How Important is Personal Attention When It Comes to Client Retention?

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Providing personalized attention continues to serve financial planners well.

Despite a deep distrust of the financial services industry, 90% of clients say they trust their own planner, according to January’s First Command Financial Behaviors Index.

The two most common reasons for the positive feelings: A “personal relationship” and “good service.”

The happy relationship contrasted sharply with distrust of the financial services industry. Among financial planning clients, only 27% trust the financial services industry. And among Americans without a financial planner, only 46% trust planners in general and only 17% trust the financial industry.

Those findings of general distrust square with an Edelman survey, which found that 46% of respondents said their trust in financial services companies had fallen in 2010, despite the stock market recovery.

John Gay, of Frisco Financial Planning in Frisco, Texas said that he noticed the phenomenon two years ago. He said prospective clients were increasingly reluctant to give control of their accounts to another person.

“It used to be that clients biggest fear was running out of money. Post Bernie Madoff, it became getting ripped off by their advisor.” he said.

Gay said that he built trust among clients by working with them side by side on a retail platform and allowing the client to “push the buttons.”

“Americans who choose to work with a financial planner receive a unique combination of economic and emotional assistance,” said Scott Spiker, the chief executive officer of First Command. “Consumers are looking

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for a professional, someone who is willing to listen and is committed to providing honest guidance and patient advice. What they want is a personal coach who will help them on their way toward long-term financial security."

Compiled by Sentient Decision Science, the First Command Financial Behaviors Index is based on a monthly survey of 1,000 U.S. consumers aged 25 to 70 with annual household incomes of at least $50,000.

Roughly three out of 10 respondents said they have a financial planner. But more may soon join them. Looking at the year ahead, 16 percent of respondents without a financial planner said they are are likely to work with one in 2011. Not surprisingly, given the importance of trust and relationships, about 43% of middle-class Americans who work with a financial planner base their choice on a recommendation.

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Are you doing all you can to win and keep trust?

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