

# Trust, loyalty: ethical heartbeat of wealth management

IN WEALTH management, trust stands tall as the bedrock of client engagement. It's the glue that binds clients to the professionals and organisations they count on. A notable statistic from the 2021 Intellidex Wealth Management survey confirmed this – a staggering 70% of new clients traced their origins back to referrals from satisfied clients.

The trust isn't just skin-deep; it's deeply ingrained in our societal fabric. But exactly how do we go about cultivating trust and loyalty in the wealth management industry? The answer lies in a marriage of ethical conduct and client-centred service.

**Crafting a compelling value proposition:** Painting a clear picture of the value you bring to the table is easier said than done. Clients are looking for more than just services; they want a partnership that yields long-term benefits exceeding the fees they pay. After all, it's not about what you pay but what you get. This is where the Service Level Agreement (SLA) comes into play. The pivotal document sets the stage, covering everything from the frequency of review meetings to the digital channels enhancing the customer experience.

The SLA is your compass, providing a clear path towards the family's lifestyle and investment goals while keeping a keen eye on the costs involved. And when "good" and "excellent" are spelt out and understood, success



## OPINION

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becomes easier to gauge.

They say trust is often formed within the first 10 minutes of an engagement. Wealth managers often have a slim window to demonstrate their value. In a world awash with information gaps and conflicting interests, advisers must wear the armour of impartiality. This means embarking on a journey of analyses even before advice takes centre stage.

Another trust-building strategy involves presenting various investment alternatives, allowing clients to make decisions based on relative value. Should they opt for a predominantly passive investment approach with a lean total investment charge, or embrace a more actively managed solution with potentially higher volatility but an impressive risk-return profile over full market cycles? Providing clients with the contrasting

ideas fosters perspective and emboldens their decision-making, a sure-fire path to trust.

Navigating the labyrinthine world of wealth management, with its intricate web of laws governing fiduciary responsibilities, taxation, asset management and more, can be challenging. The best wealth managers are acutely aware of their limitations and when to bring in the experts. In a landscape rife with shifting market dynamics, geopolitical perils, unrelenting compliance requirements and cross-border tax intricacies, seeking specialist counsel becomes imperative. The exceptional wealth managers excel as conductors, expertly orchestrating a symphony of technical specialists into a harmonious strategy that efficiently guides clients toward their goals. In contrast, relying on a jack-of-all-trades can exact a significant cost.

While the occasional coffee meetings and lunches are essential, they can't replace the structured discussions that can refine an overall strategy.

**A family office approach to wealth management:** Including the clients' extended family in wealth management meetings is a cornerstone in the edifice of trust and loyalty within wealth management. They are the nexus where financial strategies converge with familial values, aspirations and intergenerational wealth transfer. The meetings transcend the ordinary realms of finance; they ven-

ture into the realm of impact investing and ethical considerations.

**Aligning capital with preferences:** Within the gatherings, wealth managers orchestrate discussions to delve into the financial preferences, goals and values of clients and their families. The process is vital in customising investment strategies that resonate with the collective vision.

**Embracing impact investing:** The spotlight on impact investing is growing as clients increasingly seek to leave a positive imprint on the world through their investments. Client meetings provide the perfect stage to explore and deliberate on opportunities in this sphere. From investing in renewable energy to championing socially responsible initiatives, the meetings inspire the extended client family members to align their intergenerational wealth with the causes they hold dear.

**Values-driven decision-making:** Wealth is not a mere assortment of numbers; it's the embodiment of what the numbers signify. Client wealth meetings that include intergenerational family members foster decision-making rooted in values. They empower the client and the family to articulate their core principles, such as sustainability, social responsibility and ethical business practices. The values, in turn, serve as guiding lights

for investment choices, ensuring that wealth aligns with principles transcending generations and nurturing intergenerational wealth.

In wealth management, trust and loyalty are priceless commodities that wealth managers must diligently nurture.

Trust stretches beyond the boundaries of providing financial know-how; it mandates ethical conduct, a client-centric approach and an unwavering commitment to lasting relationships.

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