World-first “know your client” adviser benchmark released

By Nicholas Grove (https://www.moneymanagement.com.au/users/nicholas-grove) 28 September 2018

INDUSTRY NEWS

Financial advisers who engage in leading “know your client” behaviours see 72 per cent higher net client growth, according to a new international study which for the first time has benchmarked how advisers come to know their clients.

The study, which surveyed over 300 client-facing advisers in Australia, New Zealand and the US, also showed that 56 per cent more of their clients were very willing to recommend their services to family and friends.

The study was supported by an international coalition, including: Financial Advice New Zealand; the Association of Financial Advisers; the Portfolio Construction Forum (Australia & New Zealand); the Financial Planning Association (US); Berkeley Executive Education (US); Capital Preferences (US & New Zealand); and T. Rowe Price.

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Katrina Shanks, CEO at Financial Advice New Zealand, said the study provided advisers with 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 the USA, New Zealand and Australia. 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,” Shanks said.

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 behaviours and techniques, the international coalition said in a statement.

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.

Graham Rich, managing partner and dean of the Portfolio Construction Forum, said while ‘know your client’ is one of the foundations of financial advice, until now there had been surprisingly little measurement – and certainly no industry benchmark – for how well advisers really know their clients.

“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,” Rich said.

AFA CEO Philip Kewin said the study confirmed the organisation’s belief that the human aspect of the advice relationship was vitally important to both advisers and clients: “It reveals that advisers who have strong relationships with their clients have strong businesses.”

The benchmarking survey will re-open from 27 September to 15 November to provide other financial professionals with an opportunity to benchmark their client understanding practices against those of their peers.

The coalition invited all client-facing financial planners and advisers to participate. It said participants will receive a customised benchmarking report that enables them to benchmark their "know your client" methods against those of their peers, as well as the greater advisory community.

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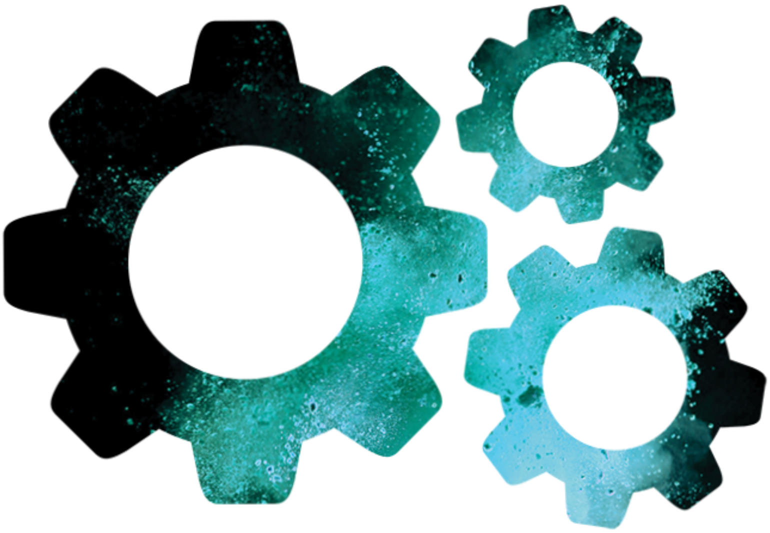

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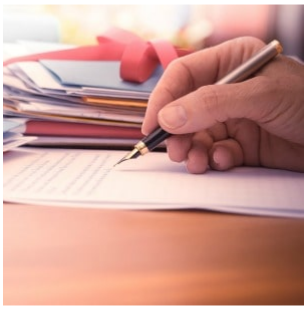

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