyone has a 'presence.' And to make sure your client is comfortable with you, they need to know that you are aware of their presence. This is very important because people like and need to know that they mean something to someone. Nothing could be more devastating than for your client to feel that you don't care for them. So it is about attending to the client's presence – to acknowledge that they have your full attention.

You also need to have an empathetic understanding of your client by listening to their feelings and meaning of the words they express to you, as well as have the ability to see the world as how he/she sees it. The client's worldview of self, family and society may be completely different from your own. A good financial plan should fit into the client's worldview of his life and his future together with people around him, his family, friends and society.



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As a good financial planner, you must accept the client as who he/she is, without making any personal judgments. Above all, you are also to guide the client to make his/her own financial decision and not to impose on the client your choice or preference. You propose. Your client decides. You must allow the client to find his/her way out of the maze to achieve his/her own financial freedom.

Counter-Transference?

Here's another area of concern in the financial planning process: will there be counter-transference of your personal money belief, expectations, perceptions and experience to your client?

How will your client's financial plan look like if this happens? Will the plan be created to meet your expectation for the client or is the plan designed according to the client's needs and expectation?

I have met many clients from various backgrounds and situations over the years. And just listening to their stories forms a big part of my work. When I listen, I empathise with them. I put myself in their shoes. I 'soak in' their worldview to see things through their eyes. I do not assume my client's financial future. I would allow my client to chart out the financial path he/she wants by guiding him/her to create a mission for his/her life, and in doing so find a meaningful purpose in the process. Then, I will assist him to understand how the financial plan will give him the financial means to achieve his life's mission.

I believe a personal financial plan is a logical road map to achieve financial freedom. But the person who owns the plan may not be logical and lives an unpredictable life. Only when the person is able to manage his or her life, will he or she be able to manage money and ready for financial planning!

More Than Just a Financial Planner

It is often said that a financial planner is like a doctor. But a doctor can 'solve' the patient's problem after he has carefully examined the patient to diagnose the root cause of the problem. He will then make the appropriate prescription and dispense the appropriate advice to the patient.

Back to financial planning. If this is the case, can a financial planner help the client to achieve his/her financial goals when the client has problems implementing the financial plan? For instance, when a client overspends on his/her credit cards or he/she is not allowed to spend any more of his/her money because he/she has to save for his/her retirement or children's education fund, can he/she automatically cut down his/her spending immediately the next day after your meeting with him/her? Chances are, the client may not do anything about it immediately.

What will you do then as financial planner?

Do you take the next step to help the client analyse each item to find out the reason for his/her overspending? Even if you want to, the client may choose not tell you that he is spending the money because he/she has an addiction problem, or he/she has some emotional distress or family problems that are too embarrassing to disclose.

As financial planner, to help your client improve his/her cashflow problem, you may want to suggest to him/her to cut down on spending – spend only on needs and not wants. On the contrary, the client may have difficulty defining what is a need and what is a want because some of the wants could be important needs to him/her.

Some of the needs may be manifested due to personal issues like relationship problems, family crisis, career issues, emotional distress, parental problems, addiction or they could be due to low self-esteem, unhappiness, worries, denial, depression or stress. Unless the client takes ownership and assumes the responsibility to solve his/her personal problems, chances are he/she may not be able overcome the cashflow problem and successfully implement the financial plan you have prepared to achieve his/her financial freedom.

You are more than just a financial planner. In more ways than one, you may need to be your client's life coach and counselor. Listen to what some of my clients have said:

"You have planted a lot of deep thoughts in my head. Coming from a financial planner, it really encourages me to look deeply to deal with my issue of self-worth."



"I really enjoyed our meeting. What started as something I was wary of turned into a mind-opening experience. It was scary at first, because I was "forced" to think about financial matters, which I have all this while conveniently pushed to the back of my mind; things that secretly I know I should take an interest in. Thank you for making me take that big step to take action and take control of my finances."

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"I found myself opening up to you on issues I usually don't reveal to others on a first meeting. The beauty of the matter is that sensitive issues like "how much I earn or how much I save" were not brought up at all. It's all about the big picture.

In essence, the answers may be there all the time, but you are exactly what most of us need, to bring about financial awareness. Finance has always been a black hole to many, but with you around, life can be much more wonderful and simpler! I just love your holistic approach." ^{4E}

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