



Understanding Investor Psychology: Behavioural Finance in Action

AUGUST 1, 2024



PANELISTS



Rui Barreto
(Moderator)
Director, CSI



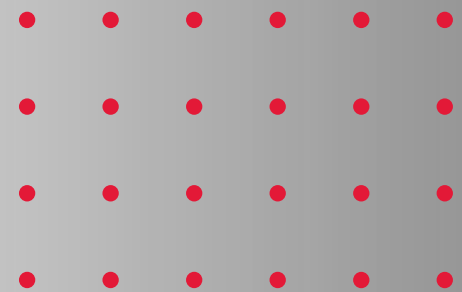
Brian Pasalich
Chief Executive Officer
and Co-Founder,
Behave Technologies



Don Lefresne
Investment Researcher,
York University

What is Behavioural
Finance and why
does it matter?

How do we really
make decisions?

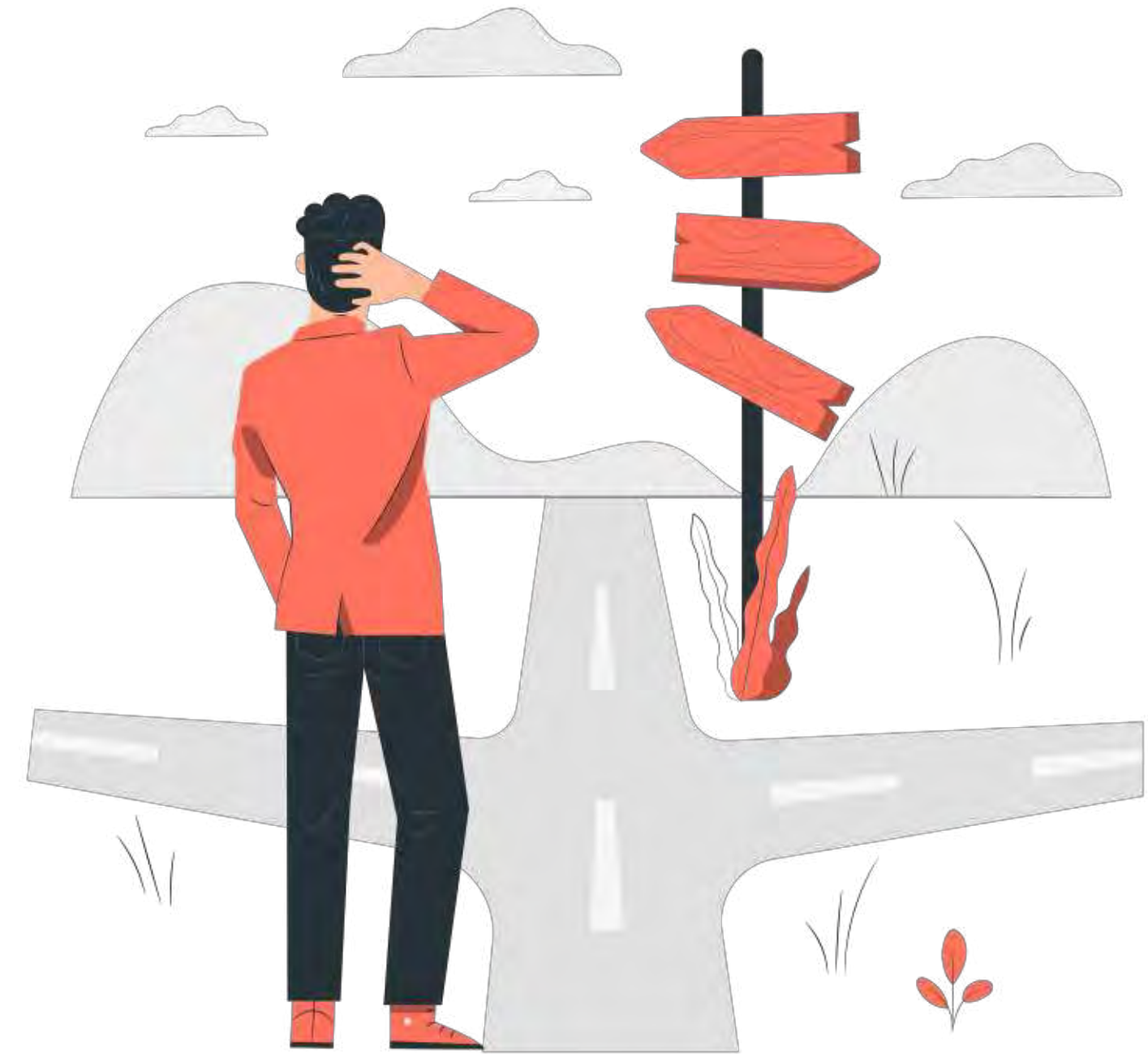


Redefining Engagement

What is the Intention-Action Gap?

From the advisor's perspective:

Planning > Implementation Gap

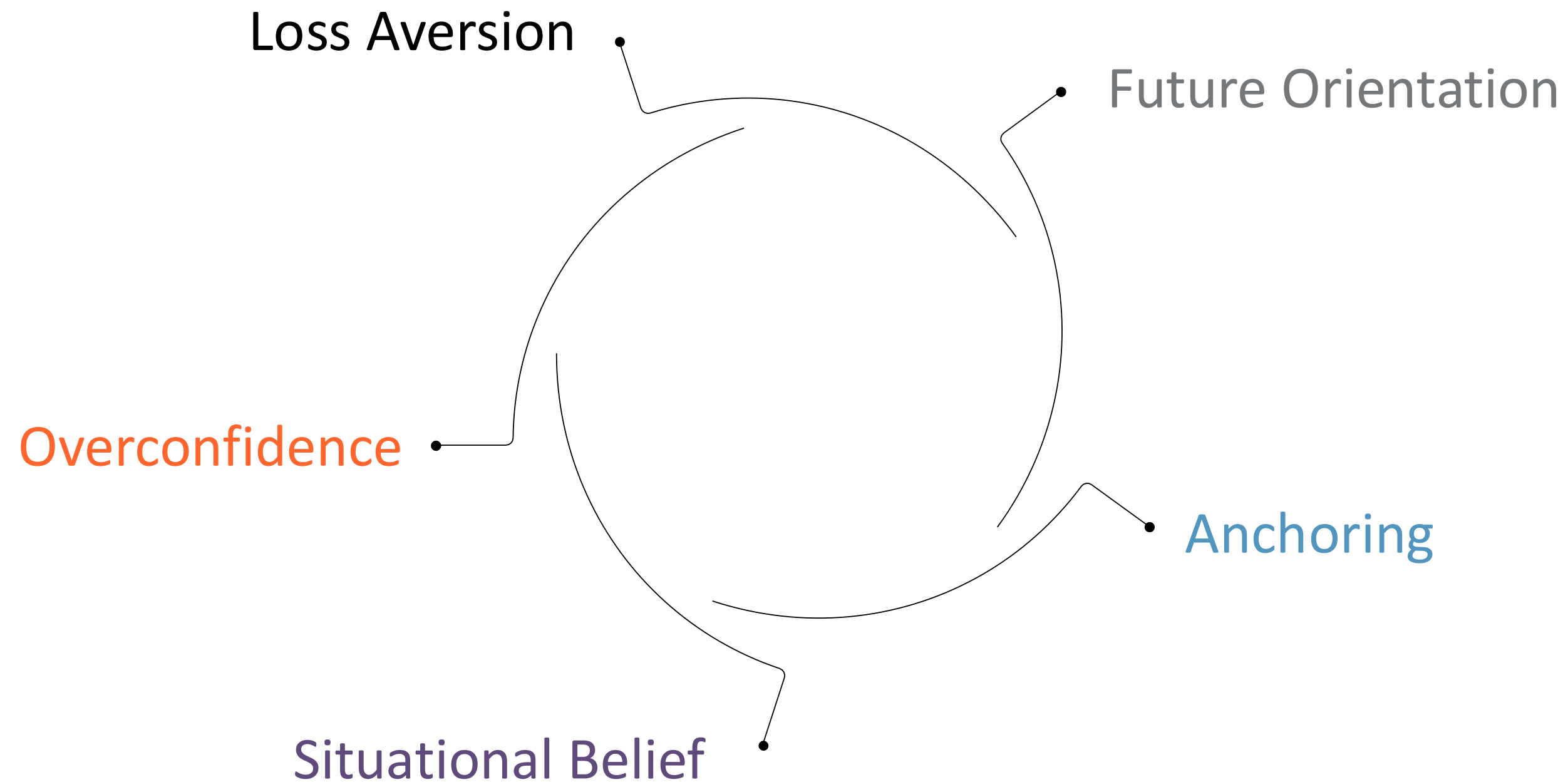


The Choice Architecture is never neutral.



Biases don't go away, they just become more or less prominent, depending on the choice architecture.

What are the common biases affecting clients?



Redefining Engagement

What is the Social Desirability Bias?

From the advisor's perspective:

Ideal Self vs Real Self



Redefining Engagement

How can advisors put it all together?



Client Acquisition



Onboarding



Ongoing Engagement
(Retention)



Putting into Practice



Overconfidence



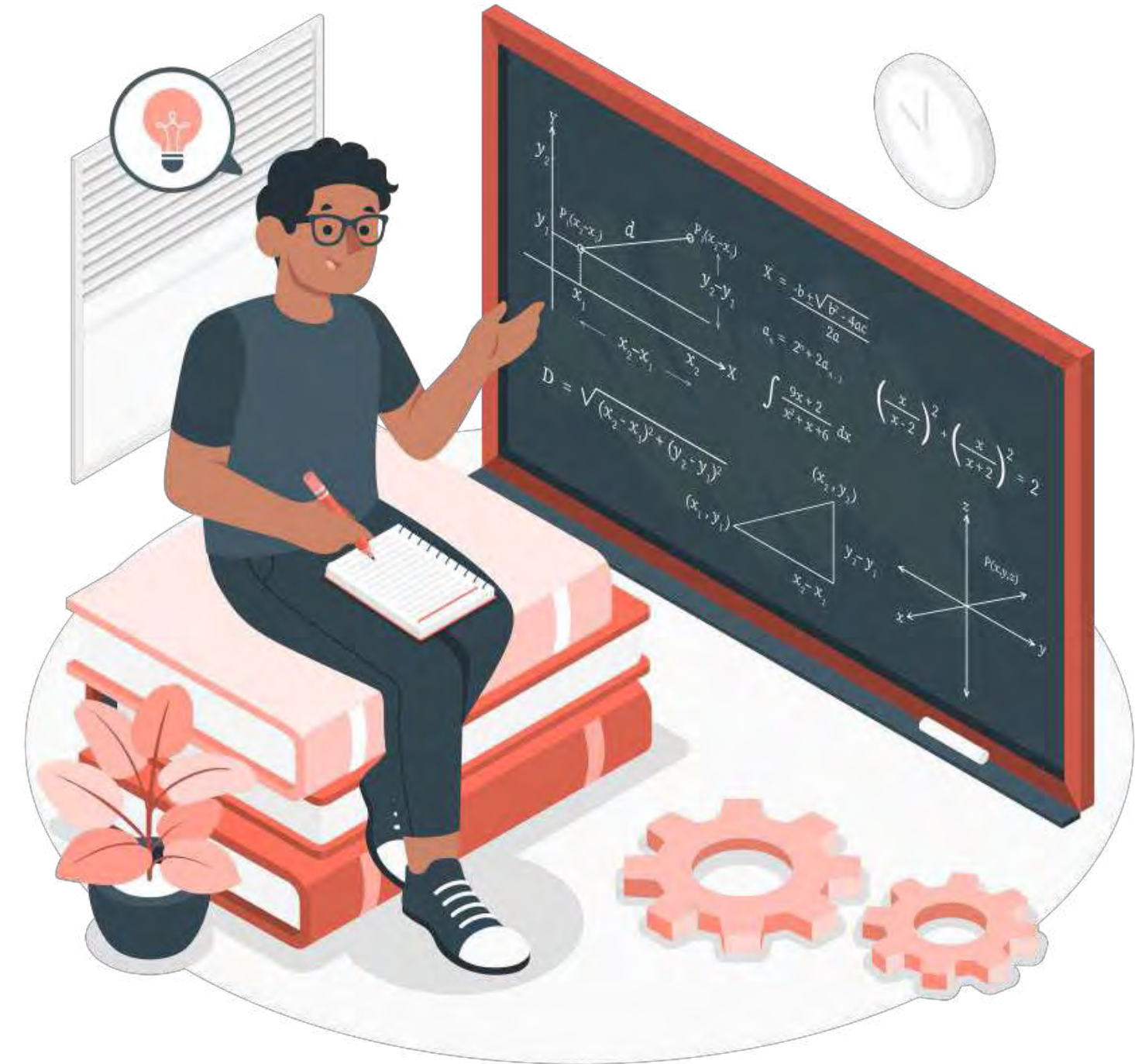
Loss Aversion



Situational Belief

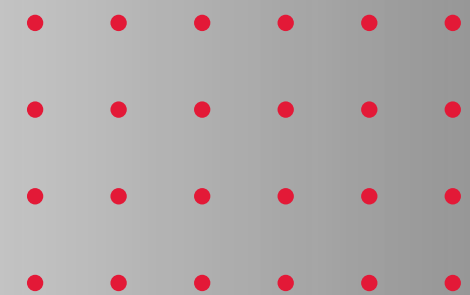


Future Orientation





How is the client-advisor relationship changing with the introduction of Behavioural Economics in the financial services space?



Where can Behavioural Finance add value?



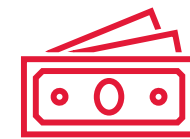
Going 'below the surface' when learning personality traits



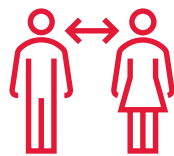
Reducing client turnover



Increasing suitable assets and having more accurate risk tolerance



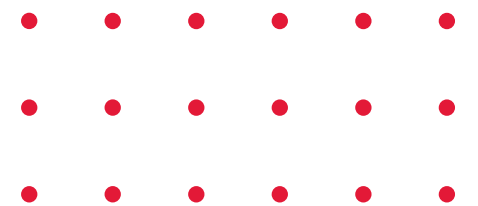
Increasing investment success – stronger commitment to investment strategies



Increasing loyalty and product use



Communicating information in a manner desired by clients



Leveraging Behavioural Finance with success

The Value of Behavioural Advice

94% of Financial Planning is Behavioural Management.
300bps are the increased returns from qualified advice.

Managing Client Expectations

50%+ advisors attribute increased client retention to Behavioural Finance.
83% client Acquisition in adversity.

Building Trust & Personalizing the Client Experience

Share of clients who want an advisor that:

- 88%** understands them
- 41%** will discuss difficult topics
- 30%** acts as a financial life coach

Share of advisors stating that BeFi helps with:

- 50%** strengthening relationships
- 49%** improving decisions
- 41%** better managing client expectations

Sources: Meir Statman, "The 93.6% question of Financial Advisors" - Feb 2000;
Francis M Kinniry Jr. et al, "Putting a Value on Your Value: Quantifying Vanguard's Advisor's Alpha" - Aug 2022;
Russell Investments, "Value of an Advisor Study 2017"
Statista Research - Jun 2022
The Evolving Role of Behavioral Finance in 2020, Cerrulli Assoc, Charles Schwab - Aug 2020

eMoney Consumer Research Study, April 2022.;
AIG and MIT AgeLab, "Future of Client-Advisor Relationships," 2020;
The Evolving Role of Behavioral Finance in 2020,
Cerulli Assoc, Charles Schwab - Aug 2020; Research - Jun 2022



Behavioural Finance in Action

To help advisors navigate the complexities of the investing landscape, CSI has collaborated with Behave Technologies, a leading behavioural finance technology firm, to create Behavioural Finance in Action (BFIA).

The course will introduce you to Behave Technologies behavioural assessment tool, which will allow you to put behavioural finance into practice. You will also learn the methods of behavioural coaching to help your clients make better decisions and enhance your reputation as a skilled and empathetic advisor.

WHO SHOULD ENROL?

- Financial advisors
- Mutual fund dealing representatives
- Investment advisors
- Financial planners
- Wealth managers



Micro-Certificate in Applied Behavioural Finance

Pair Behavioural Finance in Action (BFIA) with our previous release, Behavioural Economics for Financial Advisors (BEFA) to earn the Micro-Certificate in Applied Behavioural Finance (MCABF) to better guide clients and stand out in a competitive market.



WHO SHOULD ENROL?

- Financial advisors
- Mutual fund dealing representatives
- Investment advisors
- Financial planners
- Wealth managers



Q&A



Rui Barreto

Director,
CSI



Brian Pasalich

Chief Executive Officer and Co-Founder,
Behave Technologies



Don Lefresne

Investment Researcher,
York University