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# Study of international financial advisory community establishes first “Know Your Client” benchmark

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From [AFA - Association of Financial Advisers](#)



Philip Kewin

**Financial advisers and financial planners (financial advisers) who engage in leading “know your client” behaviours see 72 per cent higher net client growth and 56 per cent more of their clients are very willing to recommend their services to family and friends, according to a major new benchmarking study.**

For the first time, the international financial advice community has benchmarked how financial advisers come to know their clients. The study surveyed over 300 client-facing advisers in Australia, New Zealand and the US, and was supported by an international coalition, including: Financial Advice New Zealand; Association of Financial Advisers (Australia); Portfolio Construction Forum (Australia & New Zealand); Financial Planning Association (USA); Berkeley Executive Education (USA); Capital Preferences (USA & New Zealand); and T. Rowe Price (USA, Australia & New Zealand).

“This landmark study is a unique and powerful coalition, providing advisers the answer to the crucial question – ‘what does it mean to know your client?’ For the first time advisers have a benchmark across practices in USA, New Zealand and Australia,” says Katrina Shanks, CEO at Financial Advice New Zealand. She adds, “The data and findings released over the next six months will be an indispensable tool for firms who seek to grow their business and advice professionals who are serious about taking their client experience to the next level.” The study sought to identify the specific behavioural building blocks advice professionals can and should engage in to know their clients, spanning foundational to advanced behaviors and techniques. The building blocks cover areas ranging from how advisers understand client goals to how they manage client family dynamics to how they apply insights from understanding clients, so they can deliver a better client experience.

Other key takeaways include:

- **Deeply Understanding Clients is More Personally Fulfilling for Advisers:** Advisers who engage in leading “know your client” behaviors gain deep personal fulfillment from a greater share of their client relationships—up to 60 percent more of their client relationships.
- **Emergence of the “Behaviouralist” Adviser:** An emerging segment of advisers are using new tools and technology to focus deeply on clients’ actual behaviors, not just what clients report or say. That’s creating more surface area for advisers to deliver value to clients. Behaviouralists see significantly higher client willingness to recommend, double the referral rates and nearly triple the net client growth rate compared to other advisers.
- **Family Matters:** highly proficient know-your-client advisers spend a greater share of their time directly with partners and adult children of the primary client. They are 40 percent more likely to discuss aging-related lifestyle transitions, as well as cognitive decline, with their clients and their families.

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"'Know your client' is one of the foundations of financial advice," says Graham Rich, Managing Partner and Dean, Portfolio Construction Forum. "Yet there is surprisingly little measurement – and certainly no industry benchmark – for how well financial advisers really know their clients. Until now. Continuing to scientifically explore attitudes and behaviours around people and money is critical to delivering quality financial advice outcomes, so the Forum is delighted to actively support this ongoing study," added Rich.

AFA CEO, Philip Kewin says, "The AFA was delighted to participate in this ground-breaking study which confirms our belief that the human aspect of the advice relationship is vitally important to both advisers and clients. It reveals that advisers who have strong relationships with their clients have strong businesses. Advisers with strong client relationships can potentially deliver superior outcomes, because they have a genuine understanding not just of the client's specific needs, but also of the client as an individual."

Pat Spenner, study team leader and Head of Product and Marketing for Capital Preferences, commented, "We were blown away by the participation from the Australia and New Zealand advisory community. It lets us provide powerful country-specific benchmarks that are unique to these markets, and at a very important time for the advisory community."

"The values that this study encourage, particularly a client-centric approach, align strongly with the core values of our firm," said Murray Brewer, head of relationship management in Australia and New Zealand for T. Rowe Price. "As today's investors increasingly value advice through all stages of their wealth journey, we believe this study can provide advisers with the ability to benchmark and improve their offering, ensuring clients achieve the best retirement outcome."

The benchmarking survey (Survey Link) will re-open September 27th thro November 15th to provide other financial professionals an opportunity to benchmark their client understanding practices against those of their peers. All client-facing financial planners and advisers are invited to participate. Participants will receive a customized benchmarking report that enables them to benchmark their "know your client" methods against those of their peers, as well as the greater advisory community.

Beyond benchmarking, the study is unique in that it aims to provide the step-by-step roadmap that financial advisers can use to evolve their approach to understanding their client and thrive in an era of a more empowered client. Additional information about the research initiative can be found [here](#).

### About the Study Methodology and Benchmarking Sample

Following intensive qualitative research with seasoned financial planners and domain experts, the research team developed an online benchmarking survey. The survey was fielded July – September, 2018. Survey respondents participated on a strictly voluntary basis, with no paid respondents. The total respondent sample size is 317, with 136 from Australia, 52 from New Zealand and 129 from the USA. All respondents are client-facing financial advisers or planners.

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