



FINANCIAL PLANNING STANDARDS BOARD

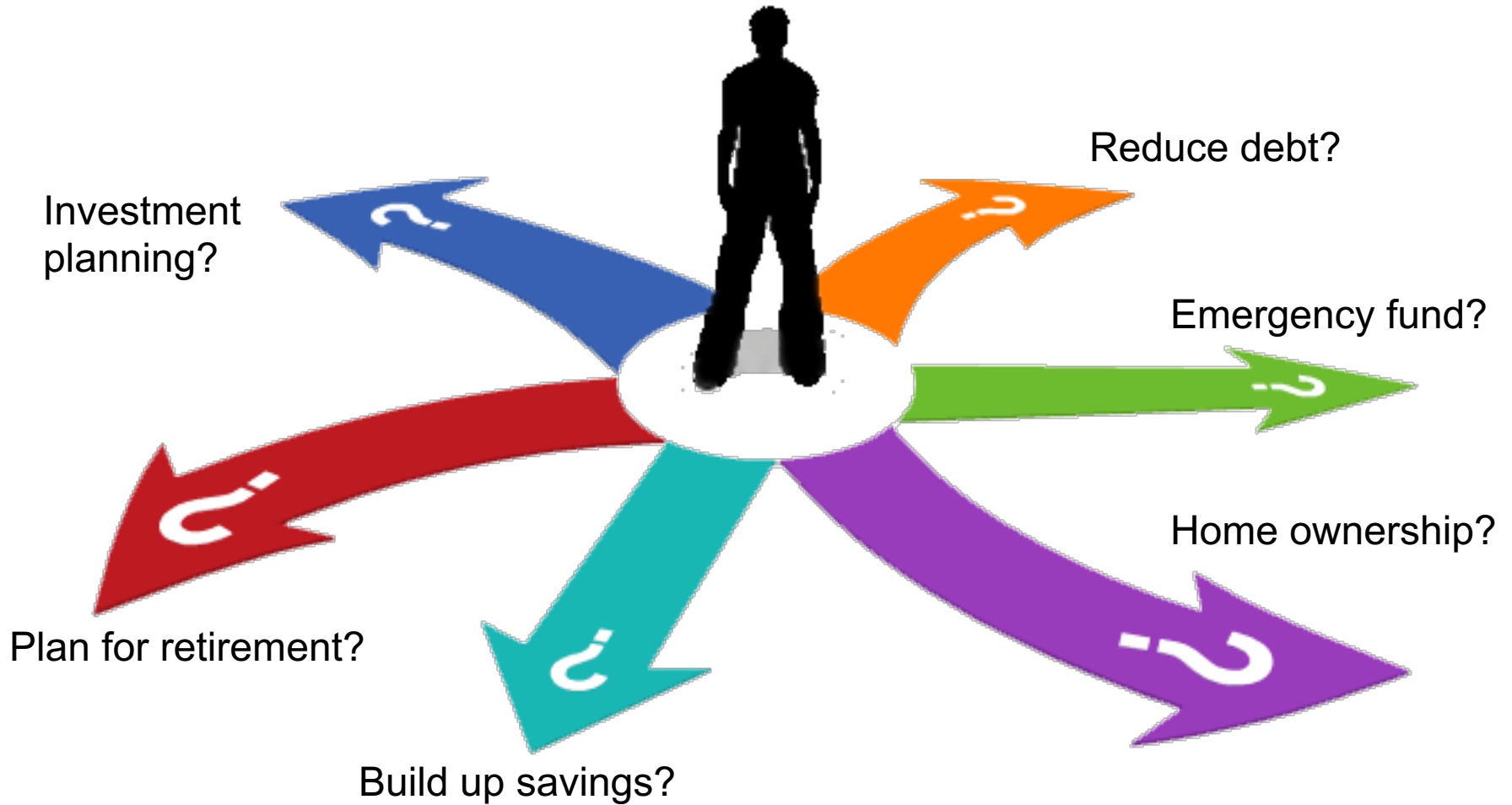
# Creating an Ecosystem For Financial Well-being

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# Consumers Are Under Pressure



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- Increased personal responsibility for financial future, decision-making
- Increased product and service complexity
- Shifting demographics – increased longevity, decreasing workforce, fracturing of the “family contract”
  
- **Pressure can lead to inaction/paralysis**

# The Need ... Not Met



Only **17%** of consumers strongly agree they are **knowledgeable** about **financial matters**



Only **19%** feel **successful** at **sticking to their financial strategies**



Only **22%** strongly feel **confident** that they will **achieve financial life goals**



Consumers **rely on friends, family and websites** more than financial professionals for information on financial matters

# It's a Matter of Trust ... Or, Lack of it!



**... 2 in 3 consumers don't  
know whom to trust!**

# What About the 20%?

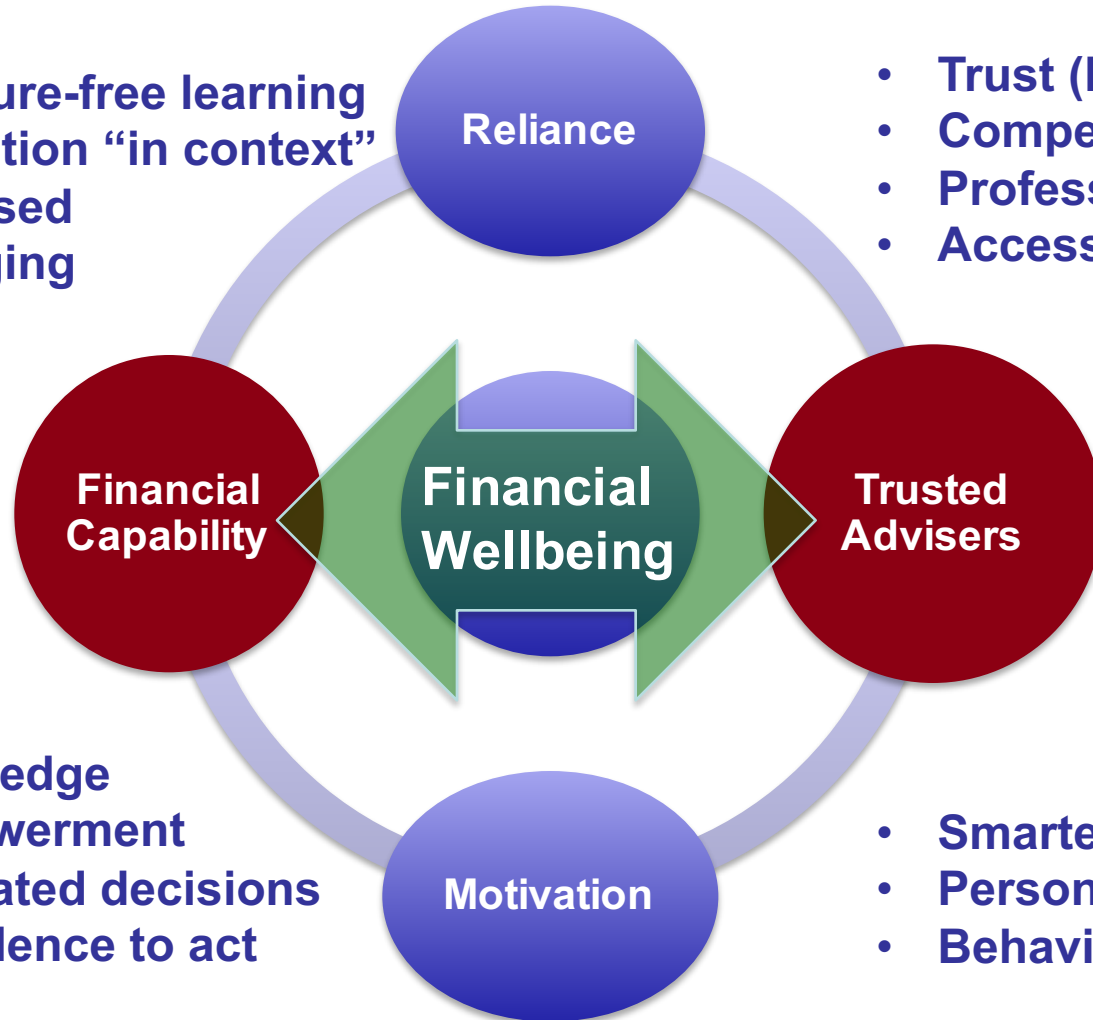
- Knowledgeable, Successful, Confident
- “74% of fund managers surveyed believed that they had delivered above-average job performance. The remaining 26% viewed themselves as average.”

2006 study "Behaving Badly", James Montier

# An Ecosystem for Financial Wellbeing

- Pressure-free learning
- Education “in context”
- Unbiased
- Engaging

- Trust (Ethics)
- Competency
- Professionalism
- Access



- Knowledge
- Empowerment
- Integrated decisions
- Confidence to act

- Smarter users
- Personal responsibility
- Behavioral finance

# Aging Investors

- Issue raised by FPSB last year, glad to see IOSCO tackling it
- As investors age with increased access to pensions, risk of fraud will rise
- Impact of risks is disproportionate because of life stage – investors can't "catch up" in event of a loss and social safety nets are dwindling
- Not just financial risk, risks of trust, due to mental competence of the aging investor
- Cannot separate aging process from competency of that aged investor/client.
- People are living longer and need to take on more risk to achieve their goals because they don't have pension guarantees from employers or governments



# Trends to Consider

1. Governments not able to meet promise of a “good retirement” for citizens – when will consumers know?
2. Desire to maintain quality of life in retirement, with inadequate preparation, will put pressure on practitioners to provide returns (+risk)
3. Old model of work/investing/wealth accumulation being eroded – consumer lives will have more layers of complexity, due to changing jobs, homes, and lifestyles extending beyond traditional borders

# Trends to Consider

4. Consumers will be more global in lifestyles and thinking, migrate to urban lifestyle with higher consumption of products and services
5. Consumers will look for guidance and planning that supports overall life experience, not just focusing on the numbers.
6. Consumers more connected to technology with access to information and misinformation, anytime, anywhere

# Key Takeaways

1. Consumers lack confidence in achieving their financial goals – put **focus on capability, not “education”**
2. Consumer empowerment requires **integrated, goals-based approach** – “investor” education falls short, consumers with a financial plan do better
3. Financial capability is a **complement to trusted advisers, not a substitute**
4. **Trust is the greatest barrier** to working with a financial professional
5. **Re-think content and approach of IE programs** for future consumer demographic

# Thank you!

For details of FPSB's consumer research,  
visit  
<http://www.fpsb.org/about-financial-planning/value-financial-planning/>