AFA National Forum 2008

"Behavioural Finance and the business of advice: Engaging Clients in the 21st Century" **AXA**

Excerpts from Market Research

What do clients want?

- transparency
- consultation
- clarity

Process to engage clients today

Let's take a journey back in time to the 70s…

What's different now compared to the 70s

- yle, popular culture,
  gs, parties, other…
- – "hey man" "cool"

AFA ASSOCIATION OF FINANCIAL ADVISERS

GenXt bridging the gap…

What's different now compared to the 70s?

- Musicals...
  - Hair
  - Rocky Horror
- Other music…
  - Elvis Presley is still the KING!!!
  - Real Thing

What's different now compared to the 70s in our business and the engagement process?

- Legislation, Distributions Networks, Insurance vs Wealth Creation
- CIMER – Clear Debts, Income, Mortgage, Education, Retirement

What’s different now compared to the 70s in our business and the engagement process?

- CAR – Client Advice Record
- Sales process – relax, disturb, relieve and close

Engagement – insights from market research

Some insights from AXA's research on successful advisers:

- growth via Centres of Influence & prospecting
- educate / reward / remind your COI
- have client referral conversation early
- systemise back office

Engagement – insights from market research

Some insights from AXA's research on successful advisers:

- have a sales process to keep on track
- relationships key (COIs, clients, manufacturers, underwriters & BDMs)
- high touch communication

Engagement – "REAL" process

- Rapport
- Engage
- Attain
- Leave them better off

REAL Rapport

- build trust quickly
- earn the right over time to deepen trust
- utilise techniques to put client at ease

REAL Engage

- financial planning is a discovery process
- less disturb & more participative
- what is important to them? (partner, kids, debts, maintaining income, health, holidays, etc)

REAL Engage

- high impact questions to get attention and steer thinking
- questions uncover deeper needs of client and criteria
- use visual aids to capture client's assets and liabilities

REAL Engage – high impact questions

- What is the last big ticket item that you purchased? How did you make the decision?
- How will you know if a financial strategy is right for you?
- Do you like the big picture first before the detail? Or the detail first?
- You have 24 hours to live; what are your main priorities now?
- What is important to you that you have never disclosed to another financial planner before?

REAL Engage – high impact questions

- How will you decide if my advice is valuable?
- What keeps you awake at night when it comes to money?
- What is important about money to you?
- What are the most important things in your life now?
- What are the least important things in your life now?
- What do you think will change over the next 5 years?
- If you had enough money what would you do differently in your life now?

High impact question - exercise

In pairs:

- generate at least 3 high impact questions
- practice delivering them to each other

REAL Attain

- be clear on client criteria for making a decision
- make advice logical and emotional linked to their criteria
- make advice tangible and use plain language

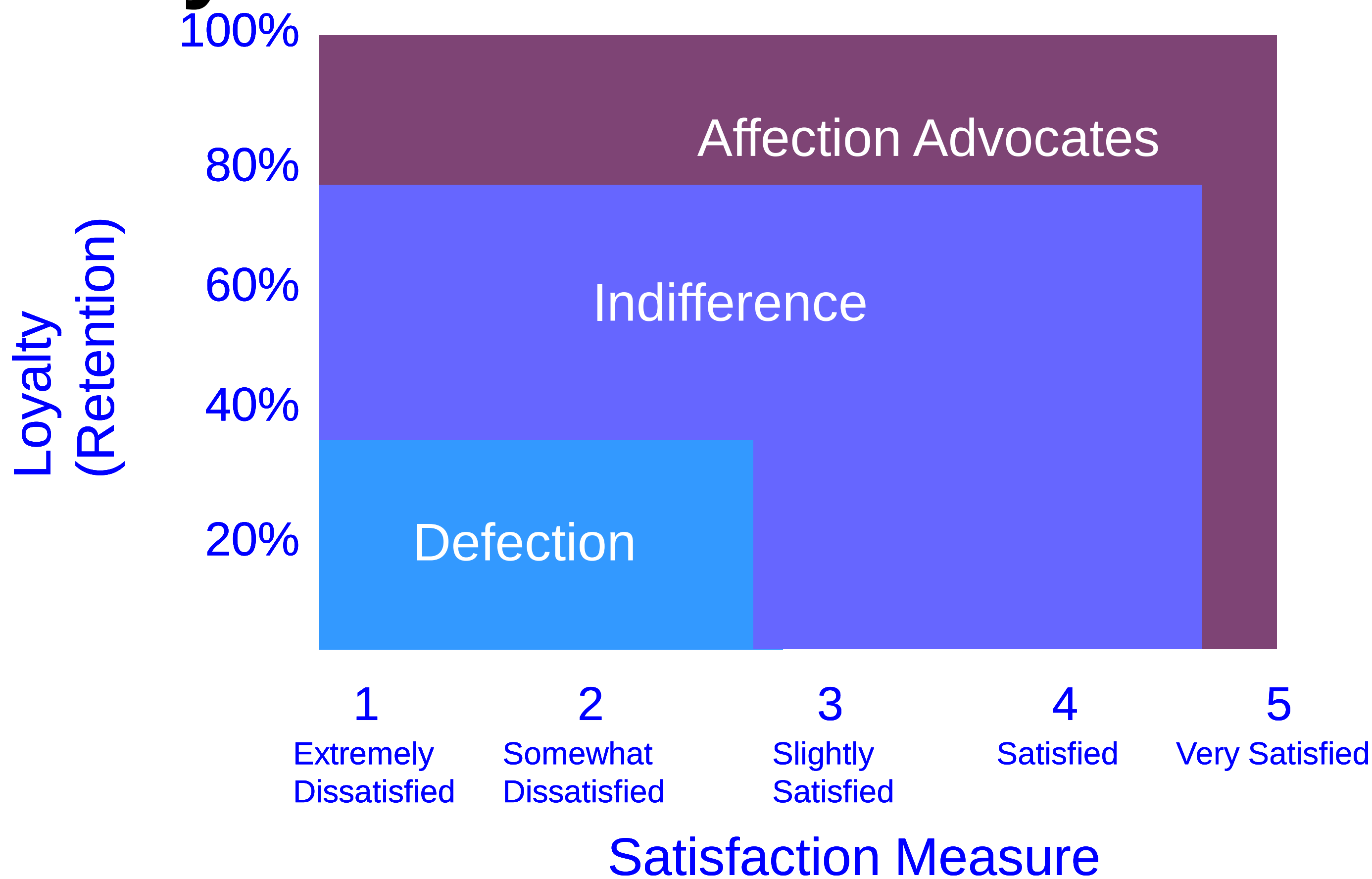
REAL Attain

- use the client’s language
- use analogies to make the advice tangible
- challenge client assumptions respectfully

REAL Leave them better off

- present SoA
- 3 Rs – reason (for advice), referrals, reviews
- ask for signature
- disclaimer until tests etc.

How loyal are satisfied clients?



Source: Harvard Business School

ASSOCIATION OF FINANCIAL ADVISERS

bridging the gap...

THE AXA

" Keeping it R.E.A.L. "

PLAN.