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Communication Essentials for Financial Professionals

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This material is based upon work supported by the National Institute of Food and Agriculture, U.S. Department of Agriculture, and the Office of Military Family Readiness Policy, U.S. Department of Defense under Award Number 2015-48770-24368.



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PERSONAL FINANCE
Military Families Learning Network

Listening, Processing, and
Understanding: Working More
Effectively with Clients in
Personal Finance



June 5-7, 2018

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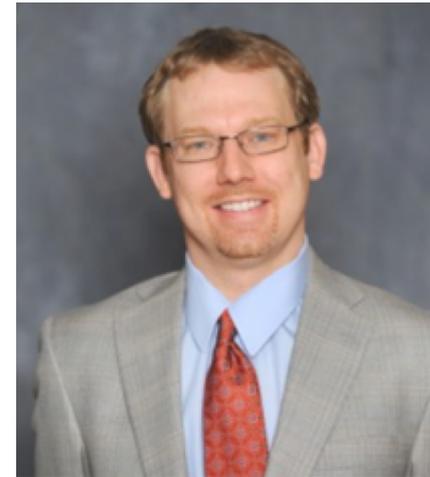


Today's Presenters



John Grable, Ph.D., CFP(r) is a professor in the Department of Financial Planning, Housing and Consumer Economics at the University of Georgia. He is an Athletic Association Endowed Professor of Family and Consumer Sciences. His research interests include financial risk-tolerance assessment, behavioral financial planning, and financial decision making.

Joseph Goetz, Ph.D., is an Associate Professor in the Department of Financial Planning, Housing and Consumer Economics at the University of Georgia. His research focuses on financial planning behaviors and financial therapy.



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Communication Essentials for Financial Professionals

Drs. Joe Goetz & John Grable

Webinar Goals

- To understand importance of communication in developing the financial professional-client relationship
- To understand how specific communication and sensitivity skills can strengthen the working alliance between the financial professional and client
- Develop a personal action plan for enhancing one's communication skills



An Introduction to Applied Communication

- ▶ Desired Outcomes
- ▶ Communication Defined
- ▶ The Theory of Communication
- ▶ The Importance of Feedback
- ▶ Structuring the Process of Interpersonal Communication



Developing Communication Capabilities

Which are you?

- Entry Level
- Competent
- Expert



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Developing Communication Capabilities

- ▶ **Entry-Level**
 - ▶ Be able to
 - ▶ Apply active listening skills
 - ▶ Use verbal and non-verbal cues
 - ▶ Ask questions
 - Level 1 probe
 - Level 2 probe
 - ▶ *Reflection statement*



Developing Communication Capabilities

▶ Competent

- ▶ Applying a systemized approach to communication with intentional use of various communication technique
- ▶ Engaging in reflection and identification for opportunities for improvement
 - ▶ *Paraphrasing statement, scaling questions*



Developing Communication Capabilities

▶ Expert

- ▶ Effectively use silence and understand how factors such as transference shape the client-planner relationship
 - ▶ *Summarizing statement, reframing*
- ▶ Using a theoretical or trans-theoretical approach when working with clients



Communication Essentials: Establishing Trust & Rapport

- Why focus on developing client rapport and trust?
- If I create a good plan or provide the best recommendations, the client will trust me, right?



Research on Establishing Trust

Cognitive Trust vs. Affective Trust

- Feelings are more powerful than thoughts
- Research findings show that having the client's affective trust contributes over and above having the client's cognitive trust when predicting actual client loyalty (Webber, 2000).



The Working Alliance

- What can we learn from the therapist-client relationship within the mental health fields?
 - Decades of good research
 - The rapport or relationship between a client and therapist is often referred to as the working alliance, therapeutic alliance, or therapeutic bond.
 - Strongest link in therapy to outcome is this relationship
(Martin et. al., 2000; Kivlighan, 2000)



The Working Alliance

- No difference in overall effectiveness between therapies of differing orientations
(Wampold et al., 1997; Luborsky et al., 1975)
- Work alliance in the initial stages of counseling is strongly correlated with the positive outcome of therapy (Horvath et al., 1991)
- The client-financial professional *working alliance* is key!



Establishing the Working Alliance

What two main factors predict the strength of the working alliance, and in turn, the positive client outcomes?



Establishing the Working Alliance

1. Level of agreement on goals and process
2. Level of emotional connection and trust



Challenges to Developing Rapport

Why is it so much harder to connect with some clients or audiences as compared to others?



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Challenges to Developing Rapport

- Self-presentation bias/impression management
Kelly (2000) indicates clients often keep parts of their history or situation secret in order to improve their image in the eyes of the professional
- Natural distrust
- Comfort with personal (financial) self-disclosure
- Maladaptive money scripts
- Client is unclear about their own values/goals

*“Our mission is to help clients accomplish their dreams, goals and life purpose...
However, few clients can list these quickly or easily.” (Briaud, 2003)*



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Overcoming Challenges

Establish the Working Alliance

1. Level of agreement on goals and process
2. Level of emotional connection and trust



Research Findings

How can a financial planner/counselor/educator build a strong rapport (i.e., a strong working alliance)?

- Personal attributes such as being honest, trustworthy, warm, confident, and interested were found to contribute to a stronger rapport or alliance.
- Therapist techniques such as reflection, making note of past success with clients, encouraging the expression of emotion, were also found to contribute to stronger alliance. (Ackerman et. al., 2003)



Using Communication Skills to Strengthen the Work Alliance for Positive Outcomes

There are a number of ways a financial professional can increase the likelihood of a strong rapport with a new client, such as:

- Controlling the physical setting
- Education
- Using communication techniques

Initial contact and language used , empathy (Carl Rogers, 1961, 1975), active listening, silence, etc.

- Sensitivity in Communication



Physical Setting

- What effect, if any, does the physical environment have on the financial professional-client process of developing a working alliance?
- Is the physical environment facilitative of counseling-relevant processes, such as self-disclosure, relationship development, self-exploration, and rapport building?
- Stress and the physical environment – understanding the office environment



Physical Environment

3 dimensions, reflecting the fact that environments affect individuals physically, psychologically, and emotionally:

- Physical dimension
 - e.g., relative humidity, light characteristics
- Mental dimension
 - “messages” imparted to clients by physical environment
- Emotional dimension
 - the way an environment feels to clients and what emotions may be evoked by certain environments

What factors should we consider?



Physical Environment

- Color
- Artwork and accessories
- Furniture and room design
 - Interaction distance
- Interior design
- Lighting
- Smell
- Sound
- Temperature



Furniture and Room Design

- Interaction distance and “Body Buffer Zone”
 - 48-60 inches
 - Intermediate distance w/ furniture layouts
- Female counselor and male counselors
 - Traditional versus humanistic offices
- Privacy and self-disclosure
- Clean vs. cluttered
- Displaying diplomas and credentials



Sound

- Water sounds and music to mask external noise
 - Increased feeling of privacy
 - Decreased distractibility
- Research shows that slow, calming music can calm agitated clients and decrease stress



Education/Understanding/Knowledge

- Level of desire by client
- Establishes trust

Research has shown the “financial knowledge” of client to be a strong indicator of goal attainment (O’Neill, et. al., 2000). Other research has shown little change in behavior with increased knowledge.

- What about financial attitudes, self-efficacy, confidence, etc.?



Empathy

Sympathy vs. Empathy

- Empathy will set you apart from the rest of the sympathizers
- Planner/counselor senses accurately the feelings and personal meanings that are being experienced by the client
 - Communicates this acceptant understanding to the client



Empathy Example

Empathy applied to First Contact

Unstated questions:

- Will you listen to me and hear what I want?
- Can you give me what I need?
- Will this be a comfortable relationship?



Listening Skills

A number of techniques are widely recognized in counseling psychology as effective listening:

1. Listening carefully to what is said and how it is said
2. Using silence
3. Reflection, clarification, summarizing, and paraphrasing statements to encourage self-disclosure and give the client opportunity to organize and complete thoughts...ensure proper and full understanding of client's meaning



Listening Skills

- Paying Attention to the Client
- Attending to What Is Said
- Interpreting What Is Heard
- Transference and Countertransference



Listening Skills

- Passive versus Active Listening and Responding
- Silence: A Stressful Time for Client and Financial Professional
- Responding to “I Don’t Know”



The Power of Listening

Reflection Statements

- Capturing what was most important about what was said.
- Anticipating an emotion....putting a name to what the client are trying to say.

Communication leads to trust

Trust leads to commitment

Research on antecedents of trust and commitment in the financial professional-client relationship found that communication plays a key role in determining the level of trust, and subsequently trust is the key variable related to commitment (Christiansen, 1998).



Questioning

- Open-Ended Questions
- Closed-Ended Questions
- Choosing Between Open and Closed-Ended Questions



Questioning

- Swing Questions
- Implied and Projective Questions
- Scaling Questions



Nondirective Communication

- Outcomes Associated with Nondirective Communication
- Clarification
- Summarization
- Reflection
- Paraphrasing



Directive Communication

Direction: The Essence of Financial Planning/Counseling/Education

- Interpretation
- Reframing
- Explanation



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Directive Communication

Direction: The Essence of Financial Planning/Counseling/Education

- Advice
- Suggestion
- Urging
- Confrontation



Use of Self in Client Relationships

“Bio-Reaction” - (tear or breach in the working alliance)

- Moments when your intention is incongruent with the reception
- So, the question is, do you address this bio-reaction?

“Use of self” - technique for building trusting relationships

- Involves noticing what is occurring in your work with your client and using it to direct the course of a conversation

Source: “Use of Self in Client Relationships” Journal of Financial Planning 16 no2 36-7 F 2003



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Use of Self

SELF-AWARENESS

- Be self-aware--notice what you are feeling
- Usually what you are feeling yourself is an indication of what is happening for the client.
 - "Do I feel like I have to sensor every word I say? Am I feeling tense? Am I avoiding certain questions? If so, why? What am I afraid of?"



Use of Self

- "I've noticed since we started talking about your tax exposure that our conversation has seemed tense. If that is true, would you like to talk about it?"
- "I know that you have a background in finance. So I'd really appreciate your thoughts."
- "I'm aware that most of my conversations have been with your husband, but I realize that this is your money as well. Do you feel that I have adequately included you in the process?"

Your effectiveness as an advisor/counselor/educator ultimately depends upon the quality of your relationship with your clients/participants.



Building Trust and Rapport

- Power of using client' s name
- Boundaries
- Vocabulary
- Stress confidentiality
- Inappropriate self-disclosure
- Body Language
 - Eye contact
 - Physical position



Politeness & Sensitivity in Communication

- The Power of Language
- Politeness
- Politeness through Inclusion versus Exclusion



Politeness & Sensitivity in Communication

- Sensitivity
- Language Sensitivity
- Trust, Culture, and Communication Taboos



COMMUNICATION SKILLS:

Communicating to Build a Strong Working Alliance

- Learning styles and preferences
- Active Listening and Attending
- Asking and Avoiding Questions; Open-ended questioning
- Pacing or Mirroring/Matching
- Reflecting and Restating
- Paraphrasing
- Summarizing
- Non-verbal Communication
- Self-Disclosure
- Noticing, Challenging, or Confronting
- Affirming or Complimenting
- Empathizing
- Normalizing
- Professional language
- Using Silence
- Reframing



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Source: Grable & Goetz, 2017: Communication Essentials For Financial Planners.



Steps to Improve Communication Skills

1. Understanding and use of communication techniques
2. Self-assessment of communication – Audio/video recordings
3. Reflection on communication socialization
 - Family of origin
 - Peer groups
 - Relationships
 - Develop list of tendencies and biases
 - Make notes on conversations
4. Application of underlying theoretical orientations to communication

Exercises for Communication Skill Improvement

- Creating videos practicing and demonstrating communication technique
- Peer or Self-Evaluation
- Creating a culture of positive and negative feedback acceptance
- Practice difficult conversations (role-plays or recordings)
 - Responding to difficult questions
 - Responding to emotional events
 - Examples of what to say and what NOT to say



Creating a Communication Skills Portfolio

Create a communication portfolio

- Checklist of useful communication techniques (for purpose of ongoing practice)
- List of Communication strengths and opportunities for improvement (e.g., tendencies based in communication socialization)
- Video/audio recordings of communication tendencies and/or techniques
- Article reviews
 - Journal of Financial Planning
 - Journal of Financial Therapy
 - Journal of Personal Finance
 - Journal of Financial Service Professionals
 - Financial Services Review
- A personal professional development plan focused on communication

Other ideas:

- Design communication training modules
- Design practice videos for difficult questions from clients or responding to emotional event
- Writing and practicing specific professional-client scripts based in specific theory



Additional Questions?

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https://vte.co1.qualtrics.com/jfe/form/SV_cCnYjc9xdB6NVwp



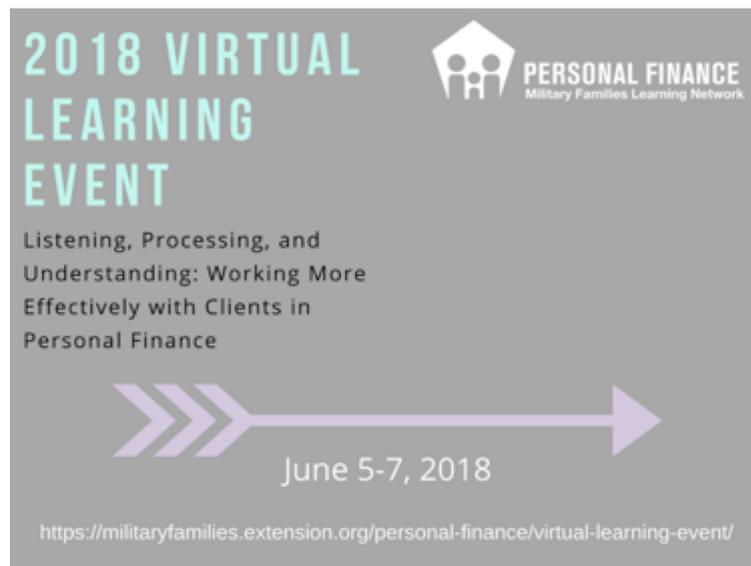
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2018 Personal Finance Virtual Learning Event

Capstone Discussion

- Thursday, June 7, 2018
- 1:00-1:30 pm Eastern
- Location: learn.extension.org/events/3329

For more information on MFLN Personal Finance go to:
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The graphic features a grey background with teal text for the event title. A logo of a house with two figures is positioned to the right of the title. Below the title, the event's theme is written in white. A large, stylized arrow points to the right, with the dates 'June 5-7, 2018' centered below it. At the bottom, the event's URL is provided in white text.



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