

This research was funded and released by the FP Canada Research Foundation, now known as the Canadian Foundation for Financial Planning™

Visit our website:

www.canadianfoundationforfinancialplanning.ca

Research conducted by:

Jodi Letkiewicz, PhD

Chris Robinson, Ph.D., CFP,

Dale Domian, Ph.D., CFP,

School of Administrative Studies,
York University,

Toronto, Ontario, Canada M3J 1P3

Predicting a Person's Likelihood to Seek Professional Financial Help – Financial Stress and Self-Efficacy

Research summary

This study, conducted by researchers Jodi Letkiewicz, Chris Robinson and Dale Domian of York University, examined the behavioural aspects of financial planning. The researchers focused specifically on two behavioural experiences or traits—financial stress and self-efficacy (the belief in one's own ability to succeed)—and analyzed how both traits predict a person's likelihood to seek professional financial help. Planners can apply the findings of this research to increase the likelihood that clients will both seek your professional financial planning advice and implement that advice.

Practice Tips

Helping to increase clients' self-efficacy can help to enhance your outcomes with clients by:

- Being more effective in engaging them in financial planning;
- Helping to ensure their ongoing engagement throughout the financial planning process; and ultimately,
- Motivating your clients to take action based on your recommendations.

There are 4 ways for you to increase your clients' self-efficacy:

1. Vicarious Experiences

– Let Your Clients or Prospects Know You Serve Others Like Them

Vicarious Experiences occur when you observe someone like yourself succeeding at a task.

Communications and advertising can highlight success stories to appeal to a diverse audience and provide valuable information and guidance to help people get started.

You can encourage prospects or clients to engage in financial planning by letting them know that you regularly work with clients like them, with similar needs, priorities or concerns and who, like them, may have been initially hesitant to discuss their finances with a professional, but who have now made great strides, with many increasingly confident in their futures.

2. Performance Accomplishments

– Give Your Clients a Sense of Accomplishment

You can help your clients feel a sense of accomplishment by setting simple tasks toward achieving their goals as a start -- for example, paying off their credit card debt by a certain deadline or setting aside a small amount each month for emergencies. Another example would be to discuss and put a plan in place to address a single priority. These tasks require a measure self-discipline but they are relatively modest and readily achievable goals.

The philosophy applies equally to personal finance as it is for diet or exercise – the more we feel good about what we have accomplished, the more motivated we will be to continue on a positive course and set larger goals for ourselves that will enhance our well-being.

As it pertains to financial planning, setting micro-tasks is a good way to motivate clients to take on more advanced tasks, such as engaging in a fulsome discovery process to help address their goals more holistically or developing a budget to satisfy both current and future lifestyle needs.

3. Verbal Persuasion – Be Your Clients' Cheerleader!

You have opportunity to be your clients' cheerleader! Encourage your clients by providing constructive feedback to build and maintain their confidence. Congratulate them for their efforts and achievements, even when they may appear relatively small. This helps to build self-efficacy.

A little belief in someone can go a long way. Using the fitness analogy, a big reason why people use personal trainers is for their role as personal champions and supporters! Similarly, a big reason why people use diet clinics is for their ability to support and encourage.

You have opportunity to play a similar role with your clients — in particular those who may not be comfortable with personal financial matters or who may feel badly about the progress they have made toward their goals to date.

4. Physiological States – Help your Clients Take Action in their Best Interests

Extremely nervous or anxious people tend to doubt themselves and may therefore have a weak sense of self-efficacy. This is in line with the research findings that stress can either paralyze or mobilize someone to seek financial help.

One way to reduce stress and anxiety about personal finances is to keep things simple and connect to what's important to your clients. This can be done in the following ways:

- a) Keep your discussions with clients focused on what matters most to them - you can do that by connecting every conversation back to your client's priorities. As an example, during your discovery meetings, tie your questions directly to the client's interests and concerns. When discussing your recommendations and plan, keep the details to the side and focus on an Executive Summary with the clients' priorities front and centre.
- b) Break down implementation plans into small bite-size pieces – this will reduce anxiety and help develop your clients' confidence in their ability to take on the steps you are recommending more efficiently
- c) Facilitate the implementation of your recommendations – you can do this by offering to set up meetings with counterparts and other experts who may need to be involved in the implementation, offering to join your clients in meetings with specialists and offering to help your clients in tasks that are delegated to them.

You have an important role to play in helping to increase your clients' self-efficacy so that they seek your professional financial planning advice and then, implement your advice to effect positive client outcomes for you and your clients over the long term.

Want more information?

Additional materials on this topic and other research projects are available for you to download at:

www.canadianfoundationforfinancialplanning.ca

[Executive Summary](#)

[Research Paper](#)

This research was funded and released by the FP Canada Research Foundation, now known as the Canadian Foundation for Financial Planning™

Visit our website:

www.canadianfoundationforfinancialplanning.ca

902-375 University Ave. Toronto, ON M5G 2J5 • 416-593-8587 • Toll Free: 1-800-305-9886

CFP®, CERTIFIED FINANCIAL PLANNER® and CFP logo are trademarks owned by Financial Planning Standards Board Ltd. (FPSB) and used under license. QAFP®, QUALIFIED ASSOCIATE FINANCIAL PLANNER™ and QAFP logo are those of FP Canada™. © 2023 Canadian Foundation for Financial Planning™. All rights reserved.

REV September 2023