



Improving Client Relationships Through Data Visualization

INTRODUCTION

For most of the era of personal wealth management, client meetings have largely followed a set routine for financial advisors and their clients. Once a year, the advisor and client get together in the advisor's office for a formal review.

During the review, the advisor pulls out various financial reports, most of which consist of tables and lists of transactions, portfolio value changes over time, and some bar graphs or pie charts to illustrate a portfolio's allocation mix.

But increasingly, advisors are finding the traditional form of client reporting to be unsatisfactory...and their clients feel the same way. In fact, most clients report that they find traditional charts and graphs to be difficult to understand.¹

It's no wonder that investors don't enjoy an hour of reviewing long lists of numbers: Visual-minded learners are 65% of the population², and those long lists and unfriendly graphics don't do much to concisely explain how much closer they are to being able to confidently retire or take their family on a vacation they've been planning for the last two years.

Clients want straightforward, actionable insights from their advisor that they can intuitively understand and implement. But how can advisors provide those insights without a variety of charts that need expansive explanations?

The answer is in data visualization

Data Visualization

Presenting information in a picture, chart, diagram, or other visual medium to clearly communicate its importance and identify relationships between different sets of data.

Data visualization helps advisors align more closely with the experiences that their clients know and love outside of wealth management.

In everyday life, consumer experiences are shaped by robust graphic design, a mobile-first software focus, and simple visuals that prioritize key actions.

Look no further than how consumer mindsets about services companies have been influenced by their interactions with companies like Netflix, Amazon, and Uber. Consumers easily access these companies online or through an app, they require minimal time to learn, and they allow a user to acquire what they want almost as soon as they sign up.

Financial advisors don't need to fight against how companies like these are shifting consumer expectations; instead, they can adopt elements of their approach for their own benefit.

Incorporating data visualization into wealth management relationships helps advisors build stronger, more trusting relationships in three primary ways:

- **Financial education** fosters greater literacy
- **Decision-making** becomes simplified
- **Trust** develops through transparent communication

Over the remainder of this white paper, we'll explore how data visualization helps advisory firms achieve each of these three goals.





Financial Education

The role of a financial advisor is not only to assess a client's financial situation and offer sound advice, it's also to help clients feel prepared to act on that advice.

But **only 38% of advisory clients feel “extremely confident” they can leverage their advisor’s information** to make good investment decisions.³

It's clear that advisors don't simply need to provide quality financial insight; they need to provide recommendations that lead to clear outcomes and actions.

Traditional data-heavy charts and graphs are often the opposite of clear and digestible. Many clients find these traditional visual mediums confusing, which makes simple communication impossible.

By leveraging data visualization technology that lets them provide simple and easily customizable visuals, advisors help their clients clearly understand their individual situation and identify how their behavior needs to shift if they want to reach their goals.

Clear and simple visuals help advisors make their points more clearly, and they're also what clients desire. **Two-thirds of investors think their advisor should do more to visualize the data they show them.**⁴

How do visualization tools make data more understandable?

Instead of using charts and tables, visualization tools and techniques use images and diagrams to communicate a message someone can receive at a glance.⁵

Advisors who want to develop financially literate clients should rely on robust visuals to help their clients grasp information more quickly and retain that information longer.



Decision-Making

Once clients have a solid foundation of financial literacy to help them understand their relationship with money, it can be easier to guide them toward making more sound decisions about their financial lives.

There is openness to the role technology can play here, as consumers increasingly believe that everyday tools may help them make better financial decisions.

Over 70% of clients feel that emerging tech, like wearables, can help them reach their financial goals by prompting good decision-making.⁶

Not all advisors may be able to send behavioral reminders to a client's smartwatch, but using visualization technology in meetings or through screen sharing can drive better decisions, which leads to a higher rate of goals achieved.

Traditional wealth statements don't help with

decision-making, though, because of two primary limitations: They are usually the same for each client, and they are non-interactive.⁷

If decision-making is to improve, the information and recommendations made by an advisor needs to be personalized to each client.

By replacing static wealth reports with interactive, visually-driven tools, advisors can engage clients with their finances by making them an active participant in the discussion.

Most importantly, smarter tools have made it easier for advisors to discover insights and opportunities, and deliver them to clients.⁸ By incorporating clearer insights, advisors can engage clients at a higher level and build their understanding about the ramifications of each decision.

As financial understanding increases, a client's ability to make better decisions about their situation should also increase.



More than anything, visuals help to simplify the decisions presented to a client by making each option clear. The benefits of making each decision route easily understandable can't be understated. In fact, the simplicity created by data visualization is what makes its value so high for advisors when used in client relationships.⁹



Trust

If advisors want clients to make better decisions using their enhanced financial literacy, they also need to make their advice personal to each person—not simply *personalized*.

We know from behavioral finance that clients all have different preferences for meeting styles. They all learn differently from one another and they think about their investments uniquely.

And while visual learners are the majority of the population, that learning preference does not simply mean everyone can get the same advice, even if the delivery method may be similar.

Advisors who adapt their delivery and recommendations for each client's personal situation create more trust in their relationships.

Using enhanced visualizations of wealth in communications is a strategy that works across

mediums. Visualization is helpful when in-person, but it also creates a much better experience for clients who prefer digital meetings.

Data visualization creates transparency in a relationship by making a client's financial picture and key decisions more apparent. In an industry where trust can still be hard to come by—a recent survey found that 30% of investors felt a financial advisor would be likely to take advantage of a consumer—any opportunities to increase transparency in communication should be welcome.¹⁰

By introducing more transparency into the relationship, advisors create a stronger bond—and ultimately deeper trust—because clients know they are being heard.



References

¹Digital Wealth Management: Winning Clients in the Era of Hybrid Advice. FactSet. <https://advantage.factset.com/digital-wealth-management-series-confirmation?submissionGuid=be97e5ae-af32-4387-97b4-2013a07009b8>

²How to Spot Visual, Auditory, and Kinesthetic-Learning Executives. Inc.com. <https://www.inc.com/molly-reynolds/how-to-spot-visual-auditory-and-kinesthetic-learn.html>

³Digital Wealth Management: Winning Clients in the Era of Hybrid Advice. FactSet. <https://advantage.factset.com/digital-wealth-management-series-confirmation?submissionGuid=be97e5ae-af32-4387-97b4-2013a07009b8>

⁴Digital Wealth Management: Winning Clients in the Era of Hybrid Advice. FactSet. <https://advantage.factset.com/digital-wealth-management-series-confirmation?submissionGuid=be97e5ae-af32-4387-97b4-2013a07009b8>

⁵How Visualization Tools Improve Your Financial Understanding. TD Ameritrade. <https://tickertape.tdameritrade.com/investing/personalized-portfolio-analyzer-visualization-17029>

⁶Digital Wealth Management: Winning Clients in the Era of Hybrid Advice. FactSet. <https://advantage.factset.com/digital-wealth-management-series-confirmation?submissionGuid=be97e5ae-af32-4387-97b4-2013a07009b8>

⁷Data Visualization for Financial Services: A Pragmatic Approach to Harnessing Business Insight. Synechron. <https://www.synechron.com/sites/default/files/white-paper/Data-Visualization-For-Financial-Services.pdf>

⁸Ibid.

⁹Ibid.

¹⁰Many Investors are Confused About Financial Advice: Personal Capital. ThinkAdvisor. <https://www.thinkadvisor.com/2019/03/13/many-investors-are-confused-about-financial-advice-personal-capital/>





www.asset-map.com

sales@asset-map.com

Tel: (+1) 888-664-8850