

What Women Want...

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... from their financial advisors: Transparency, reliability and jargon-free advice

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by Aniruddha Bose

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As a group, women are earning more and controlling a larger proportion of discretionary spends and household investment decisions than ever before. Yet, global experts suggest that five out of six women feel that they aren't being well served by the financial services industry. What is the secret sauce? To begin with, here are five traits that women investors seek from their financial advisors.

Transparency: When it comes to dealing with a financial advisor, women greatly value transparency — a natural precursor to trust-building. For this reason, women clients are far more likely to be put off by weaselly, jargon spewing product-pushers who are evasive when it comes to disclosing details of the investments they are recommending, the remunerative aspects of their advisory practice, and even areas where the client might be better served by a different professional. "An iota of doubt in the integrity of the advisor will be a turn off," says Renu Maheshwari, co-founder, Finscholarz.

Advisors should be open about their shortcomings and limitations, while laying risk-related facts bare and not withholding any critical information related to the investments they are recommending — exit charges and tax liabilities of portfolio-related actions, to name a couple.

"Women don't want to be bothered with financial 'mumbo jumbo' — they want the facts in a simple, digestible form," says Aditi Kothari Desai, Additional Executive Director & Head, Sales and Marketing, DSP BlackRock Investment Managers.

Reliability: Those advising women clients would benefit more by cultivating reliability and solidity, than by aiming to be swashbuckling investment champions who are always on top of market trends, or are quick to identify the "next hot pick". "Most women look for safety of capital, even if the growth is moderate," notes Maheshwari.

Reliability is also about following through on commitments in terms of service queries and follow ups. The best way to show reliability is to be proactive in providing updates about a particular investment portfolio.

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Advisors should be doubly careful not to leave loose ends untied — for instance, if a task is getting delayed for any reason, be quick to send a real time update to your client through an e-mail or text message. Such gestures will go a long way in showing your client that you are dependable.

Empathy and Sensitivity: Women investors are a lot more comfortable with advisors who adequately address the human side of personal finance, instead of running away from it.

“Women need their advisors to be humane and understanding in their approach to wealth management. The success of the advisor / investor relationship depends on the capability of the advisor to be able to address this emotional need,” says Maheshwari.

For instance, advisors dealing with women clients need to be a whole lot more sensitive to verbal and non-verbal clues that may signal mistrust or may indicate that further information or clarity is needed on a certain aspect of their investment portfolios.

In a global survey conducted some years ago, many women investors had said that that “their financial advisors talk down to them, are condescending and don’t answer their questions”.

Successful advisors need to buck this trend by doing the exact opposite – that is, by being respectful and patient while addressing all of their clients’ queries, and by approaching the subject of money with the sensitivity that it deserves.

As Aditi observes, “Women are looking for an advisor who really listens to them — and understands that their needs, goals, and dreams may be different from their male counterparts.”

Financial Education: A 2015 study conducted by Fidelity Investments titled Money FIT Women confirmed that women are eager for information about financial planning and investing. In fact, 75 per cent of those surveyed expressed their desire to “learn more about money and investing”.

The facts clearly suggest that women investors are on the lookout for advisors who will patiently educate them on the nuances of investing and provide solutions thereafter, instead of bulldozing ahead and pushing whatever product they have on their checklist on that day.

“When in doubt, leave it out’ is the approach women take when it comes to making investments. A lot of women lack the confidence in their knowledge and understanding of financial products,” says Vinita Idnani, Partner, Capital League, a boutique wealth management firm.

An advisor who doubles up as an educator will also help women build the confidence required to make investments outside the realm of the traditional. So, it becomes critical for advisors to be able to explain the idiosyncrasies of the financial world to their women clients, without coming across as impatient or derisive.

“Women are looking for advisors who will instil confidence in them, and inspire them to take control and really ‘own’ their money”, says Aditi.

Goal-based Planning: While women aspire for portfolio returns just as much as men, they tend to view the process of investing more as a “means to an end” or a goal achievement tool, rather than something to brag about at the water cooler!

“Very few women invest just to multiply money aimlessly. For most of them money is a means to something more. If there is no specific goal, financial independence itself becomes a goal,” says Maheshwari.

So, being a mere distributor of financial products is unlikely to impress women investors too much. Instead, advisors need to hone their skills as 360-degree financial planners who have the ability to identify and plan for life goals, manage and mitigate personal risks, and help their clients plan for their retirement.

“Women like to see the big picture and align their investments to their financial goals. Once their confidence, both in themselves and their financial advisor is built, they are open to all kinds of investments,” concludes Idnani.

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