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The Financial Coaching Advice Model: An Exploration into how it Satisfies Expectations of Quality Advice

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Abstract

For 20 years, the financial planning sector in Australia has been transitioning from a sales-orientated force to a profession of qualified and skilled practitioners. Today, the potential for professional financial planning advice to benefit Australians financially, economically and psychologically is recognised by government. Financially, these benefits include increased savings, less interest expense through faster debt reduction, higher investment returns and appropriate levels of insurance. Economically, a more financially literate society has the potential for less reliance on an already burdened social security system. Psychologically, the benefits include the peace of mind that comes from an individual being confident in financial matters. However, despite this level of recognition and development, national surveys have reported that only a small percentage of the population actually seek professional financial advice. The factors attributing to these low percentages included the gaps in financial literacy limiting an individual's engagement in financial matters and consumer's current mistrust of the financial advice business models that remain dominated by commission-driven product sales. These deficiencies have led some financial planning firms to break from financial product sales as the primary advice model and focus on financial coaching. Exploratory interviews with the practitioners and clients of a selected financial planning firm have generated insightful discussion into how a financial coaching advice model is achieving the financial, economic and psychological benefits recognised by government as the potential outcomes of professional financial advice. The aim of this paper is to present the findings from that discussion and demonstrate the opportunities embedded within a financial coaching advice model. It is argued that this discussion offers a foundation for future research direction in an area currently under researched in academic literature.

Keywords

Professional financial planning; financial advice; financial coaching; cognitive behavioural coaching; quality advice; grounded theory; client engagement; coaching

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Introduction

Following 20 years of legislated reform, the potential for professional financial planning advice (PFPA) to benefit Australians financially, psychologically and economically is now recognised by the government (ASIC 2010). However since 2003, general concerns about the scale of financial loss incurred by PFPA clients from market and corporate collapses have forced the Australian Securities and Investment Commission (ASIC) to investigate the PFPA processes. The investigations have included shadow shopping campaigns[2] to test the quality of PFPA and a national survey to capture the population's perspective on accessing PFPA. In terms of quality, the findings showed concerning levels of PFPA that did not communicate to the client how the advice was appropriate for them nor fill a knowledge gap sufficient to instil confidence in the client to act on the advice. Factors such as gaps in financial literacy which limited an individual's engagement in financial matters and mistrust of advice that was dominated by product sales were contributing to a low percentage of people who access PFPA (ASIC 2003, 2006).

These deficiencies have led some PFPA firms to break from financial product sales as the primary advice model and focus on financial coaching. Exploratory interviews with a selected PFPA firm have generated insightful discussion about how a financial coaching advice model (FCAM) addresses the deficiencies, builds trust and benefits the client financially, psychologically and economically. In the literature, attention given to the professional financial planning advice model (FPAM) is largely anecdotal. As a result, the FPAM has evolved without any self-defining theory which identified relational elements of the FPAM and effectiveness. Consequently, whether the FCAM more closely satisfies the expectations of quality advice and realises the financial planning potential to benefit Australians financially, economically and psychologically remains an unanswered empirical question.

Prior research in education, law and health contexts indicate the significance of coaching approach models to influence individual change (Argyris 1991, 1994; Bandura 1977; Kofman & Senge 2001; Martin & Dowson 2009). The exploratory interviews presented in this paper highlight similar findings in the comparison between FPAM and FCAM as described by the subjects. It is argued these discussions offer a foundation for future research into the relational elements of financial coaching which have satisfied expectations of quality advice and more closely realised the potential of professional financial advice. In turn, this knowledge could also assist the broader financial planning profession understand the elements which are most and least critical to winning a client's trust and the public's confidence to seek PFPA.

The next section provides some background on the evolution of the FPAM and the basic differences between the FPAM and FCAM. The second section presents the methodology used for this exploratory research and discusses the responses generated by the selected subjects. The final section concludes with a summary of the indications and foundations for future research.

[2] Shadow shopping research is a particular type of market research that specifically does not involve individuals identifying themselves to their financial advisers as participants in the study (ASIC 2012 p16).

Background

The Evolution of the Professional Financial Planning Advice Model (FPAM)

The FPAM emerged in the 1980s as part of the movement to transition a sales-orientated force of financial planners to a profession of qualified and skilled practitioners. At that time, financial advice was dominated by insurance and investment product sales and largely driven by networks of insurance agents. This sales process was rarely qualified or supported by any requirement to understand the client's total circumstances. There was a call for change with Gwen Fletcher[3] credited with the impetus for change. Fletcher, a licensed financial planner played a leading role in establishing the Financial Planning Association (FPA) (Schmidt 2007). Fletcher's drive to shift the industry to a profession triggered an overhaul of the financial advice industry (Cowen, Blair & Taylor 2006; Cull 2009; Warschauer 2002). The articulation of these changes was formalised by the FPA into codes of conduct expected by its sector membership, namely to comply with the altruistic motives of fairness, honesty and reasonableness rather than the bias towards self-interest common to product driven advice (FPA 2007; Smith, Armstrong & Francis 2007). Raising the profile of the financial planning industry was then followed by financial planning firms having even greater influence over the distribution and sale of financial products. This contributed to further industry growth leading the government in 2002 to pass the Financial Services Reform Act (FSRA), giving the ASIC the power to enforce the Regulatory Guidelines (RGs) so as to protect the public from ill-intended financial advisers (Cull 2009).

Whilst the merits of the 2002 FSRA received unequivocal support for driving the transformation of the FPAM, the new regime placed the onus on financial planning firms to interpret their obligations (Cull, 2009). In response, interpretations of compliance resulted in a widely used FPAM which includes a six step process and presented in Table 2 (CCH 2010). To monitor the financial planning firm's acceptance of the reforms, ASIC initiated a series of surveys and shadow shopping investigations (ASIC 2003, 2006, 2010). The investigation exposed a range of deficiencies in relation to the FPAM, as reported in Table 1, and indicated the transformation from the historical sales-orientations to a skilled and objective FPAM to instil confidence and trust in the advice provided, was still just an ideal.

ASIC's reforms generated debate about which characteristics satisfy public expectations of quality advice. Those unconvinced by the effectiveness of the reforms perceived the reforms as merely window dressing, whilst the question as to the capacity for existing FPAM to foster sustainable client benefits was ignored (Brown 2008). For instance, from the perspective of compliance, there is broad agreement that by itself compliant advice is not enough to satisfy the client experience. Whilst a six step process FPAM can deliver technically compliant advice, the advice could be inappropriate to the client's needs and hence fail the quality test (Bacon, 2009; Townsend 2010). In terms of quality, many current descriptions of the FPAM consistently refer to the integrated nature of the advice to satisfy clients' needs which are as varied as the individuals themselves. As a result, trends indicate that an FPAM which is built on understanding both the technical and individualistic client needs (such as financial coaching) better serves the client in achieving their financial goals and hence satisfies the client's needs (Anthes 2004; Copp 2009; Ioannides 2005; Jackling & Sullivan 2007; Wagner 2002).

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[3] In 2007, Gwen Fletcher was made an Order of Australia for services to the development of the financial planning industry (Schmidt 2007)

Table 1
Summary of Deficiencies Found in ASIC Investigations of Planning Advice

Report	Deficiencies Reported
ASIC 2003	**Report 18: Survey on the quality of financial planning advice** From 124 plans received, deficiencies reported: • Failing to show how the recommended strategy and action was appropriate for the client. • Plans ignored key client requirements. • Plans recommended selling /switch of investments without showing how new investments would be better. • Plans were padded with reams of generic information and difficult to read. • Higher-fee investments were recommended without showing why these were better. • Overall quality was significantly worse if the planner was paid by commission.
ASIC 2006	**Report 69 : Shadow shopping survey on superannuation advice** From 306 sample Statements of Advice (SoA) received, deficiencies reported: • 19% failed to provide a reasonable basis; conflicts of interest re commission were significant. • 43% failed to provide a written SoA. • Where a written SoA had been provided, overall it was clear but still room for improvement.
ASIC 2010	**Report 224: Access to financial advice in Australia** From a range of examination methods (quantitative and qualitative methods), issues reported:- Fewer than 40% of Australian adults have ever used a financial planner. Most common reasons:- • Perception that advice is out of their reach and financial circumstances do not warrant advice. • Mistrust of financial planners to provide unbiased advice. • Gaps in financial literacy which limited consumer engagement with financial matters. Advice type preferences were distinguishable by age groups. For example:- • Younger demographic groups indicated a stronger preference for property investment advice. • Older demographic groups had a stronger preference for superannuation and financial investments. • Findings also indicated the younger consumers‘interest in property investment advice was found to be less well served by the financial planning sector currently and consequently may contribute to the relatively lower proportion of young people seeking advice. • Broadly, preference was for piece-by-piece simple and factual advice rather than holistic advice. Significant gaps existed between the perceived value and cost of advice. For example:- • Consumers' value of advice was $301 average versus actual cost of advice $2,500 average. • Findings also indicated actual costs were driven by compliance requirements and operational challenges associated with streamlining delivery.

By all accounts, the evolution of the FPAM is ongoing. The defining characteristics which optimise the financial, economic and psychological benefits recognised by government as the potential outcomes of professional financial advice remain compounded by a lack of academic attention on FPAM. Consequently the evolution of the FPAM proceeds without a theoretical foundation. Black, Ciccotello and Skipper (2002) argue that few disciplines have attained professional recognition and the public's trust without a strong theoretical foundation and that a therotical base on which an FPAM can be built needs to be developed. To contribute to the called for theoretical development, the next section compares the elements of the coaching model which underpin this exploratory research.

Benefits and Principles of Coaching

Researchers of client-practitioner models in the professional services report a greater use of client / patient involvement such as cognitive behavioural coaching (CBC) when prescribing decisions. The benefits of such approaches were found to satisfy an increasing level of client sophistication and their desire to work with professionals who respect them; are prepared to share their expertise with them on a transparent basis and demonstrate a greater appreciation of the client's own capabilities as equally important. Studies analysing the correlations between coaching and improved personal capability found the drivers of change in the coaching model included collaborative management; strategically leading learning tools and the management of issues that undermine accountability i.e. excuses (Argyris 1994; Kofman & Senge 2001). For example, Argyris (1994) argues that it is the applied knowledge created during the educational experience by the coach that helps to hold the participants personally and causally responsible for their actions; involve the individual in identifying what is needed and makes good use of empowerment to shape lasting solutions to fundamental problems.

In a CBC relationship a skilled coach understands the elements of transformation and uses guided discovery in a one-to-one relationship of trust aimed at fostering learning and personal growth. The process of guided discovery is argued to increase effectiveness by promoting individual awareness around self-limiting behaviours and knowledge gaps hindering the achievement of the individual's goals and objectives. In turn, this psycho-educative process seeks to develop an individual's skills to become their own coach; using their acquired knowledge to more effectively deal with challenges and put in place counter-measures to achieve their goals. Other elements such as an individual's learning-style are taken into account and their preferences integrated into the process i.e. the set up of customised experiential learning activities. Motivating the client to action is maintained by regular sessions and supported by time-limited, solution-focused action plans and consistent two-way feedback on the effectiveness of the coaching (McMahon, 2007).

CBC in the Financial Advice Context

CBC in the financial advice context was defined as an activity directed at providing "practical considerations in the present and an exploration of the past experiences that may hinder or help clients in setting and achieving their goals" (Grable, 2009: 99). In a financial coaching advice model (FCAM) the adviser facilitates change by focusing on both the individual's exterior and interior issues in relation to their financial status. Exterior issues were referred to as the quantitative aspects of a client's financial life (i.e. cashflow, net worth statements) and interior as the way clients relate to personal financial issues (i.e. beliefs and emotions; awareness and authenticity; dreams, possibilities and undefined goals). Integrated into the six step process the differences between the FPAM and FCAM are:-

> *Step 1: Establish the relationship*: both models address the regulatory obligations and establish the terms of engagement at this stage. Central to the FCAM relationship is the requirement to establish clear parameters for the work to be done by the client in collaboration with the adviser as coach. Under an FPAM the terms of engagement are more paternalistic with the adviser as transactional agent for buying/selling of financial products and assuming responsibility for the strategies and implementation.

Step 2: Gather data and identify goals/financial problems: both models use questioning techniques to gather data and identify a client's financial capacity and objectives. Under an FPAM this fact finding exercise typically involves a client handing over their data to the adviser for recording, evaluation and forming wealth creation recommendations. Alternatively, FCAM focuses on client accountablility and requires the client to extract a budget; identify financial capability, expenditure leakages and knowledge gaps. Personal accountability for the data and the financial behaviours i.e. spending patterns, are reinforced through the use of visual aids and spreadsheet analysis. In contrast to FPAM, opportunities and threats to the client's financial objectives are discussed collaboratively with the intent to motivate action by developing a client's sense of self-efficacy and self-awareness of their financial potential.

Step 3:Analyse and evaluate: FCAM is differentiated at this stage by the high level of client engagement and education in the analysis and evaluation of the appropriateness of any wealth creation strategy. Specifically, a customised pathway of supplementary education and/or research is scheduled for the client's action. The purpose of the schedule is to develop a client's understanding of the benefits and risks associated with their particular wealth creation plan. In contrast, the FPAM adviser completes the analysis and research in order to justify their financial advice.

Step 4: Develop and present recommendations: both models comply with regulation and ensure their advice is documented in an SoA. To comply with legislation the adviser must establish appropriateness by outlining the benefits, risks and justifications. The FPAM places a strong emphasis on this document to introduce this advice. The FCAM places equal importance on compliance however the SoA is used to provide an overview of the collaborative discussions of the benefits, risks and alternatives of recommendations held in each coaching session.

Step 5: Implement recommendations: as the transactional agent, the adviser in FPAM is heavily involved in the implementation step. Typically, this involves completion and follow up of paperwork to transact the buying or selling of financial products. In contrast, the FCAM adviser guides the implementation process by refering the client to specialists and/or education pathways. The implementation is administered incrementally and customised to the client's needs and readiness.

Step 6:Review: the FCAM emphasis on client engagement is markedly distinctive from FPAM in the review step. Typically an FPAM schedules a review meeting half yearly or annually. The purpose of these meetings is to review the performance of investment portfolios and check for any personal or financial changes affecting the previous advice. The research behind the review meeting is instigated by the adviser. In contrast, the FCAM review meetings are more regular and designed to maintain a client's commitment to a self-improved financial position and motivate continued progress. Client accountability for action and improvement is further reinforced with the data input required for the review being the responsibility of the client.

Table 2 illustrates the comparison between the advsier's role and the client's actions during the six step process of the FPAM and FCAM.

Table 2
A Comparison of the Adviser/client Role in the FPAM and FCAM Six Step Advisory Process

Step	FPAM	FCAM
1	Adviser attends to initial compliance; builds rapport; provide process overview and sets the terms of engagement. Client agrees (or not) to proceed and signs terms of engagement.	Adviser attends to initial compliance; builds rapport; provides process overview and sets the terms of engagement. Client commits to actions for change and signs terms of engagement.
2	Adviser completes fact finding including: • Identifying finanical goals, • Assesses financial capacity i.e. cashflow, • Assesses threats to the financial plan, and • Surveys client for risk tolerance. Client hands-over finanical data and responds to risk tolerance survey.	Adviser assesses financial literacy in relation to budgeting, and:- • Educates on benefits of effective budgeting / saving, • Provides cashflow analysis toolset, and • Identifies and discusses client's wealth potential. Client completes budget and identifies:- • financial goals and behaviours; • knowledge gaps and other threats to wealth creation.
3	Adviser researches strategy and product to support attainment of client's financial objectives; selects best option as the basis for the financial plan. Client waits for adviser's response.	Adviser engages client in:- • collaborative S.W.O.T analysis of financial objectives and opportunities, • education pathways to develop financial literacy, capability and informed expectation of risk, Client commits to education pathway and to reducing controllable risks to their wealth creation i.e. over-spending.
4	Adviser documents and presents recommendations in the SoA. Client acknowledges understanding of the advice and agrees (or not) to proceed.	Adviser continues to coach client towards wealth creation and reinforces accountability. Adviser prepares SoA and checklist detailing advice and tasks to complete for next session. Client updates financial analysis tools; engages in progress evaluation and commits to next instalment of wealth creation tasks.
5	Adviser processes financial product application paperwork and schedules review meeting. Client co-signs applications and agrees to review schedule.	Adviser coaching continues; knowledge gaps continue to be filled and support scheduled according to client's need. Adviser maintains client motivation with consistent and regular communication. Client completes assigned tasks and records progress.
6	Adviser evaluates actuals to the plan and identifies changes to previous recommendations. Client confirms changes.	Adviser coaching sessions scheduled every 2 months. Client continues to record progress; addressing commitment and any issues affecting progress.

Exploratory Interviews of FCAM Clients and Principal Advisers

The following section presents the research outcomes from the exploratory interviews conducted with clients and principal advisers of a selected FCAM firm.

Situation

The exploratory interviews with the selected FCAM were conducted in two stages. The first interview was conducted with a client couple both aged 27. The young couple had been eager to set foundations in place that would sustain their financial security and had set about seeking the assistance of a professional financial planner. After several encounters with different financial planning firms, finally they had decided to proceed with a firm that had shifted from the traditional 'six step' approach to an FCAM. The couple shared an open account of the effectiveness of the FCAM experience to help them achieve their financial goals and satisfy their expectations of professional financial planning advice. Details of their experience were then followed by an interview with the principals of the firm they had finally chosen as their financial planner.

Research Methodology and Design

To explore this new territory, a grounded theory methodology was used and followed with an inductive analysis of the emerging themes captured during the investigation. Semi-structured questions were employed to drive the discussions. The decision to use a grounded theory approach was based on the opportunities this methodology had to use the cues exposed in the discussions to develop understanding about the FCAM (Corbin & Strauss, 1990; Denzin & Lincoln, 1994). The grounded theory protocols of a good scientific approach suggested by these authors such as applicability, truth value, neutrality and consistency factors were considered in the following way:- *Applicability:* The criteria for the subject selection was driven by their ability to represent a slice of the financial planning world and illuminate the concepts of the FCAM being studied. In particular, the client subjects had experienced three different financial planning models. Their ability to articulate the impact the experiences had had on their personal financial planning were the properties deemed most appropriate to inform the research.

Truth Value

The subject's validation of the interview transcripts within 2 days of the interviews provided an authentic layer of credibility against which the qualitative data was evaluated. This method of verification also served to minimise the threat of a biased interpretation and meet the requirements of *neutrality* and *consistency*. Both the clients and the principal validated the accuracy of the transcripts.

Interview Proceedings

The interviews with the client and with the principal advisers began with an explanation and were recorded. Both interviews proceeded using a semi-structured interview guide consisting of primary, open-ended questions and sub-questions (Table 3).

Data Reduction

A two-step process was used to reduce data. Specifically, Step 1: involved bolding, italicising and colour coding key and/or repeated words in the transcript. Step 2: a matrix was used to manage the subjects' comparisons between an FPAM and FCAM (Table 3: Panel A – Clients; Panel B – Principal Advisers). Colour coding the transcript and the matrix also provided a 'trace back' system of matrix elements back to the original transcript. Combined, this method of data reduction enabled emerging themes to filter through in an orderly form and was representative of grounded theory processes which calls for the interactivity between data and comparison to generate theory (Corbin & Strauss, 1990). The themes (italicised) which emerged from these discussions and subsequently filtered are presented in the following summary of clients' and principals' accounts.

Table 3
Interview Guide Questions and Sub-questions

Panel A: Questions directed at clients	
1	Tell me about your experiences with financial planning? Sub questions: • What prompted you to go to (financial planning practitioner)? • In relation to these reasons – how important was achievement / success / attainment?
2	How is it, that (financial planning practitioner) created those (feelings) and (events)?
3	How would you describe the effectiveness / ineffectiveness in relation to your needs / reasons for going to (financial planning practitioner)?
4	What would you say have been the tangible outcomes of this experience? Sub question: • Have these outcomes met your expectations?
5	In terms of the future – do you know what you need financially? Sub questions: • How do you know? How is it that you know? • How has (financial planning practitioner) contributed to that knowledge?
Panel B: Questions directed at principal advisers	
1	How does the financial coaching process work?
2	How does your model differ from the traditional financial planning advice model? Sub questions: • What are the tangible differences? • How do you support the client's progress?
3	Are all your clients motivated to implement your advice? Sub question: • How do they demonstrate their motivation and progress?
4	How do you know they are succeeding? Sub question: • How do you track the achievement milestones?

Summary of the Clients' Account

The couple believed their *openness to learning* was the key to the sustainability of their financial planning. Consequently the importance of guided and supplementary learning was a consistently expressed factor influencing their judgement about the effectiveness and quality of the advice to instil their *confidence to act* on the advice. This confidence to act on the advice was perceived as being a function of a combination of factors. In particular, *clear, conscious knowledge* about their real financial capability was viewed as a necessary pre-condition to owning and mastering financial control and advance understanding. The clients reported their experiences with the FPAM kept them ignorant of their real financial issues. In contrast, the FCAM *empowered self-awareness*. For example:-

> "We see the whole financial planning experience very much the same as the health process. Many people let doctors tell them what to do without really knowing the causes or sufficient details about the recommendations. For example, you're disclosing all your symptoms, and then getting back the diagnosis and being told the fix. There was no focus on a budget or real demonstration of life path advising and raising key issues to be encountered along the way. With FPAMs we had handed over our symptoms, then got back the advice which were loaded with disclaimers. ….the responsibility for error is washed with disclaimers.
>
> (Re FCAM) The real budget is keeping us accountable. It's a big difference when a client is entering the amounts in the budget. … A financial planner wasn't telling me what my situation was -- we knew…. we have shifted the way we look at our finances from the unconscious to the conscious…. We needed it to know these things to iron out negative behaviours… It's this level of confidence that has given us the space to grow."

The enhanced state of self-awareness was validated by tools and simulations provided under the FCAM. The clients also emphasised the tools provided as part of the FCAM engaged them in activities which motivated them to be *self-builders of their own financial security*.

> "Now we've got structure, control and personal control. We are not ignorant of what we have to do. When we get a pay rise we know how to respond. We are aware of the decisions we need to make to be effective. We have accounts set up so that when a pay rise happens, for example, the response has already been worked through and we don't hesitate about what we need to do, nor do we procrastinate about what best to do with the extra money -- we know.

The couple also revealed the importance and dual role an *interactive and engaged communication process* played in building trust in the quality of the advice. A lack of it (as experienced with their FPAM experiences) had a potentially stagnating effect on their motivation to act. In contrast, the *engaged communication* they received under the FCAM was more closely aligned with the level of honesty they expected from a financial adviser. Additionally, the clients also reported how *congruent communication* between advice and the adviser's behaviour was instrumental in building trust. Their trust in the adviser's competence was also influenced from their first impressions of the practice surroundings and the personally, *prosperous signals* given out by the adviser. For example:-

> "In relation to our other FPAM experiences. They don't look rich. They didn't look personally prosperous. Surroundings were dull, budget like. Internally they're not wealthy. Our FCAM adviser walked his talk. "

Summary of the FCAM Principals' Account:

The principals confirmed the FCAM priority for engaged client-practitioner communication and the use of tools and simulated learning. In particular, the advisers confirmed their clients are coached through every facet of wealth accumulation. In this way, the client is *mentored* by *filling in their knowledge gaps* with a view to action. The principal emphasised that leading the learning was strategic, as it was no use to the client to have knowledge and not do anything with it. For example:-

> "We coach our clients through every facet of wealth accumulation; every asset class. Whether the issues are about properties, shares or business we devise a plan only once our clients understand what their options are. The information is delivered gradually."

> "We acknowledge they may already have runs on the board. For us as mentors that will mean – it's simply a matter of filling in the knowledge gap. From this point they get a better picture of where they are heading. Then it's about putting the thoughts and ideas into – black and white. Then we tie the ideas and thoughts to the numbers and bridge between knowledge and action. This is a very purposeful stage."

The focus on knowledge was to establish the right criteria and frame the risk considerations associated with investment. The *management of expectations* via *knowledge-based action* was viewed as critical to *achievement motivation* that drives sustainable financial planning. To emphasise this point, the principals used the shocks that many investors experienced during the global financial crisis and indicated that a more engaged approach to financial advice like the FCAM offers, could have managed the expectation of such risks more effectively. For example:-

> "We've found investors that feel like they get burned, are those whose expectations have not been managed. They haven't understood the risk they are managing. For example – at one time property trusts were the flavour of the month. Investors purchased these products but didn't understand the risk associated with this product. When the values dropped, they were shocked. The shock came out of nowhere because there was no preparation for it. The shock was the result of expectations not being managed."

> "During the GFC crash – we didn't get the panic calls. That's not our client's expectation of us. They weren't frightened. Instead they were informed, eager to buy and take advantage of opportunities arising from the crash."

Under this FCAM, the management of expectations was operationalised via tools i.e. cash-flow spreadsheeting and investment simulation exercises. These tools are strategically introduced to *make risk tangible and financial problems transparent*. In doing so, the principal argued that compliance, in the regulatory sense was enhanced because not only did the adviser 'know the client' but also the client had the self-awareness and the financial literacy necessary to change and reframe behaviour hindering the achievement of sustainable financial planning. For example:-

> "We want risk to be really tangible… We monitor the risk. We cashflow everything. If we introduce a share portfolio, we fit the dividends into the cashflow. If we introduce debt; we fit that in and check if the surplus is enough to meet the objectives. So the risk is managed."

> "The knowledge is critical… With both the knowledge and the tools to plan the strategy effectively, the client knows – given the plan – if they make decisions outside that scope – they are not going to reach that goal in that time frame. Each deviation is their decision…. In this way we demonstrate they have a choice … what this action creates – most importantly – is accountability."

To support such change, the principals confirmed that as 'the coach' their job was to ensure the clients stay accountable. Maintaining accountability was agreed (by both the clients and the adviser) as a differentiator between FPAM and FCAM. The expectation of accountability and action-planned strategies were established from the start. For example, to bridge any knowledge gaps and make truly informed decisions, clients were expected to research and *learn* how investments work. In doing so, many tasks traditionally taken on by an adviser under the FPAM six step process (i.e. the fact finding exercises and product research) are heavily weighted on client-involvement in an FCAM. The principal argued this level of involvement motivates the client to act by the dynamics of achievement derived from personal *accountability, self-awareness and accurate expectations* of their financial success. This dynamic, they believed, generated a more sustainable financial planning outcome than an FPAM which generates little more than a Statement of Advice. For example:-

> "They have to do their own research. They have to fund their investments – with their time – in learning how the investment works – and with their money… Motivation – we believe is a function of doing the work and a requirement to make this work. If goals are actualising, then that's motivating. … The client is working towards a picture. The picture indicates the milestones. Unless there is a picture, they'll get distracted."

Conclusion and Proposition for Future Research

The aim of this inquiry was to explore how the FCAM satisfies the expectations of quality advice and whether the model more closely realises the potential of financial planning to benefit Australians financially, economically and psychologically. Clearly one set of conversations does not provide an empirical answer. However it is argued the inquiry illuminated a number of factors which distinguish the FCAM. For example:-

a) The clients' descriptions of having gained clear, conscious knowledge about their financial capability empowered self-awareness and their confidence to act under the

FCAM. These outcomes are counter to the reported FPAM deficiencies such as failing to show how the recommended strategy and action was appropriate for the client.

b) The clients' descriptions of engaged communication prioritised by the FCAM is counter to the reported FPAM deficiencies such as ignoring key client requirements.
c) The principal's description of how risk was made more tangible and transparent via tools, cash-flow spreadsheeting and investment simulation exercises under the FCAM was counter to reported deficiencies in the FPAM such as the recommendations made without showing how new investments would be better for the client and the failure to provide a reasonable basis.
d) Both the couple client and the principal described the motivation to achieve was derived from personal *accountability, self-awareness and accurate expectations* of their financial success. This dynamic was viewed as a direct contrast to FPAM that often generate little more than a Statement of Advice.

The deficiencies in the PFPA processes revealed by ASIC investigations have created pressure on the financial planning profession to ensure future advice is effective. This exploratory research indicated the FCAM approach generated client satisfaction in the quality and effectiveness of the advice. Similar opportunities for improved client outcomes have been addressed in other professional services' fields and have described the empirical evidence, indicating the significance of leading learning; engaged communication and fostering self-processes which influence behaviour and self-efficacy in a cognitive behavioural coaching relationship. Further exploration of financial advice in the cognitive behavioural coaching context could inform the financial planning profession about meaningful aspects which satisfy a client's expectations of quality; address the reported deficiencies of the FPAM and more closely realise the potential of professional financial advice to benefit Australians financially, psychologically and economically.

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