AN EXPLORATORY STUDY OF THE RELATIONAL SKILLS OF FINANCIAL PLANNERS

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AN EXPLORATORY STUDY OF THE RELATIONAL SKILLS OF FINANCIAL PLANNERS

BY

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DECLARATION

I, Sibusiso Tetana, hereby declare that this treatise entitled “An exploratory study to the relational skills of financial planners” is my own work. All sources used or cited have been indicated and acknowledged by means of complete references, and that this treatise has not been previously submitted by me for assessment to another university or for another qualification.

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ABSTRACT

Background/rationale: Proper personal financial planning is an important part of achieving financial wellness and independence. Many people through the services of a financial planner are able to move towards their financial life goals using individually crafted financial plans which are adhered to. The financial services industry has not escaped the technological disruption evident in many industries. FinTech (Financial Technology) is providing new ways for individuals to manage their finances without human intervention, however this does not always lead to good outcomes. Financial planners embracing FinTech will be in a position to streamline their administrative duties and allow more time to spend with clients. Relationships which cannot easily be replicated by FinTech and robo-advisors will need to be strengthened. The skills required to build better relationships need to be investigated and developed by financial planners. The relational skills comprising listening, interpersonal and empathy and compassion skills were explored.

Aims/methods: The aim of this study is to explore and contribute to the research on the financial planning industry, particularly the role of relational skills of financial planners to identify the key aspects of relational skills that empower financial planners to improve the conduct of their business in view of the advent of robo-advisors and FinTech. A qualitative study was conducted in Nelson Mandela Bay in order to explore the relational skills of financial planners in order to gain a rich insight into the nature of the skills and the importance thereof when building client relationships. Twelve experienced financial planners between the ages of 25 and 57 were purposefully selected using judgement sampling. They were interviewed using a semi-structured open-ended interview schedule. The insights were transcribed verbatim for thematic content analysis.

Results: The relational skills comprising of listening, interpersonal (communication/soft skills) and empathy and compassion were found to be particularly important in building trust which in turn leads to stronger relationships. Other sub-themes identified as important for development and use in client relationships were ‘non-verbal cues,’ verbal communication, interpreting messages, effective questioning, relationship-coaching using simple communication and behavioural finance.

A hybrid model utilising FinTech by financial planners to assist the smooth and efficient business processes in a financial planning practice will enable financial planners to spend more time with clients.

Conclusion: The findings of this study highlight the need to develop the relational skills amongst existing and new financial planners faced with the current FinTech revolution. Several recommendations and management implications are presented for financial planners and financial planning educators.

Keywords: Financial planner, FinTech, Robo-advisor, Relational Skills, “Hybrid model”

CHAPTER 1

INTRODUCTION AND BACKGROUND TO THE STUDY

1.1 INTRODUCTION AND BACKGROUND TO THE STUDY

Few people are equipped with all the skills and specific knowledge required to craft their own financial plan, hence many people show a strong desire for a personal financial planner's services (Murphy and Yetmar 2010: 811). Swart (2012: 5) defines personal financial planning as the process of coordinating an individual's financial and personal information in order to generate a plan to achieve present and future financial goals, short-term or long-term. However, the challenge stands that a number of financial planners in South Africa devote little time to find out the specific financial situation and needs of their clients (Rossini and Maree 2010:15). Rossini and Maree (2010: 4) define financial planning as the process of generating strategies with the aim of achieving a client's financial objectives based on the client's financial circumstances.

In this regard, the financial planning process consists of six steps: formulation of financial aims, implementation to reach the objectives, observation, controlling using budgets and evaluation of the financial plan (Gitman, Joehnk and Billingsley 2010: 7). Moreover, financial planning requires the combination of both practical knowledge and technical skills being applied to estate planning, retirement planning, employee benefit analysis, investment planning, insurance and risk management, cash debt management including financial statement analysis (Mittra, Sahu and Fischer 2016: 11).

A study by Baker and Dellaert (2018:713) indicates the advent of the use of Financial Technology (FinTech) and the development of algorithm based robo-advisors whose advantage is providing cheaper costs relative to human financial planners. Fein (2015: 1) indicates that robo-advisors target providing investment advice to retail investors without human intervention. However, there are shortcomings attached to using them such the risk of storing confidential client information, the lack of regulation and the bias of the robots towards recommending only specific financial products which may not necessarily be the best for the client (Baker and Dellaert 2018: 713). As a result, Chiu (2016: 56) indicates that there is a disruption in the financial services sector taking place due to the use of digital Financial Technology (FinTech) innovations.

Dependence by individuals on FinTech alone would generate poor results, whereas an integrated approach in relationship with human financial planners would be more efficient. Most clients do not want to employ a financial planner who recently graduated because university programs do not address the practical requirements of the profession (Goetz, Tombs and Hampton 2005: 232) such as development of relational skills.

Given the recognition that there is the disruption taking place due to robo-advisors and a lack of relational skills especially amongst newly qualified financial planners this study aims to explore the importance of relational skills in the field of financial planning. An empirical research study based on qualitative information will be conducted to build on what little understanding there is on the importance of relational skills in financial planning.

1.2 PROBLEM STATEMENT

It is evident from the lack of available academic literature, that little or no research has been conducted on the relational skills of financial planners. Therefore, an exploratory study will be conducted in this regard. Moreover, not only have the factors that influence the development of financial planners' relational skills not been researched but also the effects of the recent disruption that is taking place in the financial planning industry due to the use of robo-advisors need to be taken into consideration. Naylor (2017: 315) states that firms which do not make use of Fintech innovations in their financial services offerings such as financial planning are likely to be at a disadvantage. As a result, already there are many people who are doing their own financial planning using FinTech innovations because of the ease with which to open an account and the lower fees charged (Gulamhuseinwala, Bull and Lewis 2015: 9). Tertilt and Scholz (2017: 3) state that robo-advisors are mainly focused on short-term investors rather than long-term investors because they only mitigate short-term volatility and do not cater for every investors' risk tolerance. There is lack of understanding of how FinTech is being utilised and how this can be integrated and improved through the effective use of human financial planners who possess relational skills.

Moreover, the onus also rests on traditional financial planning firms to innovate their customer relationship management (CRM) in order to meet the modern business model by offering advice through various services such as personal interviews, online self-service, emails and so many more according to different client preferences (Naylor 2017: 307). An opportunity arises where financial planners may be able to use FinTech to their advantage (Nicoletti 2017: 142). Instead of losing potential clients to FinTech , proper implementation of FinTech into the client management program may be found to be more effective in controlling the clients' assets and meeting their goals.

The problem to be addressed therefore is the gap in the knowledge on the role of relational skills of financial planners given the developments in FinTech which will enable financial planners to spend less time doing routine tasks and more time in relationship with clients. There is a need to inform current financial planners on how to optimise client relationships together with the inclusion of FinTech developments to achieve better financial practices.

1.3 RESEARCH OBJECTIVES

The aim of this study is to explore and contribute to the research on the financial planning industry, particularly the role of relational skills of financial planners to identify the key aspects of relational skills that empower financial planners to improve the conduct of their business in view of the advent of robo-advisors and FinTech.

1.3.1 Primary Objective

The primary objective of this study is to explore the relational skills of financial planners in the Nelson Mandela Bay, Eastern Cape Province, South Africa in the light of recent FinTech developments in order to empower them to build better client relationships.

1.3.2 Secondary Objectives

To achieve the primary objective of the study, the following secondary objectives have been formulated:

SO[1] To conduct a literature review on the financial planning industry as well as the relational skills of financial planners.

SO[2] To identify the role robo-advisors may play in the established business processes of financial planners.

SO[3] To design a theoretical model and generate propositions with regard to the relational skills of financial planners.

SO[4] To suggest appropriate propositions to examine the relationships between the components of relational skills and their importance in financial planning.

SO[5] To make recommendations on how financial planners can optimise their relationships with their clients using relational skills development.

1.3.3 Methodological Objectives

To achieve the primary objective of the study, the following methodological objectives have been formulated:

MO[1] To collect primary data for the study and consider its meaning throughout the study.

MO[2] To identify ten to twelve key informants to interview using a qualitative method.

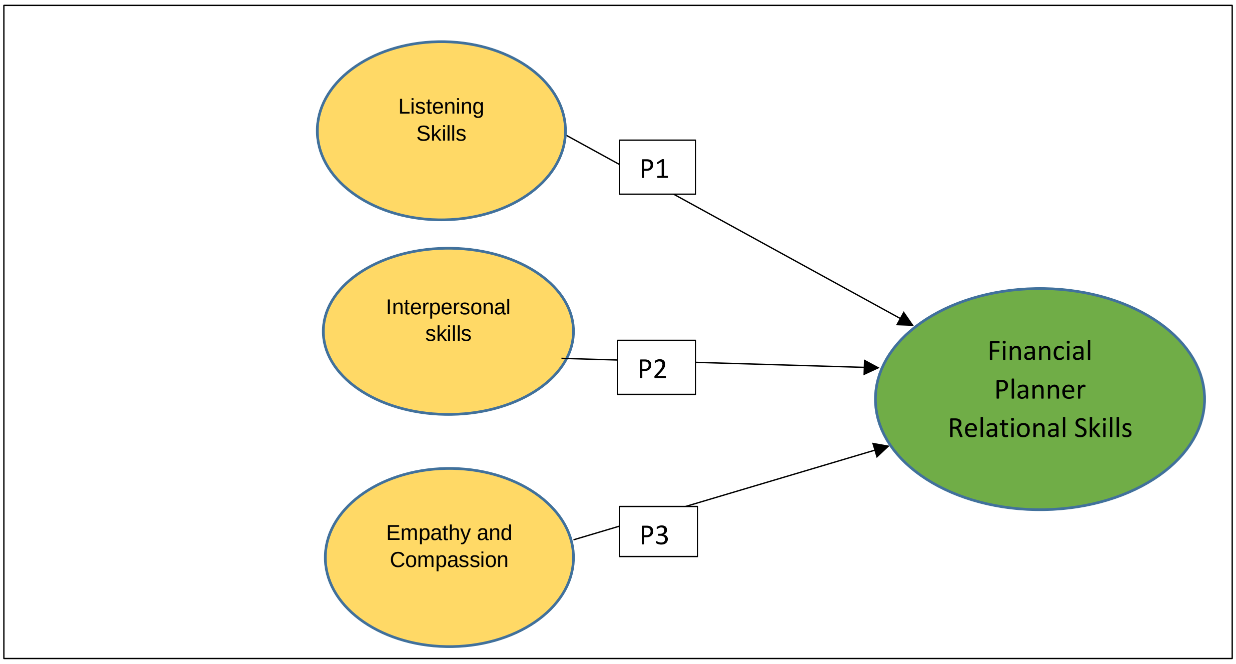
MO[3] To conduct semi-structured interviews to obtain rich data.

MO[4] To analyse the data using content analysis to interpret the findings.

1.4 PROPOSED CONCEPTUAL MODEL AND PROPOSITIONS

A proposed conceptual model has been depicted in Figure 1.1 illustrating the components of the relational skills of financial planners being explored in this study.

Figure 1.1: Proposed conceptual model – The components of relational skills in planner-client relationships.



(Source: Researcher's Construct)

As illustrated in Figure 1.1, the following propositions have been generated in order to explore the relationships depicted in the model:

P[1] Listening skills have a positive influence on the relational skills of the financial planner.

P[2] Interpersonal skills have a positive influence on the relational skills of the financial planner.

P[3] Empathy and compassion have a positive influence on the relational skills of the financial planner.

1.5 RESEARCH QUESTIONS

The following research questions have been identified to address the objectives of this exploratory study.

RQ[1] What is the importance of relational skills for financial planners and their clients?

RQ[2] What relational skills elements most effectively aid in the financial planners business processes?

RQ[3] What effect do relational skills have on financial planners and their client relationships?

RQ[4] Which elements of relational skills need to be addressed by financial planners?

RQ[5] What are the effects of current developments in FinTech on the role of the financial planner?

1.6 RESEARCH DESIGN, PARADIGM AND METHODOLOGY

The following section will briefly discuss the secondary and primary research, research design, research paradigm and the research methodology for the study. Furthermore, the population, sampling and data collection, design of the measuring instrument and data analysis will be addressed. A broader discussion on this section will be provided in Chapter Three of this study.

1.6.1 Secondary Research

According to Jugenheimer, Bradley, Kelley and Hudson (2010: 29), secondary data can be defined as data which can be accessed from sources that already exist. Secondary data collection methods comprise; historical analysis, use of computers and internet, dilemma analysis and interaction analysis (Marshall and Rossman 2013: 179). Thus, the Nelson Mandela University library facilities will also be utilised for the purpose of acquiring data from international and national databases. The databases that will be used to collect the secondary data include EBSCO Host, Science Direct, Emerald and more. Furthermore, additional information will be collected from reliable internet sources, books, academically accredited journals and articles. Academic search engines such as Google Scholar will also be used to obtain literature on the topics being studied.

1.6.2 Primary research

According to Jugenheimer et al. (2010: 29), primary research is concerned with gathering data which has not been collected previously from primary sources. In addition, Marshall and Rossman (2013: 137) indicate that qualitative researchers use four primary data collection methods which consist; being a partaker in the setting, observation, in-depth interviews and analysis of material culture and documents. In this exploratory study, the data will be divided into four main sections; research design, paradigm, methodology including population, sampling and data collection.

1.6.3 Research design

Gorard (2013: 8) defines research design as a means of organising a study with an aim to generate substantial answers to the research questions. In addition, Heppner, Wampold, Owen, Thompson and Wang (2015:119) view a research design as a blueprint that researchers use in order to guide them in the process of conducting research. Moreover, there are three types of designs, namely; quantitative, mixed and qualitative methods (Creswell 2014: 3). Quantitative research aims to examine certain theories through observing relationships between variables, whereas the mixed approach combines both quantitative and qualitative research. For the purpose of conducting this study the researcher will follow a qualitative approach eliciting rich information and observing phenomena in a qualitative manner through asking open-ended questions in semi-structured interviews with key informants.

1.6.4 Research Paradigm

A research paradigm can be defined as a research perspective that is widely adopted by researchers based on common assumptions, practices and values and is divided into three approaches; quantitative, qualitative and mixed methodologies (Johnson and Christensen 2012: 31). However, Ling and Ling (2017: 2) describe a research paradigm as a conventional way of conducting a research starting from the intention, going to the research design and finally the results thereof. In addition, Kothari (2004) suggests that research methodology comes from two main research paradigms namely; positivistic (quantitative) and phenomenological (qualitiative) research paradigms. For the purpose of this study the phenomenological research paradigm will be applied in order to gain rich, exploratory insights into the financial planning industry and the relational skills required by financial planners.

1.6.5 Research Methodology

Research methodology is the approach taken to investigiate a particular phenomenon and includes the studying how research is done scientifically (Kothari 2006: 8). Brotherton (2008: 39) states that a positivistic methodology is a research methodology that creates quantitative data by making use of numbers and large samples. However, a phenomenological methodology produces qualitative data by making use of small samples (Brotherton 2008: 39) and looking for rich data. For the purposes of this study, the research methodology used will be purely qualitative to unlock rich data for the exploratory nature of the research.

1.6.5.1 Population, sampling and data collection

According to Jha (2014: 182) a research population is known as the group (can be people, documents or objects) under study which possess the attributes that are of interest to the researcher upon whom samples can be made to generate inferences about the population. According to Emmel (2014: 1) sampling as used in research is mainly concerned with defining the population from which a sample will be taken and ensuring that every person or object is measurable and has a chance of being included in the study which is greater than zero. However due to the inability of the researcher to test all financial planners in the Eastern Cape, a judgement sample will be selected consisting of twelve key informants. For the purpose of this study, the research population consists of pre-identified financial planners, operating in the Eastern Cape particularly in the Nelson Mandela Bay, selected for the knowledge and experience in the industry.

1.6.5.2 Design of the measuring instrument

There are various data collection approaches used for conducting a qualitative study such as conducting semi-structured open-ended questions by taking an audio-tape and then later on transcribing notes (Creswell 2003: 189). Additionally, Marshall and Rossman (2013: 213) indicate that it is important for the researcher to jot down some thoughts on how the data are coming together in an analytical memo and pay attention to detail for any themes or recurring patterns. For the purpose of this study, a semi-structures open ended interview schedule will be prepared to explore the research questions.

Each participant will be presented with the same open-ended questions during the semi-structured interviews which will be recorded in an audio-tape and in a journal by the researcher.

1.6.5.3 Data analysis

According to Marshall and Rossman (2010: 207), qualitative data analysis is described as an exploration that aims to build rich information from the data through searching for general statements concerning underlying themes and relationships found in the collected data. Thus, Krippendorff (2013: 10) defines content analysis as a step-by-step process of reading a collection of work such as texts and pictures which do not necessarily come from authors. For the purpose of this study, the content will be analysed later through the use of thematic content analysis which will be followed by the interpretation of the research findings. Saturation is achieved when the data collected across the participants begins to converge and the researcher will then know that a form of consensus is reached on the data collected.

1.7 SCOPE AND DEMARCATION OF THE STUDY

As was discussed in the introduction, the financial planning industry is key to assisting individuals to reach their financial goals, especially for individuals who are not financially literate within South Africa. Relational skills by the financial planner are proposed to have a major influence on the relationship with the client. Therefore, given the importance of relational skills within the business processes of financial planners, this study intends to focus primarily on the relationship skills of financial planners operating within the Nelson Mandela Bay, South Africa. The empirical research of this exploratory study will be limited to financial planners operating within the borders of Nelson Mandela Bay due to the ease of access of this sample. Additionally, only seasoned financial planners who have an experience greater than five years will be approached to participate in the study.

1.8 CONTRIBUTION OF THE STUDY

The aim of this study is to explore the role of relational skills of financial planners and to identify the key aspects of relational skills that empower financial planners to build better client relationships given the developments of FinTech taking place. Given that relational skills may be a major determinant in a financial planner's performance, this exploratory study offers many opportunities in assisting financial planners with their practices. Additionally, this study aims to provide greater understanding of the role of relational skills in financial planners.

1.9 CLARIFICATION OF KEY CONCEPTS

The following section will provide clarification of the key concepts used in this study.

(a) Financial planning

For the purpose of this study, Gitman, Joehnk and Billingsley (2010: 7) define personal financial planning as the step-by-step process by which an individual's financial circumstances are taken into account in order to achieve the individual's financial objectives. Botha, Rossini, Geach, Goodall, du Preez and Rabenowitz (2016: 5) indicate that the financial circumstances of a client comprise; time-frames, decision-making, financial and lifestyle goals and other personal considerations (such as age, risk-profile, other responsibilities etc.). A recent definition by Botha, du Preez, Geach, Goodall, Palframan and Rossini (2018: 3) describes financial planning as a continuous process in which the financial planner engages with the client with a long-term purpose of achieving the client's financial and lifestyle goals.

(b) Financial Planner

In this study a financial planner is defined as a person with a title such as financial counsellor, financial planner, financial advisor, investment counsellor, investment advisor, financial consultant, estate planner or any similar designation who renders different kinds of financial services, particularly by giving advice to clients in order to meet specific goals (Vessenes 2010: 20). Botha et al. (2016: 7) indicate that the role played by a financial planner is that of facilitating the process of financial planning by helping clients to recognise and attain their objectives.

(c) FinTech

For the purpose of this study, Chiu (2016: 56) defines financial technology (FinTech) as the joining together of the financial services industry with modern technology-oriented new market entrants in order to offer more innovative financial services. The term FinTech is broad and has examples of innovations such as; new digital advisory and trading systems, virtual intelligence, mobile payment systems, blockchain, peer-to-peer lending and equity crowd funding (Phillipon 2016: 2). Furthermore, FinTech operates in four main categories which consist of insurance technology, retail banking, capital markets and payments (Teigland, Siri, Larrson, Puertas and Bogusz 2018: 8).

(d) Robo-advisor

In this study, a robo-advisor is defined as internet-based financial planning through which clients can do their own financial planning by filling an online questionnaire which does not require full details of the client’s financial circumstances (Fein 2015:2).

(e) Relational Skills

For the purpose of this study, the definition of the term “relational skills” can be borrowed from the discipline of counselling which states that relational skills are the main qualities that are needed by a professional to establish and build effective relationships with clients whether online or face-to-face (Evans 2008: 30).

1.10 STRUCTURE OF THE STUDY

Chapter One:

Provides an introduction and background to the exploratory study on the relational skills of financial planners. Thereafter, reference will be made to the problem statement, the purpose of the research, as well as the research objectives, including the primary, secondary and methodological research objectives. The research objectives are followed by a brief literature review which covers the nature and importance of relational skills of financial planners.

Chapter Two:

Provides a literature review based on the relational skills of financial planners. The chapter will commence with detailed definitions for financial planning, financial planner, FinTech, robo-advisors and relational skills. The nature and importance of financial planning will be elaborated on followed by the nature of FinTech and its impact on financial planning as a profession. Thereafter, a proper discussion on the nature and importance of relational skills of financial planners will be provided. Thereafter, the aforementioned will be contextualised to financial planners' processes, while concurrently making reference to the key differences.

Chapter Three:

Provides a focus on the research design and methodology to be used throughout this exploratory study and the underlying principle behind the selected methodology, by detailing the sample and sampling techniques, the measuring instrument to be used and the primary data collection method that will be executed. This chapter will conclude with the thematic content analysis technique utilised throughout the exploratory study.

Chapter Four:

Presents the empirical results of the exploratory study. Furthermore, the findings of the research and the results with regard to assessment of trustworthiness of the data will be presented.

Chapter Five:

Concludes the exploratory study by providing a brief overview of the preceding chapters, collectively with a conceptualisation of the main findings. Thereafter, with regards to the findings of the literature review and the empirical investigation conclusions will be drawn in this chapter. Additionally, the contributions and limitations of the study will be explained, and recommendations for future research will be proposed.

CHAPTER 2

OVERVIEW OF FINANCIAL PLANNING, FINTECH AND THE NATURE AND IMPORTANCE OF RELATIONAL SKILLS

2.1 INTRODUCTION

The need for the services offered by financial planners is very high especially in a country such as South Africa which is currently faced with incredibly low savings levels and high debt levels arising out of lack of financial literacy (Zeka, Goliath, Antoni and Lillah 2016: 77). It is reported that almost 50 percent of South Africans were plunged in debt in the year 2010 and as a result the low savings culture leads to a population that very often has little to retire on, resulting to escalating poverty levels (Rootman and Antoni 2015: 475). This is because many ordinary South Africans are borrowing from “loan sharks” that are not recognised by the economy and end up exposing themselves to exploitation as they are often demanded to pay interest rates that are incredibly high (Mashigo 2006: 4). A study by Fisch, Wilkinson-Ryan and Firth (2016: 3) suggests that individuals with low financial literacy are susceptible to making poor financial decisions. Thus, Murphy and Yetmar (2010: 814) argue that many individuals need financial advice to meet their complicated needs and life goals.

Moreover, the financial planning industry has evolved over the years due to the introduction of robo-advisors that make use of computerised financial technological (FinTech) systems to manage clients’ investments (Fisch et al. 2018: 2). Pure robo-advisors bypass the use of human financial planners and are often preferred by some clients because they are often cheaper compared to the services rendered by a human financial planner (Reverchon 2017: 6; Fisch et al. 2018: 13). However, many clients also prefer the services of a human financial planner because they offer financial advice on broader topics than robo-advisors (Fisch et al. 2018: 19) In addition, machines simply do not have relationship skills required to build a strong bonding “financial planner-client” relationship (Coombs and Redman 2018: 5).

The aim of this chapter is to give an overview of financial planning, FinTech, robo-advisers and the nature and importance of relational skills of financial planners. The chapter begins by comprehensively defining concepts such as financial planning, financial planner, FinTech, robo-advisors and relational skills. It then proceeds by discussing the nature and importance of financial planning.

Moreover, it extends by elaborating on the nature of FinTech and its impact to financial planning as a profession. The chapter concludes by giving an overview of the nature and importance of relational skills of financial planners. A summary will follow which reflects upon what the chapter covered in its entirety.

2.2 CLARIFICATION OF CONCEPTS

The following section will elaborate on the concept clarification provided in chapter one in order to establish comprehensive definitions for financial planning, financial planner, FinTech, robo-advisor and relational skills.

2.2.1 Financial Planning

Financial planning is a process that involves the proper management of financial resources to determine whether an individual can achieve financial and life goals (Brandon and Welch 2009: 172). Botha et al. (2018: 3) defines financial planning as the process of coming up with strategies to help clients in managing their financial affairs in order to realise financial goals. The definition of financial planning from the Financial Planning Institute of Southern Africa states that , "Personal financial planning or financial planning denotes the process of determining whether and how an individual can meet life goals through the proper management of financial resources" (Rattiner 2009: 1).

2.2.2 Financial Planner

Seese, Weinhardt and Schlottmann (2008: 211) define a financial planner as a practitioner who possesses expertise in providing financial planning services to clients and has met all the ethical and professional requirements. According to Napolitano (2007: 18), a good financial planner knows how to stay abreast with financial market trends in order to discover new opportunities that can deliver client satisfaction. Furthermore, a financial planner can choose to specialise in either of the two routes; a knowledge specialist who advises certain types of clients in areas such as taxation, estate planning, investments and insurance or specialise in small business owners and corporate executives. Brucker and Leppel (2013: 4) indicate that a financial planner uses comprehensive strategies to help clients meet life and financial goals so that the client can make informed financial decisions.

2.2.3 FinTech

Thompson (2017: 152) defines FinTech as new technology innovations that are designed to make financial services more efficient such as enabling people to make payments without the need of a bank account. However, Dorflettner, Hornuf, Schmitt and Weber (2017: 6) argue that it is not possible to come up with an all-encompassing definition to the term FinTech for all entities associated with it. Furthermore, FinTech operates in four main categories which consist of insurance technology, retail banking, capital markets and payments (Teigland, Siri, Larrson, Puertas and Bogusz 2018: 8).

2.2.4 Robo-advisors

According to Fisch, Laboure and Turner (2017), robo-advisors are defined as online services that provide financial advice and manage clients' investment portfolios through the use of computer algorithms without human intervention. A study by Jung, Dorner, Glaser and Morana (2018: 81) indicates that the term robo-advisor refers to robo-advisory services which are intended to be a substitute to the traditional human-to-human customer advisory process by transforming it to a human-to-computer process. However, another recent study by Coombs and Redman (2018: 1) released findings that argued that robo-advisors are not a substitute to the human financial planner, rather they enhance financial planners' practices. This means that online questionnaires and personal reporting have now transformed the traditional way of receiving clients' profiles done through personal interviews done by financial planners in order to gain important information to craft a financial plan.

2.2.5 Relational Skills

The term relational skills can be defined from its application in the medical profession as the skills that practitioners use consistently to build strong relationships with patients by using interpersonal skills and excellent communication (Magen, Horace and DeLisser 2017: 102). Relational skills become even more important when medical professionals gather information from patients especially those who are emotionally traumatised as they need to be treated with empathy, care and respect in order to build trust with them. In the medical profession, the most important soft skills needed by doctors are empathy, interpersonal and communication skills (Riess, Kelley, Bailey, Konowitz and Gray 2010: 120).

However, there are various relational skills applied in the law profession which law practitioners use to build relationships with clients which include; good communication, people skills, commercial awareness, knowing their limits, adaptability, ability to work in a team, motivation, image including honesty and integrity (Without Prejudice 2018: 13-14). For the purpose of this research, an operational definition for relational skills in financial planning will be provided from literature. Relational skills in financial planning are the attributes such as listening, empathy and compassion and interpersonal skills that financial planners use to build strong “bonding” relationships with clients during the financial planning process.

2.3 THE NATURE AND IMPORTANCE OF FINANCIAL PLANNING

2.3.1 Qualifications of a Financial Planner

The financial planner must assist clients in the following ways: identifying clients’ goals, furnish them with sufficient information to make wise decisions including latest market and economic information, draw a financial plan suitable to the client’s current affairs and future goals, offer various financial services (such as estate planning, investment planning, income tax planning and retirement planning) and act as an intermediary between the client and suppliers of products, always maintaining professional conduct through honesty and reliability (Botha et al. 2018: 5). Furthermore, the Financial Planning Institute of Southern Africa has two levels of membership which consist of the Certified Financial Planner® (CFP®) professional designation and Financial Services Advisor™ (FSA™) designation (CFP 2018: 15). As a result, CFP® certification has a set of requirements known as the 4E’s which individuals who wish to practise as professionally accredited financial planners must qualify for, namely Education, Examination, Experience and Ethics (Botha et. al 2018: 15).

Botha et al. (2018: 19) indicates that the pre-requisites to apply for the CFP® professional designation are that the candidate must be in possession of a Postgraduate Diploma in Financial Planning or an equivalent qualification including a pass in the FPI Professional Competency examinations (PCE). Furthermore, experience of three years is needed to acquire the CFP® professional accreditation and a minimum of two years for the FSA™ accreditation together with a one-year mentorship programme (Financial Planning Institute of Southern Africa 2018).

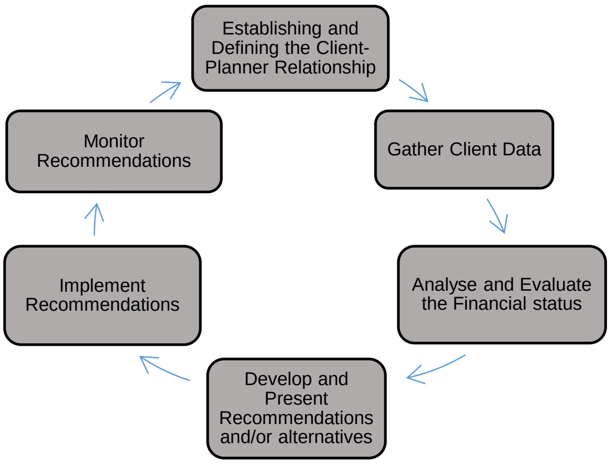
Furthermore, to obtain the FSA™ designation, an individual must be in possession of a level six or seven qualification in financial planning according to the list of qualifications recognised by the Financial Sector Conduct Authority (Financial Planning Institute of Southern Africa 2018). The ethical standards which financial planners should adhere to come from four sources; the South African Constitution and Bill of Rights and through the Financial Advisory and Intermediary Services Act (FAIS) General Code of Conduct, business culture/policies, all professional bodies (e.g. Financial Planning Institute) and personal standards of ethics (Botha et al. 2018:7). Thus, a person who qualifies in the aforementioned can hold the CFP® professional designation and in order to remain a member of the FPI, the financial planner must adhere to the FPI's standards of practice and ethics code (Botha et al. 2018: 19).

2.3.2 The Financial Planning Process

Financial planning consists of six very important steps requiring the financial planner to discuss the entire process with the client prior to making investment decisions and crafting a financial plan for the client (Rattiner 2009: 1). The role played by the financial planner is to go through the process of financial planning with the client. Botha et al. (2016: 17) indicate that the six-step financial planning process is endorsed by the Financial Planning Standards Board Ltd. (FPSB) to which the Financial Planning Institute (FPI) is affiliated. The Financial Planning Practice Standards are put in place in order to govern the level of practice expected of a financial planner, to create consistent norms and principles to be followed in financial planning and improve the financial planning process (Botha et al. 2016: 17).

The following diagram, Figure 2.1 depicts the systematic financial planning process as advised by the CFP Board (2015: 55).

Figure 2.1: The Systematic Financial Planning Process



(Source: Adapted from CFP Board 2015: 55)

The first step deals with the first-time interaction between the financial planner and the client in which the financial planner must ensure that the client gets a clear understanding of which products and services the financial planner provides (Financial Planning Institute of Southern Africa 2018). In doing so, the financial planner must inform the client about the expertise and qualifications of the financial planner in order to ascertain whether the financial planner has what it takes to achieve the client's objectives and subsequently the financial planner can enter into terms and conditions of the contract with the client and fully explain the financial planning process (Botha et al. 2016: 18). The second step entails the client communicating clear financial goals and ensuring that he/she provides accurate information (such as age, financial and other responsibilities, lifestyle and financial objectives) to the financial planner.

Moreover, the financial planner can collect quantitative information and documents which consist of personal and spouse details, contact details, dependants' details, assets and liabilities, income and expenses, monthly budget, investment funds, risk management, health planning, tax planning and estate planning (Botha et al. 2016: 21). The necessary documents collected from the client include; copies of identity documents, authorisation that allows the financial planner to collect information, copies of legal contracts, and copies of previous wills, trust deed, salary slip copies and copy of the client's utility bill (Botha et al. 2016: 22).

The financial planner and the client must define the client's risk-appetite and set the timeframe for when the desired results would be achieved (Financial Planning Institute of Southern Africa 2018). Botha et al. (2016:22) indicates that other qualitative information which the financial planner must collect from the client must reveal issues such as: client's health, lifestyle, attitude towards debt and tax including the client's saving and spending habits. In the third step, the financial planner must make use of the data collected from the client to determine the client's current financial circumstances by analysing the client's insurance covers, investments, statement of financial position and statement of cash flows (Financial Planning Institute of Southern Africa 2018). In the fourth step, the financial planner generates a set of recommendations with explanations to the client in order to choose a plan that fits the client's circumstances and future goals (Botha et al. 2018: 29).

As a result, the financial plan must contain the following components; details of the client, an executive summary, client's planning assumptions, client objectives and financial planning goals, statement of cash flows, client balance sheet, short-term insurance recommendations, investment planning recommendations, risk management, retirement planning recommendations, estate planning recommendations, implementation of strategy, monitoring of the financial plan and the future review date (Botha et al. 2016: 29). In the fifth step the financial planner and the client must deliberate thoroughly on how the recommendations will be implemented under the supervision of the financial planner and other relevant professionals such as lawyers etc. In the final step, the financial planner and the client should reach a consensus about who will be responsible for monitoring the financial plan on an annual basis in order to remain consistent with any changes that may occur in the financial situation of the client (Financial Planning Institute of Southern Africa 2018). However, in the event that the personal and financial circumstances of the client change, the financial plan will need to be revised (Botha et al. 2018: 3).

2.3.3 The Importance of Financial Planning

There are several reasons as to why clients could be unwilling to engage in financial planning such as: ignorance about their needs and financial aspirations, lack of knowledge about the importance of financial planning, bad dealings in the past with a financial planner, negative publicity about the financial services industry due to bad reputation about some financial planners and could even be lack of available funds (Botha et al. 2016: 5). Thus, the FAIS Act was enacted in South Africa in order to protect clients from financial planning malpractices arising out of conflicts of interest especially in a country where there is high level of financial illiteracy, to educate and inform them to make informed financial decisions and to encourage financial planners to follow standards of ethical business practice (Botha et al. 2018: 35-36). Other objectives of the FAIS Act include; to regulate certain financial advisory and intermediary services offered to clients, to make the financial services industry professional, ensure clients are given sufficient information for decision-making and to regulate financial products (Botha et al. 2018: 39).

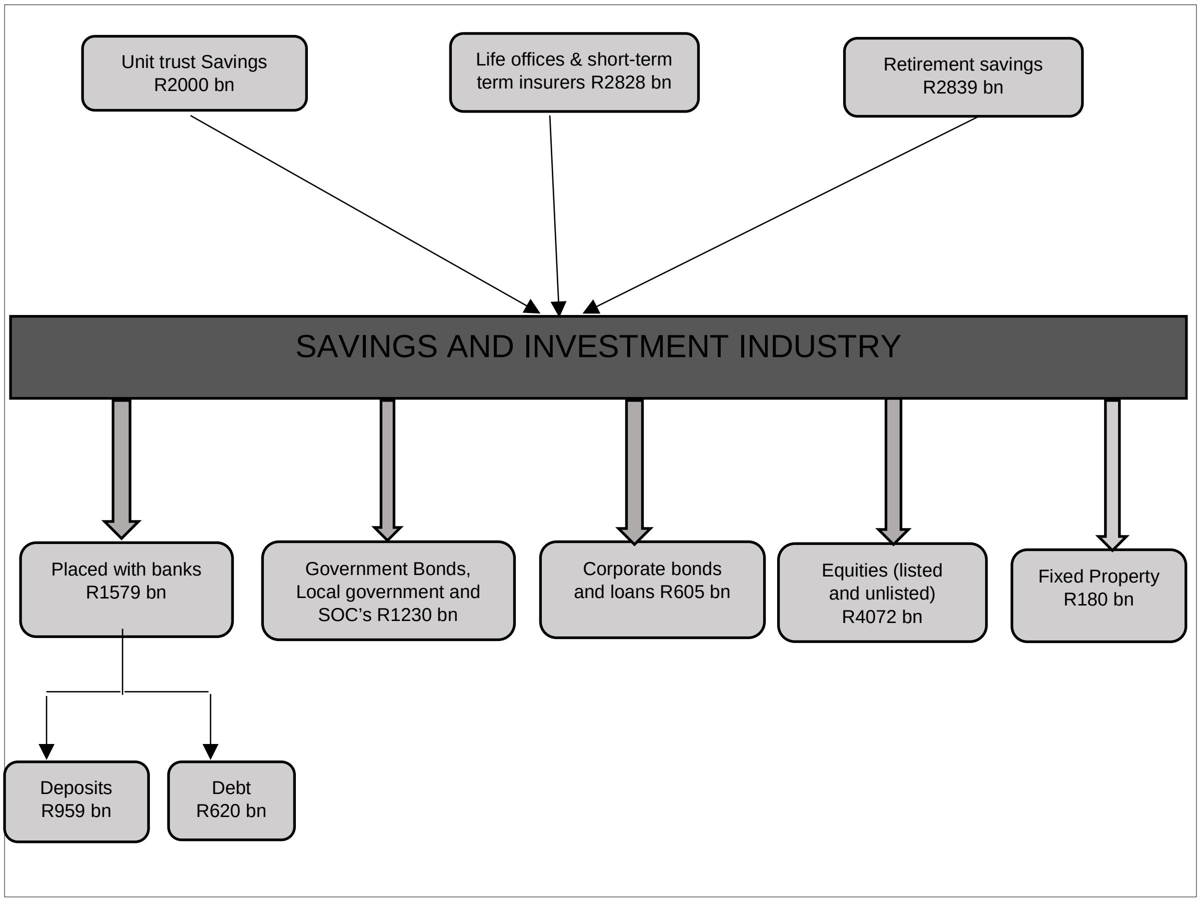
This then presents a need to encourage clients to engage in financial planning. The benefits of financial planning are that it can help clients to prepare for further education, purchasing a car and house, marriage and children, including retirement planning (Financial planning Institute of Southern Africa 2018). The financial planning process offers the following advantages; achievement of lifestyle goals, decrease in debt, emergency preparedness, attainment of short term goals (such as a deposit on a new car), long-term wealth maximisation, retirement planning, valid will at time of death, long-term client and planner relationship and ensures the client takes full financial responsibility (Botha et al. 2018: 4-5). Financial planning can also help clients and their families overcome financial anxiety (Kosnett 2012: 48).

However, Money Marketing (2017: 6) reveals that most South African consumers have a tendency to make poor money decisions due to a low savings culture and as a result, the Financial Planning Institute runs the FPIMYMONEY123™ educational workshops in some South African companies, schools and universities to create more literacy about personal finance and the importance of saving.

The Association for Savings and Investment South Africa (ASISA) whose members collectively manage R7.7 billion of South Africa's savings and investments revealed that savings and investments are one of the largest contributors to the country's economic growth (ASISA 2017: 2). Moreover, for the past thirty five years South Africa's national savings collected from households have been on a down trend due to most South Africans who are borrowing more than they save (Business Report 2017; Ting and Kollamparambil 2015: 675).

Figure 2.2 below depicts the make-up of the savings of organisations and individuals in South Africa.

Figure 2.2: Savings of Organisations and Individuals in South Africa



(Source: Adapted from South African Reserve Bank Quarterly Reports 2016 in ASISA 2017)

South Africa currently has a low savings rate and high debt levels especially amongst black consumers due to overspending and low levels of financial literacy (Rootman and Antoni 2015: 480).

The savings of individuals and organisations in South Africa come from three different sources, namely; unit trust savings, life offices and short-term insurers and retirement savings. These three savings types are turned into investment streams which are then pooled together to form the savings and investment industry. The savings of ordinary South Africans and other savers are placed with commercial banks which are collected through deposits and are then lent out by banks to borrowers of these loanable funds. Other investment vehicles are government bonds, corporate bonds, equities and fixed property. However, the bulk of the savings and investment industry in South Africa is invested in shares of companies.

The above diagram clearly shows that the services of a financial planner are essential in managing the savings of ordinary savers in South Africa in order to achieve their short-term and long-term financial goals. Steinhert, Zenker, Filipiak, Movsisian, Cluver and Shenderovich (2018: 238) indicate that savings are important because they can be turned into investment capital for financing job search, education, health, business and meeting future consumption etc. For example, the South African government has been trying to create a saving culture through its RSA Retail Savings Bond in which ordinary South Africans can invest an amount between R1 000 and R5 million to the government which is a safer investment due to its low credit-risk (Lamprecht 2017: 5). Grubman, Bollerud and Holland (2011: 67) suggest that one of the benefits of financial planning is that it can help clients who are struggling with overspending habits to better manage their finances and change their spending behaviour. In addition, the intervention of financial planners is needed in order to stimulate the average savings rate in South African households.

Moreover, there exists a retirement crisis in South Africa in which most poor households during their years of retirement maintain their consumption through the use of government grants (Ting and Kollamparambil 2015: 693). One of the primary reasons behind this problem is that few South Africans properly plan for retirement and many rely on their pensions only to discover that there are insufficient funds to retire on (Botha et al. 2018: 27). Thus, this is where the role of the financial planner becomes essential to inform and educate clients about the importance of planning well-ahead before retirement, at retirement and after retirement (Botha et al. 2018: 27).

It is important to note that retirement savings plans have changed from the employer directed retirement plan into the own-contribution savings plan and most retirement savings plans make the error of saving too little for retirement (Fisch et al. 2016: 643). Moreover, a retirement problem often faced by rich families is that when they retire, a considerable amount of their investments often gets ‘eroded by tax liabilities’ and that could be avoided through an income tax plan which can be administered by a financial planner who will ensure that all ‘tax exemptions are applied optimally’ (Smith 2017: 50).

2.4 THE NATURE AND IMPACT OF FINTECH

2.4.1 The Nature of FinTech

Financial Technology (FinTech) is a term that describes the adoption of innovative technologies driven by information technology designed for financial services institutions to improve their service quality in various operations (Gai, Qiu and Sun 2018: 262). A study by Lee and Shin (2018: 36) indicates that FinTech developed after the 2008 global financial crisis and is a fusion of e-finance, social networking platforms, big data analytics, social media and artificial intelligence. E-finance is mainly concerned with all kinds of financial services performed electronically such as the internet, share-trading, insurance and banking (Lee and Shin 2018: 35). According to (Chishti and Barberis 2016: 10), the sectors that are experiencing the disruption mostly are money transfer and payments systems. In the financial services industry, FinTech innovations such as robo-advisors are used. Botha et al. (2018: 17) indicates that robo-advice is also called automated advice which is the advice that is conveyed via electronic means using computer algorithms without human involvement.

2.4.2 The shortcomings of FinTech and Robo-advisors

The challenge still stands that FinTech suffers from lack of reliability arising from lack of regulation and the fact that important client information can be stolen from mobile applications such as MasterCard and Google Wallet (Lee and Shin 2018: 44). Fein (2015: 5) indicates that one of the shortcomings of robo-advisors is that they omit information which is relevant to a client’s investment needs, such as tax matters, dependants, deposit and withdrawal schedules, streams of wealth, monthly expenses and expected expenditures.

Some robo-advisors only obtain limited information from clients such as wealth, income and age, others even ask clients risk tolerance, living expenses, financial goals and investment timeframe (Fisch et al. 2017: 5).

Furthermore, robo-advisors which are used to manage wealth for clients in the form of shares, bonds and treasury bills have the possibility of exposing the client to high risk of loss which may arise from algorithmic failure and flawed investment advice (Lee and Shin 2018: 45). Beilfuss (2017) argues that robo-advisors are designed by human beings and are susceptible to making errors. Tedesco (2015) argues that even the most sophisticated financial planning software cannot perform activities such as implementing and monitoring a client's financial plan, cannot provide guidance to a couple that is disagreeing on an issue and cannot advise a client to draft a will. Moreover, during times of downturns in the business cycle, robo-advisors are not able to provide encouragement and motivation to clients (Economist 2015). FinTech is currently seen as a disruption that aims to challenge the traditional financial services industry by re-moulding the entire industry through giving clients promises such as the ability to reduce costs (Lee and Shin 2018: 35).

2.4.3 The Benefits and Opportunities of FinTech and Robo-advisors

A study by Coombs and Redman (2018: 5) indicated that robo-advisors can reduce costs by 70 percent and give people with less money an opportunity to invest. Botha et al. (2018: 17) shows that robo-advisors are designed for clients who need investment advice but unable to afford to pay the investment amount. As a result, 83 percent of financial institutions are of the notion that FinTech start-ups place various aspects of their businesses at risk and in response, but most traditional financial services institutions across the world are already investing in FinTech start-ups through joint-ventures in order to remain competitive in the industry (Lee and Shin 2018: 35). Other advantages with companies that use FinTech is that they are currently beating the traditional financial services institutions because they provide service to more customers in a relatively shorter space of time, generate higher revenues and have higher chances of success in the long-term (Drasch, Schweizer and Urbach 2018: 2). Lee and Shin (2018: 44) indicate that robo-advisors offer a "do-it-yourself" service around the clock to clients at low costs, but an integration with the human element can address customer needs better.

Drasch et al. (2018: 2) argues that FinTech is no longer seen only as a source of disruption, but is taken as an opportunity to integrate in order to improve innovation in the way that business is conducted in the financial services industry. As a result, financial planning tasks that used to take longer can now be automated and performed more faster through computers (Veres 2017: 24). In this way, Fein (2015: 5) points out a financial planner is needed to bridge the gap in which robo-advisors are currently lacking by evaluating a client’s investment needs and financial affairs. Financial planners are also essential during times of market volatility in which most clients are more likely to panic and end up committing investment errors in providing guidance to clients and encourage them to save more. Jung et al. (2018: 85) shows that robo-advisors are mainly focused on providing financial services to retail consumers as they are still an underdeveloped segment in the industry.

However, Tedesco (2015) indicates that although computers are effective and efficient in dealing with large volumes of variables, they also need human beings to program them to function effectively. A study by Metinko (2017) indicates that most clients interpret money as an emotional subject which needs the guidance of a human financial planner which cannot be given by machines. In addition, a study by Coombs and Redman (2018:17) showed that most human financial planners are not threatened by robo-advisors because machines are not able to gather sufficient details about a client’s financial affairs and investment needs since they do not interact on a ‘person-to-person basis’. The trust and compassion that mostly develops in a human financial planner-client relationship cannot be reproduced by interacting with a robo-advisor.

Thus, most professional investors use FinTech online systems to simply acquire a fundamental understanding of their needs, but when it comes to discussing them, they prefer to talk to a human financial planner (Wall Street Journal 2017). Therefore, there is more to benefit from integrating FinTech with traditional financial practices and this is known as the hybrid model that many companies are using already in the financial services industry which charge lower fees compared to traditional financial planners (Fisch et al. 2017: 26, Lee and Shin 2018: 44). As a result, some financial planners are of the opinion that technological innovations such as robo-advisors can be useful if they help financial planners perform their jobs efficiently (Coombs and Redman 2018: 18). The advantage of human financial planners is that they perform intangible services which robo-advisors cannot carry out alone (Fisch et al. (2018: 4).

2.5 THE NATURE AND IMPORTANCE OF RELATIONAL SKILLS

A study by Wall Street Journal (WSJ) (2017) showed that most clients tend to use a human financial planner because the human financial planner is often willing to take time to listen to the client by assessing the client's entire financial circumstances to determine the client's needs and objectives. Furthermore, a survey conducted by Dubofsky and Sussman (2010: 66) revealed that only 13 percent of financial planners are able to build strong-bonding relationships with clients and are usually older with more experience which enables them to act as good counsellors to clients. This statistic reveals that younger financial planners have to glean the wisdom of senior financial planners in the area of building stronger bonding relationships with clients.

In addition, Napolitano (2007: 19) identified the following skills which are central to the success of financial planners; interpersonal skills such as communication and listening, problem-solving skills, empathy and compassion, curiosity, mathematical competence, analytical skills, ability to learn, computer skills leadership skills, decision-making skills, organizational skills, including creativity and integrity. Jackling and Sullivan (2007: 215) indicate that there are two categories of skills needed by financial planners; cognitive and relational skills. Cognitive skills are the skills financial planners acquired from school such as technical, analytical and appreciative skills, whilst relational skills are interpersonal, personal and organisational skills which are learnt through mentorship and experience (Jackling and Sullivan 2007: 215).

Technical skills comprise of legal and financial literacy and mathematical competence. Analytical skills consist of concept modelling and problem-solving skills. Appreciative skills include the ability of the financial planner to think critically and strategically. Interpersonal skills are made up of communication and listening, people skills and empathy. People skills include ability of the financial planner to remain positive and display reflection and pro-activeness. Organisational skills consist of the ability of the financial planner to build networks, manage tasks, and mingle with other cultures and the ability to exert influence on clients. (Jackling and Sullivan 2007: 215).

However, for the purposes of relevance in this section, only the following relational skills will be discussed in more depth: Listening skills, interpersonal skills and empathy and compassion.

2.5.1 Listening skills

Klontz and Klontz (2016: 24) identified that there is a prevalence of “poor listening” skills generally even amongst some financial planners. For that reason, Leo and Cmiel (2017:72) describe listening as the ability to receive and interpret messages correctly and effectively during communication. It is important that the financial planner pay close attention and effectively hear what the client has to say in order to know exactly what the client’s needs, objectives and goals are (Botha et al. 2016: 9). According to Sofia (2018: 24), there are four listening skills that financial planners can use which have the potential to boost their net income, namely: listening to gather information, listening to non-verbal messages, listening for non-rational motivations and listening in order to develop and safeguard the business. The CFP Board (2015: 117) recommends that financial planners must provide a conducive environment of trust and actively listen to enable clients to fully express their views, preferences, attitudes and feelings.

Furthermore, the methods that the financial planner can use to listen to the client consist of; taking notes during meetings with clients, listening for key statements from the client, using laser listening, use of attentive body-language and use of eye-contact to ensure that the client’s attention is still captured and apply silence when necessary (Botha et al. 2016: 10; Grable and Goetz 2017: 58). Laser listening is the recommended listening technique which financial planners should use because it places more focus on the client’s statements in order to gather deeper information (Botha et al. 2018: 11; Klontz and Klontz 2016: 25). Moreover, Klontz and Klontz (2016: 25) refer to the use of an exquisite listening technique in which the financial planner pays attention to the client inquisitively for a broader and deeper understanding. This means that the financial planner must not just be a good listener but must master listening as a skill and interpret what is being said effectively.

Klontz and Klontz (2016: 26) suggest a seven-step process that financial planners can use for thorough listening, which entails: starting the conversation with an invitation, listening purposefully, summarising what the client said, asking the client for any important information which was missed. Thereafter provide a brief summary of the client’s statements and ask for any missed out information to boost the client’s involvement in the conversation.

The planner should also pinpoint a concept that the client should elaborate more about and end the conversation with a final summary. As can be seen, the listening process is intended to put the client's needs, objectives and goals first so that the financial planner can design a financial plan that is specifically suitable to the client.

In addition, Sofia (2018: 24-25) suggests a listening process that can be used by financial planners which entails the financial planner listening to the client empathetically to get a deeper understanding, observing the client's body gestures closely and asking open-ended questions. Moreover, Grable and Goetz (2017: 57) recommend that before a financial planner can say anything, it is best to listen attentively to the client first without causing interruptions. According to Botha et al. (2018: 10), there are guidelines that financial planners must follow when communicating to clients such as listening attentively to what the client says, focusing on what the client tells the financial planner, ensuring that financial services and products are not offered prematurely and showing interest to the client. It is important that the financial planner makes use of empathetic listening in order to gain the trust of the clients (Kinder and Galvan 2007: 59-60; Maddox 2016: 14).

2.5.2 Interpersonal skills

A survey revealed that many people in general do not trust the financial services industry and one of the causes identified is a communication-crisis that has crept into the industry (Maddox 2016: 16). Hence, Lee and Lee (2015: 272) define interpersonal skills (also known as soft skills as, a type of mental and physical practices that involve different levels and repertoires of interactions and communications among human beings, needed to develop temporary or prolonged relationships in diverse institutionalized work settings. Dubofsky and Sussman (2010: 66) argue that successful financial planners who become bonders with clients, coach their clients in order to improve the communication in the financial planner-client relationship.

However, Goleman (2006: 254-255) suggests that financial planners can increase their chances of being involved in court cases because of poor interpersonal skills which may often lead to clients losing their revenues in financial planner-client relationships. A study by Coffelt, Baker and Corey (2016: 300) revealed that interpersonal skills fall under the umbrella of oral communication skills.

As a result, out of 165 workplace skills, oral communication was emphasised to be the most commonly emphasised skill, more than visual, electronic or written communication. A study by Van Zutphen (2007) suggests interpersonal skills are more important than technical skills when it comes to building sustainable relationships with clients in order to craft successful financial plans.

Thus, the purposes of communication within financial planning include; to establish a working relationship, to gather information, to persuade a client, to use influence, to define limits and to enable the client to make informed decisions (Grable and Goetz 2017: 7). The financial planner must communicate in a simple and understandable way to avoid confusing the client whether verbally or in writing (Botha et al. 2018:10). The financial planner must also be able to ask the right questions from the client (Botha et al. 2016: 9). More importantly, the financial planner must effectively use communication and counselling skills in order to gain client trust and commitment (Grable and Goetz 2017: 176). Transparency is also very important in winning the trust of the client because there will be times when the economy is taking a downturn, so in those times the financial planner's communication must be reliable and straightforward (Maddox 2016: 14). Verbal communication consists of questioning and verbal pacing which refers to reflecting back to what the client has said in order to ensure clarity (Sharpe, Anderson, White, Galvan and Siesta 2007: 3).

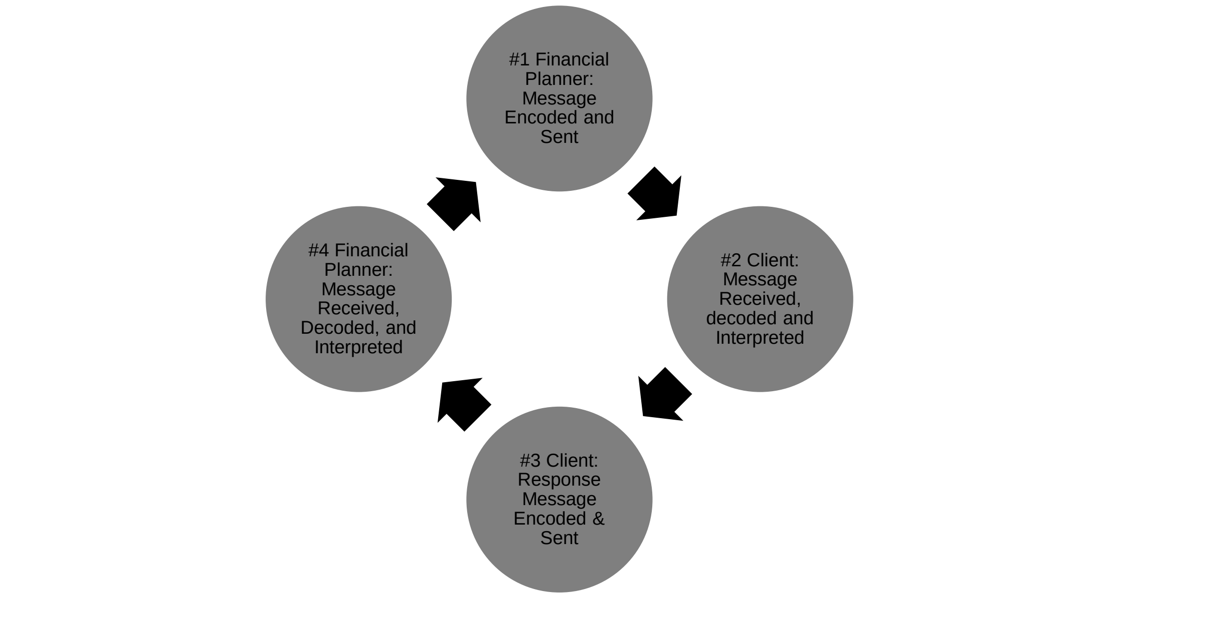
There are five factors that strengthen a financial planner-client relationship which must be achieved through effective communication (Grable and Goetz 2017: xvii):

- The financial planner putting client's interests ahead when making recommendations
- Explaining difficult concepts clearly to client
- Financial planner taking enough time to gather the client's needs and concerns
- Financial planner getting a full grasp of client's life and financial goals
- Granting the client peace of mind

In addition, financial planners can make use of other communication tools such as video-conferencing to facilitate frequent communication with clients as this is one of the ways to build trust with clients and also reduce the costs of clients coming to the office (Maddox 2016: 16; Veres 2017: 24).

The following diagram, Figure 2.3 depicts the financial planning communication model.

Figure 2.3: Financial Planning Communication Model



(Source: Adapted from Grable and Goetz 2017: 14)

The financial planning communication model shows that the communication between the financial planner and client is a two-way process. Firstly, the financial planner gathers the information from the client using simple and understandable language and explains the financial planning process properly. Secondly, the client then responds by communicating needs and areas of concern which need the financial planner's intervention. Thirdly, the client also shares more information to the financial planner concerning needs and financial objectives. Fourthly, the financial planner makes recommendations to the client which are suitable to the client's financial circumstances to put the client's needs first in order to avoid 'conflicts of interest'. It is possible for the client to refuse to accept the financial planner's recommendations and this will require the financial planner to use motivational communication in order to boost the confidence of the client (Horwitz and Klontz 2013: 27).

2.5.3 Empathy and Compassion

Empathy and compassion means that the financial planner internally identifies with whatsoever the client is passing through whether emotionally or financially and responds by showing care and understanding (Baker, Filbeck and Ricciardi 2017: 281). According to Tillery and Tillery (2017: 254) empathetic and compassionate behaviour is needed from financial planners in order to address non-financial matters that may arise in financial-planner and client relations. Dubofsky and Sussman (2010: 66) indicate that financial planners often encounter various critical situations that clients go through such as suicidal thoughts, depression, addictions, family feuds, divorce and death. A study by Klontz, Van Zutphen and Fries (2016: 52) indicates that financial stress can often lead to adverse effects such as: depression, 'binge-eating', health complications, alcoholism and smoking, low self-esteem, broken relationships and could even lead to death.

Furthermore, a study by Miller and Koesten (2008: 10) revealed that empathy can either involve emotional contagion (which means feeling what the client feels) or empathetic concern (which refers to feeling for the client). The disadvantage of emotional contagion is that it often makes it difficult for a financial planner whose emotions are sensitive to cope with emotionally-challenging situations and can lead to emotional burnout and poor communication (Koesten 2005: 64). On the other hand, the advantage of emotional concern is that the financial planner does not get overwhelmed by emotions when dealing with client problems but addresses the client's issues more effectively and rationally (Miller and Koesten 2008:10). Dubofsky and Sussman (2009: 52) indicate that it is important for financial planners to have emotional intelligence which means the ability to control their temperament, self-motivate, think logically while at the same time remaining empathetic towards the client. Thus, this suggests that empathy can either have negative or positive repercussions in a financial planner-client relationship depending on how the financial planner manages the particular situation (Miller and Koesten 2008: 10).

Klontz et al. (2016: 55) argue that financial planners who lack competence in understanding the psychology of a client and financial behaviour often craft financial plans that end up failing since they cannot identify the source of the problem.

It is important to note that financial planners are not therapists because their role is not to emotionally heal financially-distressed clients, but can make referrals to other specialists who can help the client deal with emotional problems which the client must overcome (Kinder and Galvan 2007: 59-60). On the contrary, Klontz et al. (2016: 53) argue that effective financial planners can help clients improve not only their financial well-being but also their psychological, physical and relationship health as well.

However, there are also those financial planners who only render financial planning and avoid dealing with non-financial counselling which may arise in a financial planner-client relationship and this kind often causes the client to refuse to disclose certain important information. Financial planning requires a combination of the cognitive skills with emotional skills in order for financial planners to build better relationships with clients (Kahler 2005: 62). Thus, it is only those financial planners who also provide non-financial counselling who succeed at building strong bonds with clients and as a result usually earn the trust of clients to even becoming the sole-executor of a client's estate or even becoming the recommended person to contact in the case of an emergency (Dubofsky and Sussman 2010: 67). Research has revealed that the most important aim of the financial planner is to gain the trust of the client in the professional relationship (Hunt, Brimble and Freudenberg 2011: 83).

2.6 SUMMARY

This chapter provided a literature review of financial planning, FinTech and the relational skills of successful financial planners. It highlighted the nature and importance of financial planning, the nature and impact of FinTech and the nature and importance of relational skills of financial planners. The qualifications of a financial planner were outlined as a university degree including professional designations such as the Certified Financial Planner® (CFP®) or the Financial Services Advisor™ (FSA™) which also require continuous professional development. Moreover, a discussion was given on the Financial Advisory and Intermediary Services Act (FAIS) and the FAIS General Code of Conduct that governs the practices of financial planners to ensure that they render services that put the interests of clients first and to protect customers from market abuse and malpractices.

Furthermore, the role of the financial planner was discussed which was mainly to successfully take the client through the financial planning process in an effective manner. The six steps of the financial planning process were outlined and the importance of financial planning was elaborated upon together with the FinTech innovation that has penetrated the industry with all its advantages and disadvantages.

A verdict was reached that although FinTech challenges traditional financial planning practices, an opportunity arises in which it can be combined to provide more efficient financial planning practices, referred to as the "hybrid model" of financial planning. Moreover, it was noted that although the FinTech possesses all the cognitive skills, only human financial planners have a comparative advantage of harnessing certain behavioural skills which can improve financial planning practices. The nature of the relational skills was discussed together with their significance in the financial planner-client relationship. The relational skills that were identified as important and discussed consisted of listening skills, interpersonal (oral communication) skills and empathy and compassion. Chapter Three will discuss the research design and methodology which will be used in this study.

CHAPTER 3
RESEARCH DESIGN AND METHODOLOGY

3.1 INTRODUCTION

The previous chapter dealt with the discussion of the nature and importance of financial planning followed by the nature and impact of FinTech in the industry. Moreover, the chapter culminated with a thorough discussion of the importance of relational skills in the practices of financial planners. A verdict was reached that FinTech can be combined with human skills in order to provide more efficient financial planning practices. The relational skills that were identified in the literature and discussed in-depth included; listening skills, interpersonal skills and empathy and compassion. These relational skills were proposed to have an influence on client satisfaction, and can be used to build better relationships with clients since the human element plays a pivotal role in the financial planning process.

The purpose of this chapter is to provide an overview of the research design implemented by the researcher in investigating the research propositions in order to answer the research questions of the study. The chapter will elaborate on the research paradigm which will be adopted in the study. Furthermore, the chapter includes an explanation of the research methodology used in the study, taking into consideration important aspects such as data collection and data analysis methods as employed by the researcher.

3.2 RESEARCH DESIGN

Krippendorff (2013: 83) defines a research design as the steps taken by a researcher to design, effect and complete the particular study he or she is undertaking. Research design comprises the systematic process of planning and implementing a research project which starts from identifying the research problem, reporting and ultimately publishing the results (Punch 2014: 114). A research plan provides a plan about how the researcher will answer the research questions (Shukla 2010: 26). Furthermore, Blanche, Durrheim and Painter (2006: 34) define research design as the plan that serves as a guideline in the process of gathering and analysing data in an efficient manner so that the research objectives are realised.

According to Punch (2014: 114), the research design consists of four main ideas; strategy, conceptual framework, the object being studied and lastly the tools that will be employed in gathering information and analysing it.

However, in the context of this study, Maxwell (2013: 2) argues that in a qualitative study, the research design does not follow a sequential model because during the course of the study any component of the study may need to be modified. Thus, the research design for a qualitative study is not a fixed one but in actual fact is required to be flexible. The model for a qualitative research design aims to address research objectives by answering the research questions using a conceptual framework and research methods which at the end will be examined for trustworthiness (Maxwell 2013: 4).

3.3 RESEARCH PARADIGM AND METHODOLOGY

Mertens (2015: 8) defines a paradigm as a way in which the world can be viewed and forms a guideline for thinking throughout the research process in order to make decisions that align with the assumptions of the paradigm. Research paradigms refer to the "approaches" that can be used in research, specifically how to gather knowledge about the matter being investigated (Kasi 2009: 95). Also, paradigms guide a suitable research framework which indicates how the research is designed, how the data will be gathered and how findings will be presented (Quaddus and Woodside 2015: 219). There are mainly two broad research paradigms; the positivistic research paradigm and the phenomenological (also known as "interpretivist") research paradigm.

The positivistic paradigm has an ordered or fixed reality in its view of the world and always aims to test a model whereas the interpretivist approach makes use of observation and interpretation of data, for example from interviews, to formulate a worldview (Ling and Ling 2017: 25). Additionally, the interpretivist (or phenomenological) research paradigm aims to understand a certain social phenomenon whether an interaction, a group, a role or an event through making comparisons, classifying and reproducing a particular purpose of the study (Creswell 2003: 198).

3.3.1 Positivistic Research Paradigm

Positivism can be defined as a research paradigm that considers that a reality exists for the object being studied which makes it independent of the observer and such reality can be captured accurately (Quaddus and Woodside 2015: 220; Krauss 2005: 760; Guest, Namey & Mitchell 2013: 6). Positivism is a framework that integrates deduction and exact measurement of quantitative data so that the researcher can better predict human behaviour using causal relationships between variables (Struwig and Stead 2013: 5). In the past, social research used to be predominantly conducted using positivism which is based on using a scientific approach that aims to experiment and measure observable data so as to determine relationships between variables (Mertens 2015: 10-11). Studies have shown that the positivistic research paradigm is mostly used in the natural sciences which is based on the "ontological assumption" that everything in the real world can be measured and observed through science (Nelson, Groom and Potrac 2014: 13; Krauss 2005: 761).

The positivistic researcher is of the belief that certain causal relationships can be proved between variables, and thus uses quantitative methods to prove the hypotheses (Kasi 2009: 95). The positivistic paradigm relies on data which is collected through experimentation and observation and thus uses the quantitative methodology which formulates hypotheses and gathers numerical data in order to examine these hypotheses (Mukherji and Albon 2009: 9, 14; Struwig and Stead 2013: 4). The main aim of the positivistic research paradigm is to find universal laws which can be discovered through investigating aspects of "cause and effect" in relationships between variables (Walther 2014: 117). Babbie and Rubin (2011: 40) indicate that the advantage of using the positivistic research paradigm is that it enables researchers to collect data from a larger sample size and can generate reliable data, when used correctly, which can be used to test hypotheses.

3.3.2 Phenomenological Research Paradigm

The phenomenological (interpretivist) research paradigm sees the world as indefinable and seeks to gain an understanding in order to formulate theories rather than the positivistic paradigm that tests models to get an explanation (Kasi 2009: 95).

Moreover, the phenomenological research paradigm, unlike the positivist paradigm does not apply objective information but instead uses subjective information (Collins 2010: 38). The main objective of phenomenology is to discover common themes in data to get a richer meaning of a certain phenomenon being studied (Struwig and Stead 2013: 14). According to Grbich (2013: 92), there are many different forms of phenomenology which consist of realistic, existential, classical, heuristic, transcendental and hermeneutic phenomenology. However, in this study focus will be on the classical phenomenological paradigm which bases its emphasis on first-hand experiences of the participants. The phenomenological approach is associated with the qualitative research methodology as it concentrates on people's subjective experiences and interpretations in order to acquire an understanding of a particular phenomenon (Rubin and Babbie 2009: 2018; Grbich 2013: 92).

When it comes to the research process, the qualitative approach differs from the quantitative methodology in that it takes a more unstructured style because certain aspects could change during the research process (Mukherji and Albon 2009: 14). Qualitative research includes standards of quality such as; credibility, trust, originality, validity, accurateness, severity and validity (Loredana 2012: 13). Polkinghorne (2005: 138) describes qualitative research as the study of the experiences of people in real life. In addition, Hair, Wolfinbarger, Money, Samouel and Page (2015: 277) argue that such human experiences consist of feelings, bodily awareness, desires, thoughts, perceptions, memories and imaginations. In simpler terms, the main aim of qualitative research is to gain an understanding of a particular issue or casual processes by investigating the perspectives and attitudes of the people within a certain context in which the researcher is of interest (Anderson and Aydin 2005: 30).

The advantage of the phenomenological research paradigm is that it allows the researchers to gain a deeper understanding of their key informants since the informants can express their true feelings and perceptions (Hennink, Hutter and Bailey 2011:9). Qualitative research is broad and covers a wide range of methods and approaches used for the study of social life in which the information collected is non-quantitative in nature which is mainly sourced from interviews, documents, field-notes including audio-visual materials such as photographs, internet sites, video recordings and artifacts (Saldana 2011: 3).

Furthermore, the qualitative research methodology mainly refers to approaches such as the use of purposive sampling, semi-structured and open-ended interviews in order to collect and analyse data (Choy 2014: 99). Qualitative research is also a rigorous and theoretically driven approach that aims to complement quantitative research with more emphasis on social practices (Silverman 2016: 3). To support this notion another study adds that qualitative methods are inductive in nature and data are collected through the use of interviews, documents and observations which can be analysed using various techniques (Anderson and Aydin 2005: 30). In addition, Marshall and Rossman (2013: 148) describe phenomenological interviewing as the study of real-life experiences gathered from specific individuals with similar experiences with an aim to come up with a worldview.

The following Table 3.1 gives a summary of the key differences between the two research methodologies:

Table 3.1: Differences between qualitative and quantitative research

Differences with respect to:	**Qualitative Research**	**Quantitative research**
Objective / purpose	• To gain an understanding of underlying reasons and motivations • To provide insights into the setting of a problem, generating ideas and/or hypotheses for later quantitative research • To uncover prevalent trends in thought and opinion	• To quantify data and generalise results from a sample to the population of interest • To measure the incidence of various views and opinions in a chosen sample • Sometimes followed by qualitative research which is used to explore some findings further
Sample	• Usually a small number of non-representative cases. Respondents selected to fulfil a given quota.	• Usually a large number of cases representing the population of interest. Randomly selected respondents.
Data collection	• Unstructured or semi-structured techniques e.g. individual depth interviews or group discussions.	• Structured techniques such as online questionnaires, on-street or telephone interviews.
Data analysis	• Non-statistical.	• Statistical data is usually in the form of tabulations (tabs). Findings are conclusive and usually descriptive in nature.
Outcome	• Exploratory and/or investigative. • Findings are not conclusive and cannot be used to make generalisations about the population of interest. • Develop an initial understanding and sound base for further decision making.	• Used to recommend a final course of action.

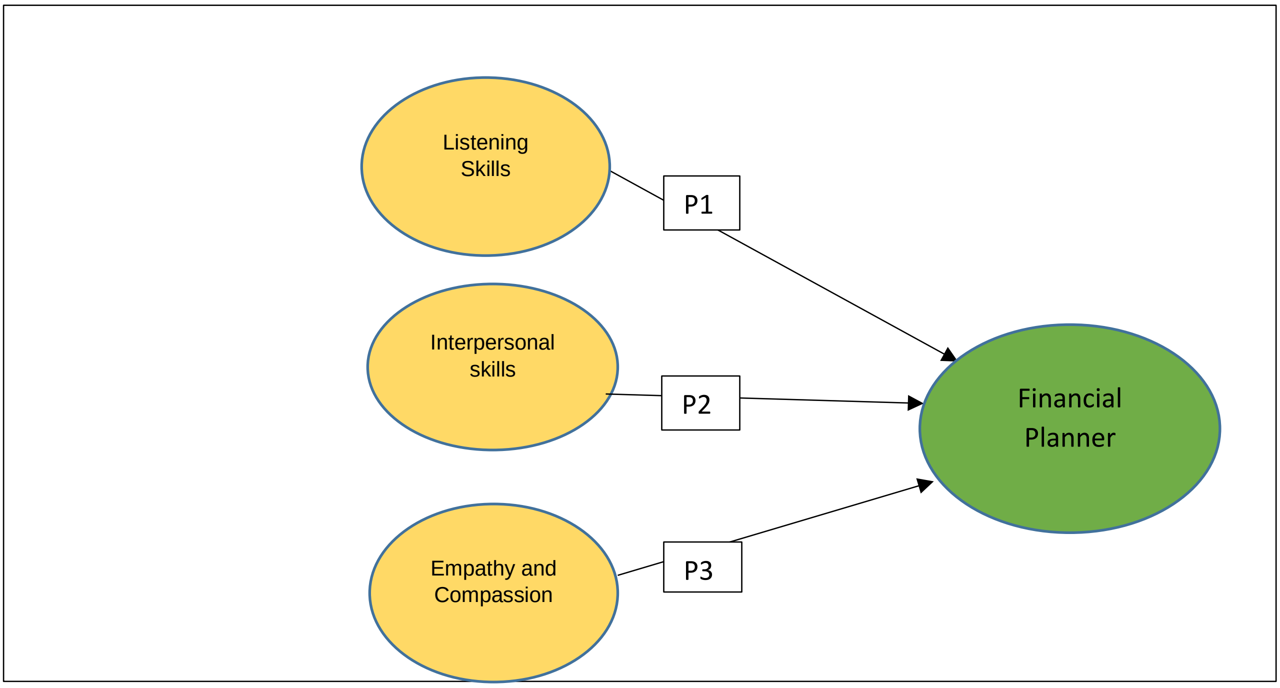
(Source: Snap Surveys Ltd 2010-2015:1)

Table 3.1 shows that the positivistic research paradigm makes use of the quantitative methodology, whereas the phenomenological research paradigm uses the qualitative methodology. For the purposes of this study, the qualitative research methodology is the most suitable as it enables the researcher to obtain rich data that will facilitate insights into relatively unknown phenomena. The primary objective of this research is to conduct an exploratory study into the relational skills of financial planners in the Nelson Mandela Bay, Eastern Cape Province, South Africa. According to Struwig and Stead (2013: 6), an exploratory study is useful when the researcher wants to formulate an idea about a problem that very little information is known, and hence generate a research question. The qualitative approach will enable the researcher to make use of a small sample made up of key informants to which open-ended interviews will be conducted to gather primary data which will then later be analysed through content analysis.

3.4 THEORETICAL FRAMEWORK

Given the problem statement and the objectives of this study, the qualitative research methodology is preferred as it is more exploratory in nature and seeks to acquire an understanding of the phenomena being investigated. Figure 1.1 from Chapter One is duplicated as Figure 3.1 which is shown below for ease of reference.

Figure 3.1: Proposed conceptual model – The components of relational skills in planner-client relationships



(Source: Researcher's Construct)

As illustrated in Figure 3.1, the following propositions have been generated in order to explore the relationships depicted in the conceptual model:

- P[1] Listening skills have a positive influence in the financial planning process of the financial planner.
- P[2] Interpersonal skills have a positive influence in the financial process of the financial planner.
- P[3] Empathy and compassion has a positive influence in the financial planning process of the financial planner.

3.5 DATA COLLECTION

There are four basic types of data collection procedures used in qualitative research, namely; observation, interviews, documents and audio-visual materials (Creswell 2003: 186). Hox and Boeije (2005: 593) indicate that in a qualitative study, the data collection methods such as in-depth interviews, focus groups and observation in order to collect a large amount of data by using a small purposeful sample. In addition, Marshall and Rossman (2011: 137) indicate that there are four main techniques which can be utilised to gather data which consist; taking part in the setting, observation, in-depth interviewing and analysing materials. According to May (2011: 132), there are four types of interviews in social research, namely; structured, unstructured, semi-structured and focus interviews. A semi-structured interview has to do with opening up the interview method in order to accommodate how the participants attach meaning in social life by allowing them to answer questions on their own terms but still maintaining structure (May 2011: 135). Before conducting any interviews, a sample needs to be chosen from a population.

According to McIntyre (2005: 95), the aim of a sample is to obtain a “subset” which represents the population being studied. After researchers have identified the appropriate population for the study, researchers will have to choose between two sampling methods, namely probability and non-probability sampling. Furthermore, there are three cases for sampling and they are theoretical, purposeful and purposive (Emmel 2014: 2). Probability sampling is mainly concerned with the entire chosen population having a chance of being selected as the sample whereas the non-probability method involves selecting only units that are more appropriate to the study. There are various non-probability sampling methods which consist of convenience sampling, judgement sampling, quota sampling and snowball sampling (Kothari 2004: 58; McIntyre 2005: 105). It is worth noting that in doing qualitative research the researcher selects samples purposefully rather than randomly (Struwig and Stead 2013: 127).

The following Table 3.2 illustrates the strengths and weaknesses of non-probability sampling methods.

Table 3.2: Strengths and weaknesses of non-probability sampling methods

Sampling method	Strengths	Weaknesses
Convenience	• Less costly and time consuming • Ease of administration • Usually assures high participation rates • Generalisation possible to similar subjects	• Difficult to generalise to other subjects • Less representatives of an identified population • Results dependent on unique characteristics of the sample • Greater likelihood of error due to experiment or subject bias
Purposeful	• Less costly and time consuming • Ease of administration • Usually assures high participation rates • Generalisation possible to similar subjects • Assures receipt of needed information	• Difficult to generalise to other subjects • Less representatives of an identified population • Results dependent on unique characteristics of the sample • Greater likelihood of error due to experimenter or subject bias
Quota	• Less costly and time consuming • Ease of administration • Usually assures high participation rates • Generalisation possible to similar subject • Tends to provide more representative samples than convenience or purposeful	• Requires identification information on each subject • Difficult to generalise to other subjects • Less representatives of an identified population • Results dependent on unique characteristics of the sample • Greater likelihood of error due to experiment or subject bias • More time-consuming than convenient or purposeful methods

(Source: McMillan & Schumacher 2014:153-154)

In reference to the table above, this study will use purposeful sampling. Moreover, for the purpose of this study, twelve key participants, identified through purposeful, judgement sampling methods, will be requested to participate in semi-structured interviews which consist of open-ended questions relating to the role of relational skills of financial planners. The objective of the questions is to explore and add to the limited understanding pertaining to the importance of relational skills of financial planners.

3.5.1 Secondary Research

Secondary research refers to the use of published data which is made up of a wide range of information that is readily available that other people have already conducted research on those subjects (Hamilton 2005: 8; McMillan and Schumacher 2014: 260). In addition, Hox and Boeije (2005: 593) define secondary data as information that was gathered for a "different purpose" which can also be re-used in another research project. According to Goodwin (2012: 16), secondary data is not only useful in providing existing evidence when researchers want to test a certain hypothesis, but can also be a good base for an exploratory study conducted in primary research. Secondary data comprises of data that was previously collected as primary data and was kept in archives by organisations and then made available for re-use such as administrative records and official statistics (Hox and Boeije 2005: 596).

Moreover, the challenges that researchers often encounter in using secondary data include finding suitable sources that address the research problem, the ability to extract relevant information and evaluating the quality of the data and its applicability to the methodological objectives. Furthermore, McMillan and Schumacher (2014: 260) argue that other disadvantages of secondary data include inappropriate units of measurement, author of the data may be questionable and lack of credibility including obsolete and inaccurate information. However, according to Morgan and Summers (2005: 110), the advantages of using secondary data from the researcher's point of view is that it saves time and minimises the cost involved in conducting a study and some data sets come free of charge and can be accessed from websites and internet databases (McMillan and Schumacher 2014: 260; Hox and Boeije 2005: 597).

3.5.2 Primary Research

Primary data are data that are gathered specifically for the research project being studied by employing methods that are most suitable to addressing the research problem in order to make a contribution to the body of knowledge in society (Hox and Boeije 2005: 593). There are various purposes for which primary data can be used which include; to describe historical qualities, to reproduce an original study, to address research questions that the original study did not meet, to advance a research design and for the purpose of learning and teaching (Hox and Boeije 2005: 593). According to Marshall and Rossman (2010: 137), qualitative researchers use the following methods to gather primary data; participating in the setting, direct observation, in-depth interviewing and document analysis. Participant observation has to do with recording events, artifacts and behaviours (such as tone of voice and body language) within the social context and jots them down in a journal (Marshall and Rossman 2010: 140). The following Table 3.3 demonstrates examples of primary data that are utilised in conducting a social study.

Table 3.3: Examples of primary data in social research

Research Methodology	**Solicited**	**Spontaneous**
Quantitative	Experiment Interview survey Mail survey Structured diary Web survey	(Passive) observation Monitoring Administrative records (e.g., statistical records, data bases, Internet archives)
Qualitative	Open interview Focus group Unstructured diary	(Participant) observation Existing records (e.g. ego-documents, images, sounds, news archives)

(Source: Hox and Boeije 2005: 596)

As can be seen above, a qualitative study makes use of various forms of in-depth interviews to collect primary data. Various forms of in-depth interviews comprise of ethnographic interviewing, phenomenological interviewing, focus group interviewing, life-histories, digital story-telling and narrative inquiry (Marshall and Rossman 2010: 146). Ethnological interviewing is a qualitative research technique which has been adopted from “cultural anthropology” in which interviews are conducted on-site (Atkinson, Delamont, Coffey, Lofland and Lofland 2007: 369). The phenomenological interview contains themes and the researcher wants to gather an understanding of the participants’ world-views, interpretations and narrations (Skinner 2014: 9). Moreover, a structured interview is made up of a fixed set of questions which are generally in a survey with limited control from the participant, whereas a semi-structured interview is made up of more open-ended questions on certain themes and is conducted in a conversational manner (Skinner 2014: 8).

Spradley (2016: 24) indicates that life-histories are a description that aim to gather an understanding about a specific foreign culture from an informant. Focus groups are made up of participants who do not know each other but have common experiences, from which the researcher can collect qualitative data in a once-off meeting (Carey and Asbury 2016: 16). It has been argued that focus groups are effective only when the participants know each other. For the purpose of this study, semi-structured interviews will be employed to gather primary data from key participants.

3.5.3 Design of the Measuring Instrument

In this qualitiative exploratory study, the researcher will use open-ended questions in semi-structured interviews which will be administered to key informants. According to Johnson and Christensen (2013: 199), open-ended questions are unstructured in nature and allow the participants the liberty of answering questions in their own words and fully express their views, feelings and emotions on a particular issue. Hence, open ended questions are considered to be the appropriate tool for a qualitative study.

3.5.4 Trustworthiness of the Measuring Instrument

Rigour refers to the act of ensuring that a study maintains honesty, correctness and consistency which is connected to “reliability” and “validity”, however in qualitative research such terms do not apply because there is no definite way to determine rigour in qualitative research (Struwig 2013: 136). According to Guest, MacQueen and Namey (2011: 81), reliability can be defined as consistency of results or when the same result is achieved on successive trials. In addition, validity is defined as, the extent to which a test measures what it is intended to measure in an accurate manner (Guest *et al.* 2011: 80). The two terms of validity and reliability are applicable in quantitative studies. However, in qualitative research the concept of “trustworthiness” applies which refers to the extent to which the research can be believable in accordance with credibility, dependability, confirmability and transferability (Struwig 2013: 137; Creswell 2007: 202; Marshall and Rossman 2010: 40).

In order to achieve credibility as a standard of trustworthiness, Marshall and Rossman (2010: 40) indicate that it is recommended that the researcher should make use of “prolonged engagement” with the participants by exchanging data with the participants and employ triangulation. In Struwig and Stead (2013: 271), triangulation refers to the practice of collecting data by making use of various sources and different data gathering techniques in order confirm the findings.

Prior to engaging with the participants, ethical clearance was obtained from the Nelson Mandela University in terms of their research protocols and guidelines.

3.6 DATA ANALYSIS

In Creswell (2003: 190) it is indicated that data analysis is concerned with interpreting data that comes in the form of text and pictures. Burnard, Gill, Stewart, Treasure and Chadwick (2008: 49) suggest that there are mainly two methods that can be used to analyse qualitative data which are the deductive approach and the inductive approach. The deductive approach is concerned with using an already existing framework to analyse data, whereas the inductive approach makes use of the gathered data in order to generate a framework for analysing the data. The most common method used to analyse qualitative data is thematic content analysis. According to Struwig and Stead (2013: 12), content analysis is concerned with putting together and analysing text which often comes in the form of themes, words, symbols and meanings that are verbal, written or visual in nature. This means that numerous words in text are classified and summarised into fewer groups. The researcher will on an ongoing basis reflect upon the data collected through the open-ended questions probed to the participants and thereby ask analytical questions whilst keeping a journal of all data collected. Subsequently, the researcher will categorise the data through the use of phenomenological research which analyses important statements (Creswell 2003: 191). Creswell (2003: 191-194) suggests a generic process of data analysis that can be followed in a qualitative study which consists of six steps, namely:

i. The researcher would organise and prepare data for analysis by writing up notes during interviews,
ii. read all data to get an overall meaning to gather the general idea of what participants are saying,
iii. code the data by organising it into “chunks” by giving it a label called “in vivo” term,
iv. generate themes,
v. generate process-models,
vi. finally interpret the meaning of the data.

However, Marshall and Rossman (2010: 207) highlight three steps in data analysis which consist of describing, analysing and interpreting the data. Also, it is suggested that data collection and data analysis should be conducted at the same time in a qualitative study in order to produce an understandable interpretation (Creswell 2003: 203; Marshall and Rossman 2013: 208). Grbich (2013: 96) suggests that the data analysis process consists of the following stages; removing the researcher's personal experiences, engaging in conversation with participants, writing in a journal any thoughts and questions that may arise, analyse the information for common themes and posing questions to the data collected to bring out new concepts. For the purposes of this study, data will be analysed through thematic content analysis.

3.7 CONTENT ANALYSIS

Content analysis is described as the systematic representation and analysis of any kind of data by a researcher through methodically scrutinising pictures, sounds and documents in a search for specific themes (McIntyre 2005: 196). Krippendorff (2004: 18) defines content analysis as "a research technique for making replicable and valid inferences from texts (or other meaningful matter) to the contexts of their use. A study by Braun and Clarke (2006: 4) defines thematic content analysis as, "…a poorly demarcated and rarely-acknowledged, yet widely-used qualitative analytic method within and beyond psychology". The following Table 3.4 depicts the advantages of content analysis versus its disadvantages.

Table 3.4 Advantages and disadvantages of Content Analysis

ADVANTAGES	DISADVANTAGES
Can simplify complex information into numeric easy to interpret data	Tends to be open to criticism when only enumerative approaches are used
Can easily identify behaviours, feelings and motives and expose intentions	Poor sampling techniques can lead to data becoming biased
Can integrate both enumerative and non-enumerative approaches to examine relationships in the social and cultural context	Concepts that need to be included may be limited due to the capacity of the dictionary program in the computer
	Can often be theoretical especially if it is assumed that numbers are the basis of decision-making

(Source: Researcher's Construct based on Grbich 2013: 197)

Content analysis is made of the following steps; unitising, sampling, recording/coding, reducing information to simpler representations, relying on established data constructs and narrating the answer to the research problem (Krippendorff 2013: 84). Unitising simply means rely on the known definitions of units that are relevant to the study. Thus, using the research instrument, the researcher will be empirically investigating the following themes of relational skills as described in the table below.

Table 3.5: Main Themes of Relational Skills

MAIN THEME	DESCRIPTION
Listening Skills	Leo and Cmiel (2017:72) describe listening as the ability to receive and interpret messages correctly and effectively during communication. It is important that the financial planner pay close attention and effectively hear what the client has to say in order to know exactly what the client's needs, objectives and goals are (Botha et al. 2016: 9).
Interpersonal Skills	Lee and Lee (2015: 272) define interpersonal skills (also known as "soft skills") as, "a type of mental and physical practices that involve different levels and repertoires of interactions and communications among human beings, needed to develop temporary or prolonged relationships in diverse institutionalised work settings." The most important "soft skills" needed are empathy, interpersonal and communication skills (Riess, Kelley, Bailey, Konowitz and Gray 2010: 120).
Empathy and Compassion	Empathy and compassion means that the financial planner internally identifies with whatsoever the client is passing through whether emotionally or financially and responds by showing care and understanding (Baker, Filbeck and Ricciardi 2017: 281). According to Tillery and Tillery (2017: 254), empathetic and compassionate behaviour is needed from financial planners in order to address non-financial matters that may arise in financial-planner and client relations.

(Source: Researcher's Construct based on Leo and Cmiel 2017: 72, Lee and Lee 2015: 272; Riess, Kelley, Bailey, Konowitz and Gray 2010: 120; Baker, Filbeck and Ricciardi 2017: 281; Tillery and Tillery 2017: 254)

3.8 SUMMARY

In accordance with the problem statement, the qualitative methodology referred to as phenomenological research paradigm will be used to design and conduct this research project. Secondary data were gathered from various literature and perspectives of various authors on the topic. Books, published journals from academic databases and internet sources were consulted in the process of gathering the secondary data used in this study. In addition, semi-structured interviews will be conducted to collect primary data from key participants for this study. Due to the fact that the study is exploratory in nature, purposeful judgement sampling is the suitable sampling method so that the researcher would gather trustworthy data from industry experts in financial planning which must be confirmed with the literature provide in Chapter Two to test credibility and transferability of the findings.

Having mentioned above, the population relevant to this study consists of experienced and qualified financial planners in the Nelson Mandela Metropole. However, a sample of 12 participants will be purposefully selected to form part of this study. The data will be collected from the sample using open-ended questions during the semi-structured interviews. The following chapter will report the results from the qualitative research and the data analysis.

CHAPTER 4

EMPIRICAL DATA AND DATA ANALYSIS

4.1 INTRODUCTION

The previous chapter provided an overview of the research design implemented by the researcher in investigating the research propositions in order to answer the research questions of the study. The chapter elaborated on the research paradigm adopted in the study. Furthermore, it included an explanation of the research methodology adopted, taking into consideration important aspects such as data collection and data analysis methods as employed by the researcher. It ended with describing the themes of relational skills that the researcher will be empirically investigating, namely; listening skills, interpersonal (communication) skills and empathy and compassion. Thus, in this chapter, the biographical data of the participants is presented as is. Furthermore, the data findings will be presented in the sequence in which the open-ended questions were asked in the data collection instrument. The participants that the researcher interviewed are 12 financial planners within the Nelson Mandela Bay, Eastern Cape in South Africa.

According to Burnard *et al.* (2008: 432) there are mainly two approaches of presenting the findings of a qualitative study. The first one is to report the main findings according to each theme by using verbatim quotes of the participants' perspectives which will then be followed by a separate discussion chapter. However, there is also the second approach in which the verbatim findings are incorporated with the discussion in the same chapter which will then be subsequently followed by a concluding chapter. In this chapter, the verbatim findings are incorporated together with their discussion. The chapter will elaborate on the themes that were inductively identified by the researcher prior to the semi-structured interviews with evidences of their validity based on the responses given by the participants during the interviews. Moreover, there are also additional "sub-themes" that emerged from the semi-structured interviews which have also been acknowledged as relational skills which financial planners need to possess in building sustainable relationships with clients. Thereafter, the perspectives of the participants on the role of FinTech in financial planning and their businesses will be discussed.

4.2 BIOGRAPHICAL DATA

The biographical data presented below consists of important details collected from the participants which include: age, gender, highest level of education, professional designation, and experience in the financial planning industry including employer and position at the company.

4.2.1 Age of the participants

The ages of the participants ranged from 25 to 57, but the majority of the participants were between the ages of 31 to 40 years. Table 4.1 below illustrates each participant according to their respective age.

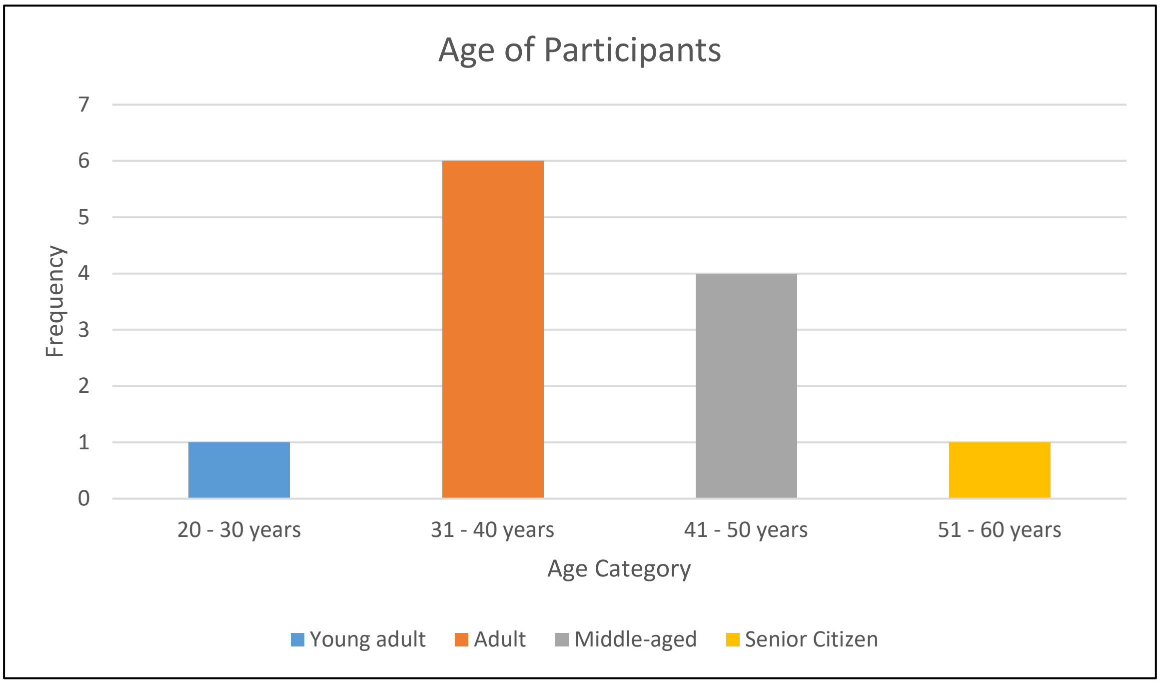
Table 4.1: Age

PARTICIPANT	AGE
A	57
B	37
C	32
D	32
E	50
F	37
G	31
H	25
I	49
J	50
K	32
L	43

(Source: Researcher's Construct)

Figure 4.1 below provides a graphical representation of the ages of the participants.

Figure 4.1: Graphical Representation of the age of participants



(Source: Researcher's Construct)

The data shows that between the ages of 20-30 years there was only one young adult, whereas between 31-40 years there were six participants. Furthermore, there were four participants whose ages ranged between 41-50 years including one financial planner whose age ranged between 50-60 years. Table 4.2 below shows the gender of the various participants.

4.2.2 Gender of participants

Ten of the participants were males whilst two were females. Table 4.2 below illustrates the gender of the participants.

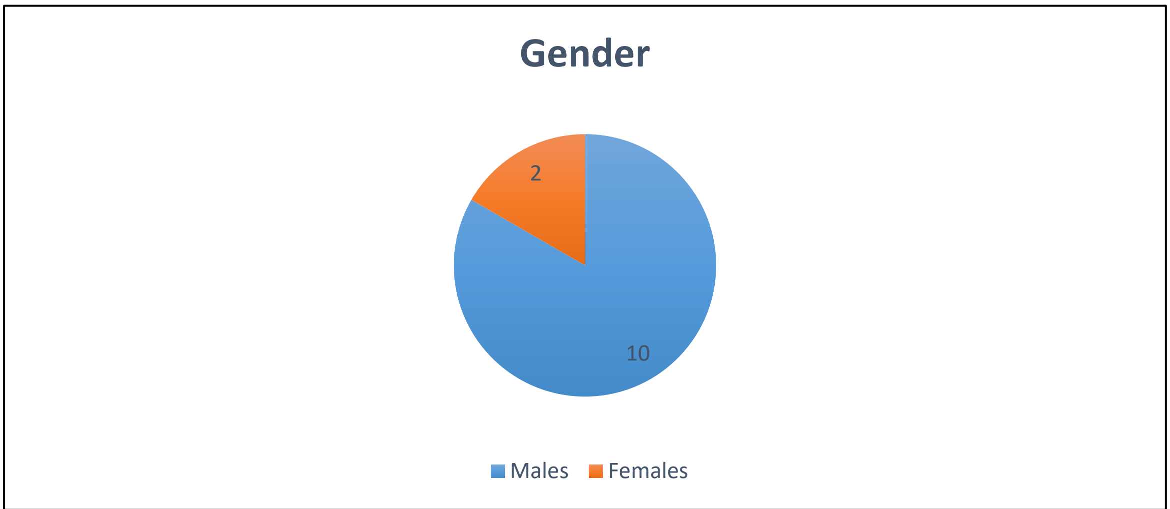
Table 4.2: Gender

PARTICIPANT	GENDER
A	Male
B	Male
C	Male
D	Female
E	Male
F	Male
G	Male
H	Female
I	Female
J	Male
K	Male
L	Male

(Source: Researcher's Construct)

Figure 4.2 below plots the data provided in Table 4.2 and gives a graphical representation of the gender of the participants.

Figure 4.2: Graphical Representation of the Gender of the participants



(Source: Researcher's Construct)

4.2.3 Race of Participants

Nine out of the twelve participants were white and three were black. Table 4.3 depicts the race of each participant.

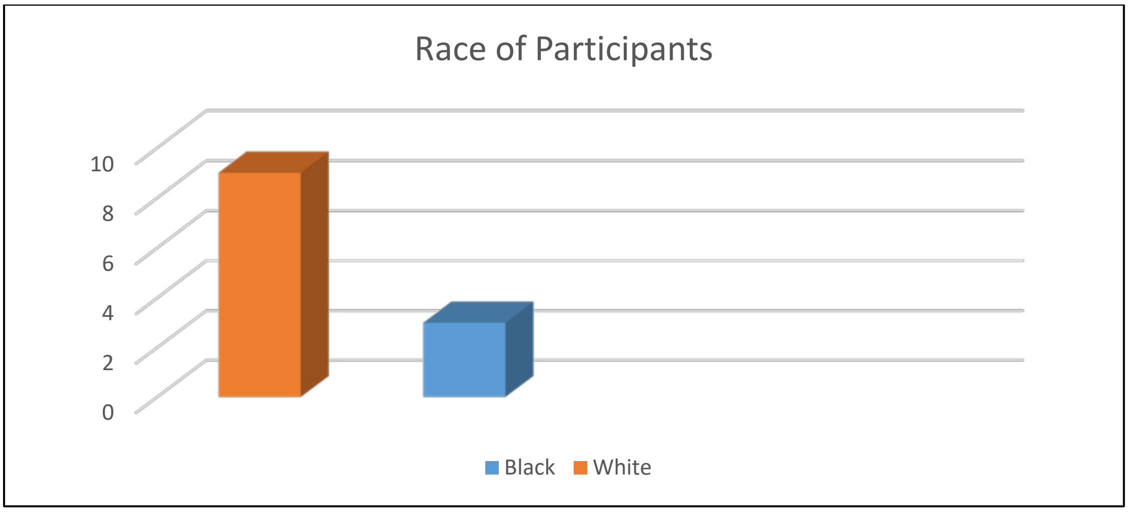
Table 4.3: Race

PARTICIPANT	RACE
A	White
B	Black
C	White
D	Black
E	White
F	White
G	White
H	White
I	White
J	White
K	Black
L	White

(Source: Researcher's Construct)

Figure 4.3 shows the graphical representation of the race of the participants.

Figure 4.3: Graphical Representation of the Race of the Participants

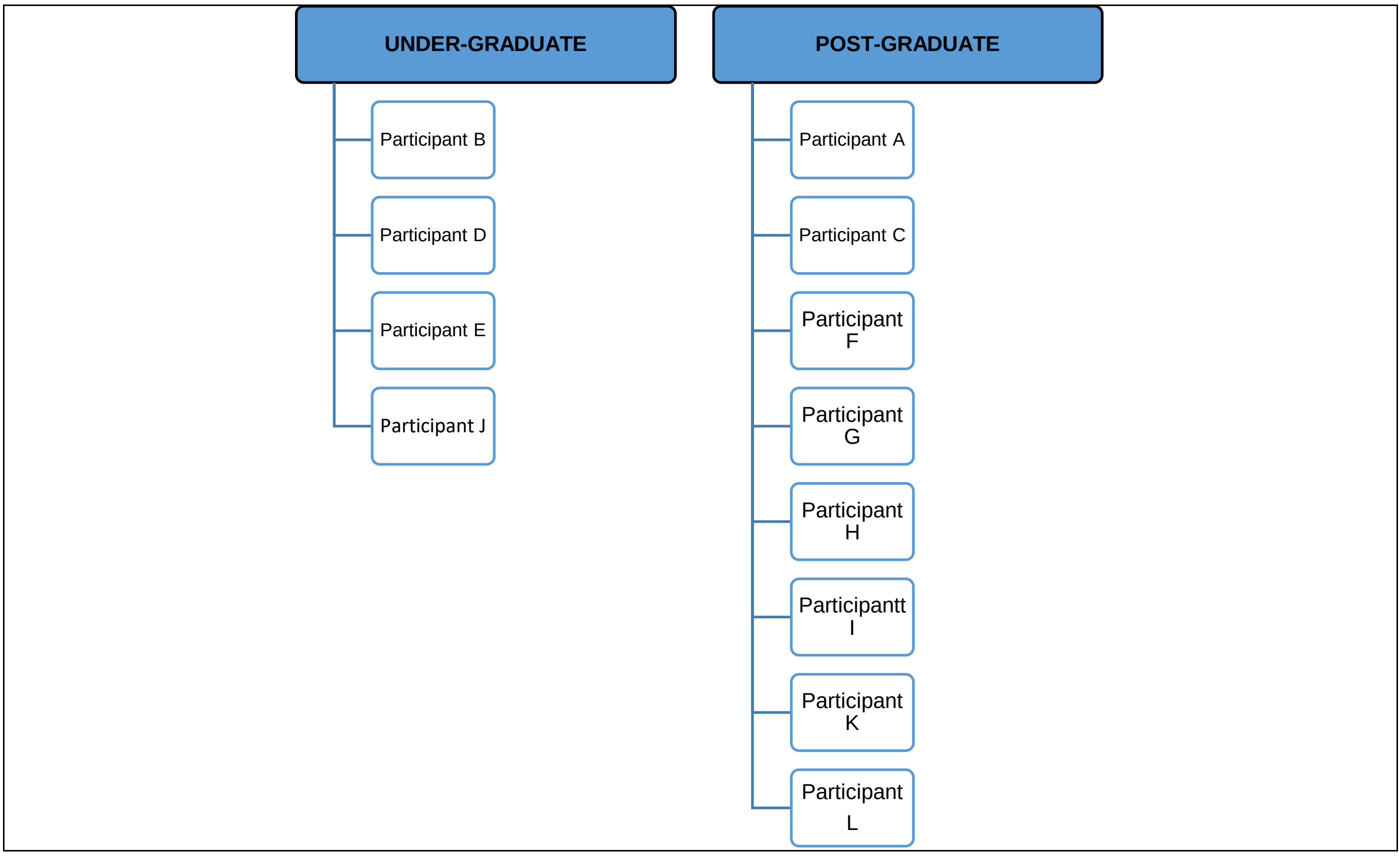


(Researcher's Construct)

4.2.4 Highest level of education of participants

It has been established that all of the participants have attained tertiary qualifications as this is a requirement which must be met in order to practice in the financial planning industry. The tertiary qualifications obtained by the participants range between an undergraduate degree and postgraduate qualification. Three of the participants, particularly B, D and E possessed a diploma, two in financial planning and one in sales and marketing. Another one possessed a degree in law. However, seven of the participants were in possession of a Postgraduate Diploma in Financial Planning. In addition, one of the participants possessed a Masters in Clinical Psychology. Figure 4.3 depicts the number of participants under the categories of under-graduate and postgraduate.

Figure 4.4: Number of participants under Each Academic Level



(Source: Researcher's Construct)

4.2.5 Educational Qualifications of Participants

According to Gitman, Joehnk and Billingsley (2013: 35), education by itself cannot guarantee a high-paying career, but research has shown that a strong formal education increases the chances of getting higher remuneration. Table 4.4 below illustrates the education qualifications of the participants.

Table 4.4: Educational Qualifications

PARTICIPANT	AGE
A	Postgraduate Diploma in Financial Planning
B	Diploma in Financial Planning
C	BCom Honours (Business Management) Postgraduate Diploma in Financial Planning
D	Diploma in Financial Planning
E	Diploma in Sales and Marketing
F	BCom Honours (Business Management) Postgraduate Diploma in Financial Planning
G	BCom Honours (Business Management) Postgraduate Diploma in Financial Planning
H	Postgraduate Diploma in Financial Planning
I	Postgraduate Diploma in Financial Planning
J	LLB
K	Postgraduate Diploma in Financial Planning
L	Masters in Clinical Psychology

(Source: Researcher's Construct)

4.2.6 Professional designation

There were eight out of the twelve participants who possessed the Certified Financial Planner (CFP®) designation. Table 4.5 shows the participants who have a professional designation and those who also do not have it.

Table 4.5: Designation

PARTICIPANT	PROFESSIONAL DESIGNATION
A	Certified Financial Planner (CFP®)
B	None
C	Certified Financial Planner (CFP®), Certificate in Investment Performance Measurement (CIPM®)
D	None
E	Certified Financial Planner (CFP®)
F	Certified Financial Planner (CFP®)
G	Certified Financial Planner (CFP®)
H	Certified Financial Planner (CFP®)
I	Certified Financial Planner (CFP®)
J	Certified Financial Planner (CFP®)
K	None
L	None

(Source: Researcher's Construct)

4.2.7 Experience in the Financial Planning Industry

The experience of the participants in the financial planning industry ranges between 5 and 26 years. There were six participants who possessed an experience between 5-10 years and only one participant possessed an experience between 11-15 years. In addition, there were three participants with experience between 16-20 years and two had an experience between 21-30 years in financial planning. In addition, it is worth stating that in order to build credible experience, it takes a considerable number of years in the financial planning industry. Table 4.6 below show the participant's work experience in terms of the number of years in the industry.

Table 4.6: Work Experience

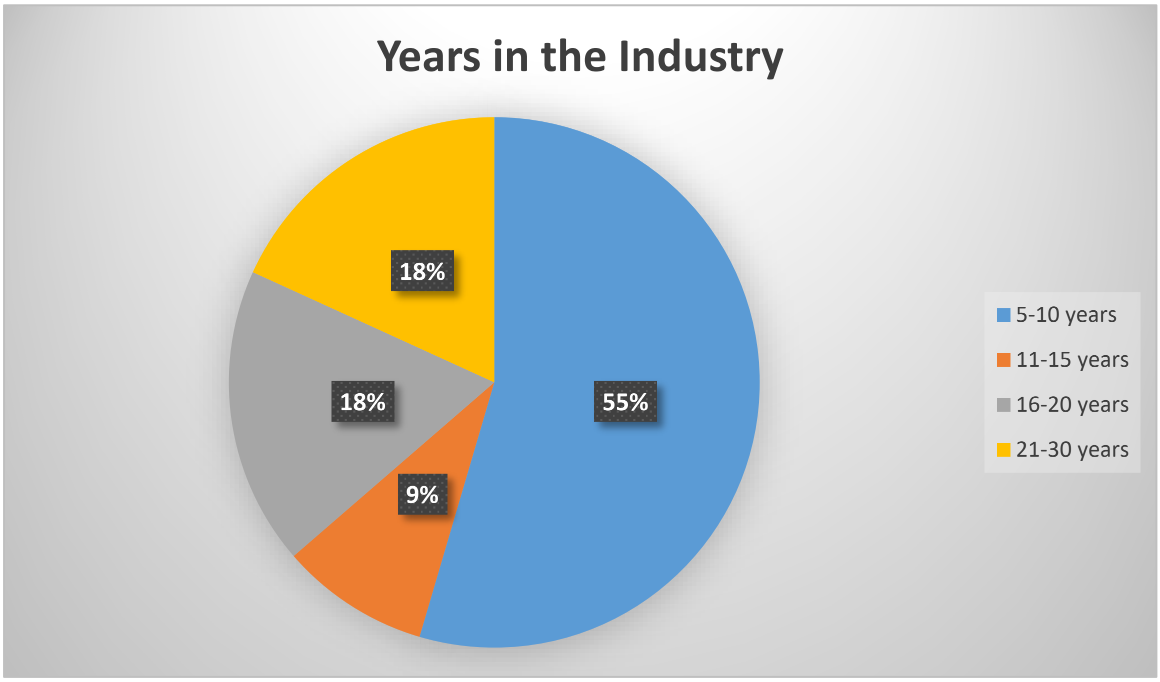
PARTICIPANT	EXPERIENCE IN FINANCIAL PLANNING
A	20 years
B	11 years
C	9 years
D	10 years
E	26 years
F	16 years
G	9 years
H	5 years
I	20 years
J	25 years
K	9 years
L	10 years

(Source: Researcher's Construct)

The majority (55%) of the participants had an experience that ranges between five and ten years whereas those participants who had an experience between eleven to fifteen years constituted the least representation (9%) amongst the participants. The participants that possessed experience of between sixteen and eighteen years had an equal representation with those who had an experience that lies between twenty one and thirty years.

Figure 4.5 below is the graphical depiction of how the different experiences of the participants were weighed by the researcher.

Figure 4.5: Graphical Representation of Years of Experience in the Industry



(Source: Researcher's Construct)

4.2.8 Employer (Company)

The participants were employed by financial planning companies within the Nelson Mandela Bay. The data indicates that two of the participants approached were from commercial banking, whilst ten came from private wealth management companies. Table 4.7 below illustrates the company each participant is working for.

Table 4.7: Employer

PARTICIPANT	EMPLOYER (COMPANY)
A	Old Mutual Private Wealth
B	Standard Bank
C	Old Mutual Private Wealth
D	Standard Bank
E	Client Care
F	Sanlam/Persisto Blue-Star
G	Sanlam/Persisto Blue-Star
H	Sanlam/Persisto Blue-Star
I	PSG
J	Alexander Forbes
K	Alexander Forbes
L	Investec

(Source: Researcher's Construct)

4.2.9 Position at the Company

The positions held by the participants in the companies in which they work vary in accordance with their education and experience in the profession. The data below revealed that 25 percent of the participants held the position of being founder and CEO including director of their own wealth management companies. The other 75 percent of the participants constitutes the participants with positions such as executive financial planner and financial planner, financial planning consultant and para-planner. Table 4.8 below illustrates the various positions held by the participants.

Table 4.8: Position

PARTICIPANT	POSITION AT COMPANY
A	Financial Planner
B	Executive Financial Planner
C	Client and Investment Solutions Manager
D	Executive Financial Planner
E	CEO/Owner
F	Co-owner/Director
G	Co-owner/Director
H	Para-planner/Financial Advisor
I	Financial Planner
J	Financial Planner
K	Financial planning consultant
L	Business Development Manager

(Source: Researcher's Construct)

4.2.10 Participants' Profiles

The following section provides summaries of each participant's biographical details.

Participant A

Participant A is a 57-year old white male who holds a Postgraduate Diploma in Financial Planning. He is in an accredited financial planner with the Certified Financial Planner® (CFP®) professional designation which makes him a reputable authority in his field. Moreover, he holds an extensive amount of 20 years' experience in financial planning. Currently, he works for Old Mutual Private Wealth as a Financial Planner within the Nelson Mandela Bay.

Participant B

Participant B is a 37-year old black male who holds a Diploma in Financial Planning and is currently in pursuit of obtaining his Postgraduate Diploma in Financial Planning. He has been in financial planning for 11 years and is currently employed by Standard Bank as an Executive Financial Planner within the Nelson Mandela Bay.

Participant C

Participant C is a 32-year old white male who holds a B.Com Honours (Business Management) and a Postgraduate Diploma in Financial Planning. He is in possession of both a Certificate in Investment Performance (CIPM®) from the CFA Institute, an accredited international professional body for highly-specialised investment professionals and the Certified Financial Planner® (CFP®) professional accreditation. He has been practicing as a financial planner for 9 years and is presently working at Old Mutual Private Wealth within the Nelson Mandela Bay.

Participant D

Participant D is a 32 year-old black female with a Diploma in Financial Planning. She has been in the financial planning industry for 10 years and is currently employed by Standard Bank as an Executive Financial Planner in one of its branches within the Nelson Mandela Bay.

Participant E

Participant E is a 50 year-old white male who holds a Diploma in Sales and Marketing. He is an industry veteran with 26 years of experience in financial planning. He is also a Certified Financial Planner® (CFP®) and has been running his own private practice known as Client Care for 17 years and holds the position of CEO and financial planner. The company's headquarters are within the Nelson Mandela Bay.

Participant F

Participant F is a 37 year-old white male who holds a B.Com Honours (Business Management) and a Postgraduate Diploma in Financial Planning. He is a Certified Financial Planner® (CFP®) professional and is currently employed by Sanlam as Financial Planner where he is also an owner and director of the Sanlam franchise company known as Persisto BlueStar. He has been in the industry for 16 years and is in practice within the Nelson Mandela Bay.

Participant G

Participant G is a 31 year-old white male who holds a B.Com Honours (Business Management), a Postgraduate Diploma in Financial Planning including the CFP® professional designation. He has 9 years of experience and is employed at Sanlam as a Financial Planner. In addition, he is a co-owner and director of the Sanlam franchise Persisto BlueStar, a close corporation with offices within the Nelson Mandela Bay.

Participant H

Participant H is a 25 year-old white female who has a Postgraduate Diploma in Financial Planning. Also, she is a Certified Financial Planner® (CFP®) professional and has 5 year experience in financial planning. She holds two positions at Sanlam/Persisto Blue Star as a Paraplanner and Financial Advisor within the Nelson Mandela Bay.

Participant I

Participant I is a 49 year-old white female who holds a Postgraduate Diploma in Financial Planning and carries the CFP® professional accreditation. She is a seasoned financial planner with 20 years' worth of experience in financial planning and works at PSG within the Nelson Mandela Bay.

Participant J

Participant J is a white 50 year-old male who holds a bachelor's degree in law (LLB) and at the same time is a Certified Financial Planner (CFP®). He is a well-versed financial planner with a high level of expertise and experience of 25 years in financial planning. For the past 20 years he has been working for Alexander Forbes as a financial planner within the Nelson Mandela Bay.

Participant K

Participant K is a black male who is 32 years of age who has a Postgraduate Diploma in Financial Planning and is currently pursuing his CFP® designation. For nine years he has been working for Alexander Forbes as a Financial Planning Consultant within the Nelson Mandela Bay.

Participant L

Participant L is a 43 year-old white male who holds a Masters Degree in Clinical Psychology. He has been practising in financial planning for 10 years. His vast knowledge and skills in psychology are an added advantage to his career when dealing with clients. Presently, he holds the position of Business Development Manager at Investec within the Nelson Mandela Bay.

4.2.11 Summary of the biographical data of participants

The biographical data of all the participants can be summed up for ease of reference. Table 4.9 below provides the synopsis of the participant's biographical data.

Table 4.9: Biographical Data Summary

Biographical data	Description	Frequency
Gender	Male	9
	Female	3
Race	White	9
	Black	3
Age	21 to 30 years	1
	31 to 40 years	6
	41 to 50 years	4
	51 to 60 years	1
Position at company	Para-Planner	1
	Financial Planner	3
	Executive Financial Planner	2
	Financial planning consultant	1
	Business Development Manager	1
	Client and Investment Solutions Manager	1
	CEO/Owner	1
	Co-owner/Director	2
Highest level of education	Diploma	3
	Degree	1
	Postgraduate	8
	Certified Financial Planner® (CFP®)	8
	Other (specify): Certificate in Investment Performance Measurement (CIPM®)	1
Work experience	5-10 years	6
	11-15 years	1
	16-20 years	3
	20 and more years	2

(Source: Researcher's Construct)

4.3 NATURE OF RELATIONAL SKILLS IN FINANCIAL PLANNING

The participants expressed various views and perspectives when asked by the researcher to define relational skills within the financial planning context. Their responses are shown in the Table 4.10 below.

Table 4.10: Evidence of the nature of relational skills

"It is important to understand a client's values and their appetite/knowledge for investments and risk." – Participant A
"You have got to develop a method of communicating according to the value-system of the individual that you are assisting…the financial planner is expected to build relationships with the client…" – Participant B
"To summarise relational skills in the financial planning world would be to understand what your client wants and needs from life…" – Participant C
"It is all about building relationships with clients." – Participant D
"…It is about building a real and authentic relationship with the client not only just putting on a 'listening face' just to get some information." – Participant E
"It is the integral part of a financial planner because in financial planning, the client does not only buy the product but also buys the advice that the planner gives. So if as a financial planner you…do not know how to communicate to the client on a personal and friendship basis, then those technical skills are not worth much." – Participant F
"Well it obviously means how you connect and relate to your client in order to build a relationship. I think it is very important for you to establish common ground very quickly when you speak to a client." – Participant G
"…you have to get to know your client individually. Certain clients have different objectives, and as a financial planner it is your job to understand what they need instead of what they want" – Participant H
"Relational skills are skills that you are naturally born with. So it boils down to your personality. For example if you are a cold-hearted, distant and nasty person, it is going to come across to the client and they will pick it up. I would say for myself that success has been through naturally having good listening skills and being interested in what people have to say." – Participant I
"…the word that pops up is "connection". I typically like to say to clients, there's really three things they are looking for in an advisor. They have to use interpersonal skills, their "smarts" as well as intuition that you use when you meet someone." – Participant J
"…Relationship skills are skills needed when meeting new people and being able to converse with them… "– Participant K
"The financial planner must be able to understand and comprehend the intricacies of each client and their relationship needs." – Participant L

(Source: Researcher's Construct)

4.3.1 Contextualising and defining the relational skills of finanical planners

According to the above responses of the participants, an operational definition of relational skills is that they are skills which are embedded within a financial planner's personality which are needed to understand and discern a client's value system, emotions and needs aimed at establishing "common ground" with the client in order to build a connection that will result to an authentic and long-lasting planner-client relationship.

In summary, relational skills encompass:

- A method of listening and communicating on a personal basis with a client;
- A way to establish common-ground quicker between the client and financial planner from the very onset;
- A means to discern what a client truly needs; and
- Integral skills needed to connect with the client.

4.4 THE IMPORTANCE OF RELATIONAL SKILLS

The researcher asked the participants to elaborate on the importance of relational skills in financial planning. The responses are shown in the Table 4.11 below.

Table 4.11: Evidence of the importance of relational skills

"Financial planning is underpinned by products, funds and performances, but great financial plans and associated successful outcomes are built on relational skills." – Participant A
"That's what business is about. It's about relationships and without the ability to initiate, develop and maintain effective relationships that are mutually-beneficial, you are not going to be in business for very long or you won't have a business at all." – Participant B
"In order to have a long and fruitful planning journey, all parties need to be 100 percent open and trusting. Relational skills can be used to build and build on the relationship which will lead to trust." – Participant C
"You might be an advisor with outstanding technical knowledge of complicated financial products. However, if you can't communicate these efficiently to your client, you are not using this proficiency to maximum effect…soft skills are vitally important at all stages of the client relationship." – Participant D
"It is because without them we are just selling a product…If we are not able to build real relationships, then we are probably not adding much value." – Participant E
"Okay, so relationship skills are quite important because in financial planning our client before buying the product buys the advice and trust that you give that person." – Participant F
"I am very much unapologetic that in the context of business you have to take care of your client and your client comes first. So you must put your client at the epicentre of your business." – Participant G
"This is because it is the main way to deal with a client…So, it's very important." – Participant H
"It is because it's all about trust and building a relationship. The industry used…to be referred to as what you would call an insurance broker which actually speaks of selling a policy or a life-cover. They don't really use those terms anymore because that's not a lasting thing. You need a holistic plan for the client and incorporate everything." – Participant I
"…The bottom-line is that we are human, we are relational…" – Participant J
"You are dealing with someone's money and people have been scammed so much in life that they want to find comfort in someone who knows what they are doing…it's not about selling a product but you also want a relationship with the client… Part of what we believe in is that we are advice-driven…" – Participant K
"…Any financial planner can try to sell a financial product if that works to clients but without a relationship, that client will be gone before you can blink." – Participant L

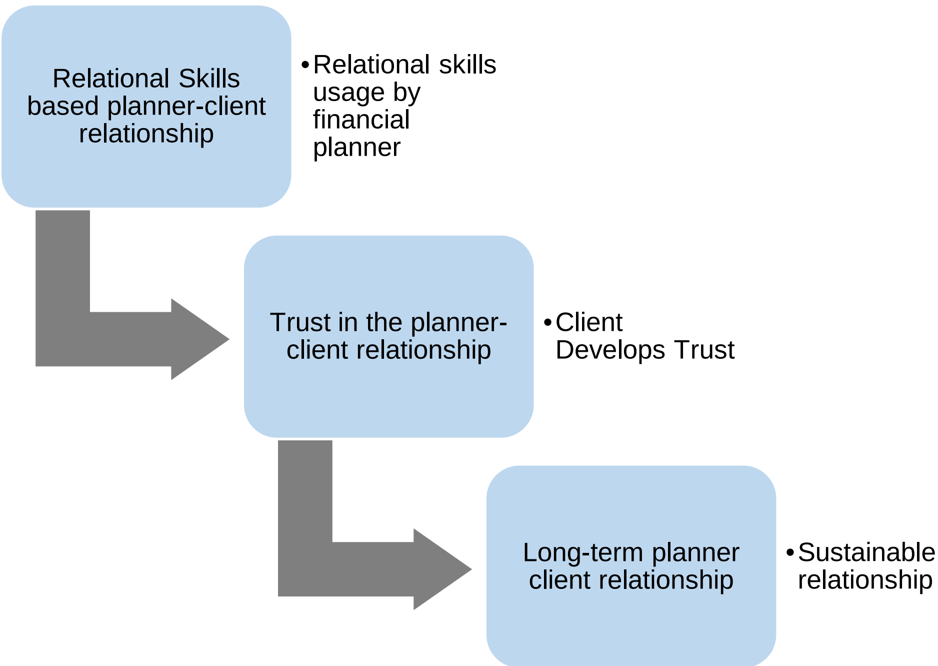
(Source: Researcher's Construct)

From the above responses given by the participants, the researcher noted the following factors about the importance of relational skills. Relational skills are important because:

- Financial plans are built on relational skills;
- They enable financial planner to put the client's needs first;
- Without relational skills, financial planning is merely a sales-process;
- Clients need advice-driven financial planners rather than "brokers";
- Without relational skills, there is no sustainability in planner-client relationship;
- Without relational skills, value is not being added to the client;
- Relational skills lead to mutually-beneficial relationships;
- Client feels comfortable when the planner has relational skills; and
- They are a building "bridge" to earn a client's trust.

This can be illustrated through the Figure 4.6 below which shows the step-down process of the development of a sustainable planner-client relationship.

Figure 4.6: Step-down development process of a successful planner-client relationship



(Source: Researcher's Construct)

4.4.1 The Importance of Trust in a Financial Planner-Client Relationship

The goal of every financial planner is to build trust with the client as this can often lead to more business referrals (such as friends, family and colleagues etc.) being generated by the client in favour of the financial planner's business. Table 4.12 below provides a description of trust and its importance in a planner-client relationship.

Table 4.12: Description of Trust

"Honesty and integrity will take you a long way. If you've said you are going to do something, then do it. As soon as you've promised a client something and you don't deliver, the trust is immediately broken." – Participant I ***"Look, I think interpersonal skills help people to build bridges called "trust". Trust is not an interpersonal skill. You can have useless interpersonal skills and still be a trustworthy person. So the fact that you have good interpersonal skills helps the customer get easily to a place where they can trust you. So I think good interpersonal skills show off the best of who you are really as opposed to deception. So if you have good interpersonal skills, you let the person get to know you quicker. You find out how you can help that person build what the person needs to build. So, interpersonal skills are a way of connecting to people so that you can honestly display what is the truth about you to that person because all the while the other party is using their "street smarts" to assess whether you have got integrity. (Are you trustworthy, can I believe what this man is telling me?) I would say, the trust aspect from my experience has been merely to help the customer to discern from me those key things which are ('Can I trust this person? Am I going to get good advice?') And the interpersonal skills is the rapport, the communication and the connection ('He gets me and he understands my needs'.) So there's a two-way communication. The interpersonal skills are very clear in the communication and help the customer to discern whether there is trust and knowledge."*** – Participant J ***"Based on that you develop a bond which is trust…"*** – Participant L

(Source: Researcher's Construct)

From the above table it is evident that according to the participants, trust is not categorised as a relational skill, rather it is a "bond" that develops after the financial planner has manifested his/her relational skills. Trust is not a skill because the planner has to earn it from the client during the process of building the relationship. In order to gain a client's trust, the financial planner must have displayed the qualities of honesty and integrity towards the client. The financial planner must always fulfil every promise made to the client in order to remain trustworthy. Again it is interpersonal skills such as listening, interpersonal (communication) and empathy and compassion which would ultimately lead to trust, thereby culminating to a sustainable planner-client relationship.

4.5 DISCUSSION OF RELATIONAL SKILLS

The researcher noted that all the participants agreed that the conceptual model which is made up of listening skills, interpersonal skills and empathy and compassion qualifies to be referred to as relational skills required by financial planners to build long-term relationships with their clients. The researcher asked the participants to verify whether the three skills below are relational skills that a financial planner must possess. The following Table 4.13 shows evidence of the responses.

Table 4.13: Evidence of Main Relational Skills

"Yes to all 3." – Participant A
"Yes, I agree." – Participant B
"Totally agree. A client goes through many life events. Many meetings focus on personal emotional events. It is key to the planning process that one listens to a client!! We shouldn't force clients down a path." – Participant C
"Yes!" – Participant D
"Very much so!" – Participant E
"Absolutely, one hundred percent." – Participant F
"Absolutely….I think the soft skills have been sort of incorporated there amongst the relational skills (interpersonal, listening and empathy). It covers the entire relationship from start to finish." – Participant G
"Definitely! Definitely! In practice as well…" – Participant H
"Absolutely! An interpersonal skill is a soft skill! Yes, empathy and compassion, and listening skills." – Participant I
"Yes!" – Participant J
"Definitely!" – Participant K
"Absolutely! All three 100 hundred percent and probably no one is more important than the other." – Participant L

(Source: Researcher's Construct)

4.6 THEMATIC ANALYSIS OF RELATIONAL SKILLS

During the interviews the researcher noted that relational skills can be categorised into main themes and sub-themes. The following Table 4.14 shows the main themes together with the sub-themes. The main themes are the ones that the researcher identified from the literature, whereas the sub-themes refer to the themes that arose from the participant's responses during the semi-structured interviews. In addition, the relational skills qualify to being referred to as main themes simply because the participants highlighted them as the main building blocks of a successful planner-client relationship. It is worth noting that the sub-themes fall under the broader umbrella of the main themes. There is an interrelationship between the main themes and the sub-themes.

For an example, during the semi-structured interviews, each time the participant spoke about listening, other components such as discernment of non-verbal cues, verbal cues and interpretation of messages were added by the participants. When they spoke about interpersonal skills, other themes emerged such as effective questioning, relationship coaching and simple communication. In the same vein, when the participants alluded to empathy and compassion, new themes were added such as behavioural finance and emotional intelligence. The following table 4.14 provides a summary of the themes and sub-themes of relational skills.

Table 4.14: Summary of Themes of Relational Skills

Main Theme	**Sub-Theme**
Listening	• Discernment of non-verbal cues • Verbal cues • Interpretation of Messages
Interpersonal (Communication) Skill	• Effective Questioning • Relationship Coaching • Simple communication
Empathy and Compassion	• Behavioural Finance/ Emotional Intelligence

(Source: Researcher's Own Construct)

4.7 RANKING OF RELATIONAL SKILLS

The participants were requested to rank in order of importance each of the following skills: listening, interpersonal and empathy and compassion. Set out below is a depiction of the participants opinions on each of these skills together with an interpretation of the findings.

4.7.1 Listening Skills

According to the findings, the participants differed in their responses when it comes to ranking which of the three relational skills was the most important. Clearly, according to the researcher this is a subjective matter based on the participants' own perceptions, however the majority of the participants placed listening as the foundational relational skill upon which a successful planner-client relationship is built. Table 4.15 shows the importance of listening skills.

Table 4.15: The importance of listening skills

"Number 1: Listening (most of us talk too much). Listen intently (not waiting to respond) and absorb what the client is truly saying." – Participant A ***"Number 1: Listening skills – the financial planner needs to know and understand the client. Without this skill, financial planning becomes a sales process."*** – Participant C ***"Listening is very important but listening to be able to ask the right kind of questions."*** – Participant E ***Absolutely, I mean I don't recall the source or the author but what they were saying (and I did this with my training 10 years ago) is that advisors tend to talk 80 percent of the time and a client 20. And in actual fact it should be the other way around. The client should speak 80 percent and you should rather listen and answer with the 20 percent rule.*** – Participant G ***"Okay, I would say that listening skills should be quite well because if you are not listening then you can't get what the client's situation really is."*** – Participant H ***"Listening! I would say listening is the most important… If you listen well, you will pick up on the little things and those little things will take you a long way."*** – Participant I ***"I think number 1 is listening. You have to listen. If you have a client you need to listen to what the client's needs are. Listen and see if you have a workable plan of what the client wants to achieve because if you don't have that you might give the client wrong advice (for an example) and you might not advise appropriately."*** – Participant K ***"The starting point of building any sustainable relationship is to get to know the client and the only way to know the client properly is to listen. So listening, I think is the foundation. So from listening, you start to hear and interpret their non-verbal behaviour. You are comprehending what they are telling you, both verbally and non-verbally and they are able to give appropriate feed-back based on what they are saying, what they are thinking and what they are feeling."*** – Participant L

(Source: Researcher's Own Construct)

The problem that some of the participants highlighted is that most financial planners are poor listeners and need to develop their listening skills. The participants indicated that the sales-orientated style is a short-sighted approach and deviates from the basic fundamental of financial planning. The financial planners made a clear distinction between insurance brokers and financial planners. Insurance brokers tend to exhibit more talkativeness towards a client with an aim of closing a sale immediately and may not meet the same client again because the aim was to sell a pre-determined financial product.

On the other hand, a financial planner is a professional who is advice-driven and intends to conduct a needs analysis to develop a financial plan that is appropriate to the client.

The researcher discovered that there are many benefits which can be derived by financial planners who apply listening skills when interacting with clients. The responses of the participants revealed that listening enables the financial planner to gain a deeper understanding of the client's needs. Thus, the planners would be able to discern even the hidden non-verbal reactions from a client in order to offer the suitable diagnosis. Therefore the first step towards building a successful planner-client relationship is listening attentively to the client.

The participants highlighted that financial planners need to speak less and listen more to the client. The researcher has noticed that the underlying sub-theme which was added as an important relational skill by the participants was the skill of discerning non-verbal communication which can be picked up from the client's body language.

4.7.2 Components of listening

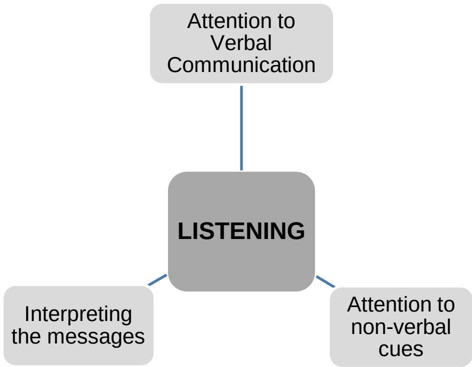
Listening has three stages; financial planner paying attention to client, attention to detail and interpreting what was spoken by the client (Grable and Goetz 2017: 58). Participants A, G and K, respectively in their responses above show that the planner needs to listen attentively and is captured in the words, "Listen intently (not waiting to respond)," "…The client should speak 80 percent and you should rather listen with the 20 percent rule…" and "If you have a client you need to listen to what the client's needs are."

The second stage is to pay attention to non-verbal cues as evidenced by statements made participants I and L, respectively such as; "If you listen well, you will pick up on the little things and those little things will take you a long way," and "You are comprehending what they are telling you, both verbally and non-verbally".

The third stage of listening involves interpreting the messages and this is shown by the quote from participant L, "You are comprehending what they are telling you, both verbally and non-verbally and they are able to give appropriate feed-back based on what they are saying, what they are thinking and what they are feeling."

Figure 4.7 below illustrates the three components of listening as discussed above.

Figure 4.7: Components of listening



(Source: Researcher's Construct adapted from Grable and Goetz 2017: 58; Klontz and Klontz 2016: 25)

4.7.3 Interpersonal (Communication) Skills

The responses below show that it was eight out of the twelve participants who placed a ranking on interpersonal skills. Out of the eight participants, six ranked interpersonal skills as second whilst only two ranked listening as number one. The researcher has provided the evidence of the participants' responses below in Table 4.16.

Table 4.16: Evidence on the ranking of interpersonal skills

"Number 2: Interpersonal skills – this is a relationship profession"…Must have good questioning technique to truly understand client …" – Participant A ***"Like I said, the questioning skill is important. You need to be able to ask effective questions because the quality of the question will determine the quality of the answer and the information that you receive. So, if you can't ask the right questions, you are going to struggle in the financial planning space."*** – Participant B ***"Number 2: Interpersonal skills – being able to communicate clearly as in layman terms is very important."*** – Participant C ***"Interpersonal skills such as communication skills, building rapport, listening and empathy are all considered to be the most important qualities a planner should possess…The capability to explain complex information simply and clearly."*** – Participant D ***"So, listening and questioning are vitally important and then obviously with all of that comes sincerity and everything and being authentic."*** – Participant E ***"Okay, so I would say that interpersonal skills is right on top obviously because this is where the relationship is set between you and your client."*** – Participant F ***"I think it would be very hard to rank them but if you had to put a 'gun to my head', then interpersonal skills would come first. And then on an equal footing, listening and empathy. I don't think you would be able to differentiate between the two (…sighs), I'm sorry man)."*** – Participant G ***"Also the second one is interpersonal skills. For the client to be able to disclose everything to you."*** – Participant K

(Source: Researcher's Own Construct)

According to the participant's responses what stands out about interpersonal skills is that that the financial planner needs to know how to effectively communicate to the client. The financial planner needs to ask the right questions and explain complicated financial terms in the simplest manner possible.

When asked if there are any additional skills that a financial planner requires, the participants identified skills which can be arranged as sub-themes within the main set of relational skills. Thus, there are two additional sub-themes in the responses above:

- Effective Questioning; and
- Layman (simple) communication.

4.7.4 Empathy and Compassion

Table 4.17 below illustrates the various responses of the participants when asked by the researcher to rank and state the importance of empathy and compassion.

Table 4.17: Importance of empathy and compassion

"Number 3: Empathy and compassion: (need to be patient)." – Participant A ***"And secondly, empathy to me is the ability to get in the other person's shoes and understand what they are saying from their perspective rather than trying to impose your sort of judgement on them. Again, that is a skill you develop through experience as well."*** - Participant B ***"Number 3: Empathy and compassion – once he/she is a client, this becomes crucial to a financial planning relationship."*** – Participant C ***"Number 1: Empathetic to the emotional drives of other people and also being good at handling other people's emotions. Ability to understand your own first."*** – Participant D ***"Empathy comes with time. You know just like when you build a house you start with the foundation and don't start with the roof. So, obviously the empathy will come afterwards."*** – Participant F ***"If you don't have interpersonal skills and the soft skills of being able to pick up body language and listening to what the actual problem is you are not going to be able to show empathy and you're not going to get the emotions."*** – Participant G **"*You know that word 'empathy' is linked to that in my efforts to give you best advice."*** – Participant J ***"…you are showing empathy at the same time…Then the client starts to feel safe with you."*** – Participant L

(Source: Researcher's Construct)

Based on the above responses it is very evident that empathy takes time to develop because the financial planner first has to listen to the client's needs before being able to sympathise with the client. According to Participant F, "empathy comes with time" and Participant B says empathy "…is a skill you develop through experience as well".

Thus, the researcher believes that empathy should be ranked third because the financial planner needs to first pick up the emotions and the non-verbal cues through listening and at the same time ask effective questions from the client before developing empathy. As time goes on the financial planner would make use of the sub-themes of empathy and compassion.

4.7.5 Additional Skills

When asked if there are any additional relational skills that a financial planner requires, the participants identified skills which can be arranged as sub-themes within the main set of relational skills. These sub-themes were identified as follows:

- Behavioural Finance/ Emotional Intelligence; and
- Relationship Coaching.

Table 4.18 below provides the perceptions of the participants on these additional relational skills.

Table 4.18: Evidence of additional sub-themes of relational skills

"...Behavioural finance (how are clients likely to react)." – Participant A
"…and the ability to coach a client…But I think, being able to coach a client to get to the right outcomes for themselves is important as well. So it's not good enough just to listen and understand because if you don't get a client to take action (you can intend to do something). Unless we help clients to take action to rectify the situation to get to where they want to be, then we are not adding that much value. Therefore, I would add coaching." – Participant E
"I think it would not be a bad idea for financial planning to have some background of psychology (relationship coaching) of how to be able to communicate." – Participant F
"One can actually learn and develop EQ and the elements of EQ. Any financial planner who really wants to be successful should work hard to enhance their EQ. So that's the first thing. Part of EQ is one's thought of self or one's self-regard. One's comprehension of others and understanding of one's emotions. So all that comes with EQ. If I had to arrive at an answer, every financial planner must develop their EQ if they want to build successful relationship with their clients." – Participant L

(Source: Researcher's Construct)

The participants added that financial planners currently practising in the field need to be equipped with a psychological training background which will enable to develop their ability to manage emotions. The two terms "emotional intelligence" and behavioural finance can be grouped under the same category because mainly they have to do with discerning a client's emotional reactions.

A financial planner with good emotional intelligence can be instrumental in coaching the client to take action towards crafting a successful financial plan and thereby adding value to the client. This is all tied to empathy and compassion.

4.8 RELATIONAL SKILLS DEVELOPMENT FOR NEW FINANCIAL PLANNERS

According to the literature review conducted in this study, many clients often do not want the services of a financial planner who recently graduated from university. Hence, in this section the participants were asked what their perceptions were on the skills development requirements for new financial planners entering the industry. Table 4.19 displays evidence of the skills deficient amongst new financial planners and what skills need to be developed in them relationally to empower them for a successful career.

Table 4.19: Skills in need of development by new financial planners

"Inexperienced graduates who may think that financial planning is a selling game. We should focus on selling quality and professional advice and less on products to earn commissions." – Participant A ***"They lack tenacity and give up too easily when things do not go their way. They lack empathy and sometimes do not show care for the welfare of others. They also do not know how to delay immediate gratification."*** – Participant B ***"Being able to communicate in layman terms. This takes time and is moulded through years of experience. Empathy and compassion are also up there as one needs to go through the "life cycle" to understand what people are going through."*** – Participant C ***"Organisational skills and attention to detail. Listening skills"*** – Participant D ***"Patience! It took me 6-7 years to get here, with some people it takes quicker. But I think first of all if you are going to do financial planning, it has to be your passion… For someone who has R10 million who is retiring, they are not going to give R5 million to a 25 year-old. They are probably going to look for a 55 year old who has enough experience and that's just how it is…I think a lot of youngsters think that being technical is what it's all about. It's important and it's got to be there but the interpersonal and relational skills are what people really need."*** – Participant E ***"I would say relationship coaching but very much so some psychology background of how to be able to communicate to another person."*** – Participant F ***"This is where most fail in their first year as advisors because no one has taught them the relationship skills, the interpersonal skills, the skills of listening, the skills of empathy and soft skills of reading body language."*** – Participant G ***"That's quite a difficult question. What I would say they lack is the ability to get the information out of a client in a more professional way."*** – Participant H ***"Shame they are probably lacking a bit of confidence…Work on that and sort of work on your reliability and trust. Once again the first time you meet a client and you promise them, make sure to follow up on them."*** – Participant I ***"You just want to dump truckloads of fancy knowledge onto a client to impress them. Ultimately, the risk with that is that the client knows that you're a poor listener."*** – Participant J ***"… I think it's patience."*** – Participant K ***"The new graduates…because they are young are not going to have the necessary life experiences and emotional intelligence."*** – Participant L

(Source: Researcher's Construct)

The responses above reveal that 5 out of the 12 participants stressed that young financial planners lack the quality of patience and tenacity which is required to remain for long in the industry due to seeking quick financial gain. The advice given by the industry veterans is that younger financial planners need to persist and not give up easily. Many come out of university with a “sense of entitlement” and expect immediate financial rewards. The participants’ responses revealed that they feel strongly that a successful financial planning career takes time to build and the rewards do not come overnight. It takes time to build a name for oneself in financial planning. The point that stood out for the researcher was according to the above responses, most clients prefer experienced financial planners especially high-net worth investors. The findings of the study have revealed that age does play a role in the financial planning industry as some clients tend to attribute more trust and preference towards older financial planners due to the experience they possess.

In addition, the participants noted that young financial planning graduates tend to lack soft skills and listening skills due to the fact that most of them rely heavily on their technical knowledge acquired from school. The seasoned financial planners emphasised that it is not enough to impress the client with technical jargon in order to push a sale with a product in mind. However, it is important that they communicate to the client in the simplest way possible in a language that the client understands. Young financial planners need to develop their listening skills and empathy and compassion as well in order to build long-term relationships. It is worth noting that these relational skills take a long time since the financial planner will need to go through the “life-cycle” in order to be able to empathise and care for client’s emotions. In addition, new financial planners tend to lack the ability to discern non-verbal behaviour. Again, according to the above responses this skill takes time and experience before one can acquire it.

4.9 IMPACT OF FINTECH IN FINANCIAL PLANNING

The participants were asked to express their views on the impact of FinTech on the role of financial planners. Table 4.20 below shows their responses about the advantages of FinTech.

Table 4.20: The advantageous Impact of FinTech

"We need to learn to adapt quickly as the world is changing as we sleep. FinTech will revolutionise this profession and we need to embrace it versus avoid it." – Participant A
"I see it as a positive. We need to embrace change. It will not be the end of financial planners. The strong planners will survive." – Participant C
"It will make the financial planners improve their standards." – Participant D
"I think FinTech plays a huge role…But what we feel is that it can help us and give us an advantage. We need to encompass it. I think technology has allowed us to enhance our product offerings to our clients. I don't see it taking away the need for human connection. " – Participant E
"…FinTech as you've mentioned previously, and robo-advice is a very easy way for someone who knows his way around our industry to some extent to be able to get advice and should be able to get good advice from it as well. But the normal person on the street… wants to have contact with a human financial planner." – Participant F
"I do believe that there's a place for it but I don't believe that FinTech is going to completely eliminate the relationship with an advisor…Where I see FinTech more at work is in bringing down fees from asset-managers. Now you have the financial planner with relational skills whom you can combine with the artificial intelligence and the FinTech. So I think there's a mutual benefit with working with both." – Participant G
"Well, if I look at the industry it can be a bit of a threat or a bit of an opportunity. I think in one instance it is good because most clients did not even know about financial planning because there wasn't exposure towards it." – Participant H
"Obviously, there's a future for it and it will be your most intelligent people and most highly-educated that will be able to reap information about whatever topic they need robo-advice for…but for the general masses I don't see it. They will still need the role of a financial advisor and I'm not threatened at all." – Participant I
"I don't think that the industry is in trouble, I think that it's a growth industry. So the technology side of financial planning is key and the challenge is for the developers of that software to engage with financial advisors so that the software is developed in a way that aligns with what we are doing." – Participant J
"We need to adjust how we do things. We need to move with the times, technology is the way to go. It needs some human element to it. There will be people that are old school but our generation is more FinTech-orientated and so if we stick to the old ways, we'll lose clients. I think it's a combination. You can't say you will not do this because you will lose clients. Young people will run to robo-advisors because they won't pay fees. So those things must be used as tools when you are presenting to clients to add value." – Participant K
"Significant! I think there's a big question mark over FinTech in the industry. I think many individuals and many companies are obviously aware of FinTech. Is it a game-changer or an industry-changer? Possibly so or maybe it's just an influencer. It think everyone is aware that technology can enhance efficiency of best practice." – Participant L

(Source: Researcher's Construct)

According to the above responses, ten out of twelve of the participants see the impact of FinTech in financial planning as huge and impactful. The majority of the participants believed that FinTech is not a replacement to the human financial planner but is mainly an enhancement to the traditional financial planning model. The outlined advantage of FinTech is that it is seen as a “driver of efficiency” meant to allow financial planners reach more clients, faster and quicker. Another advantage of FinTech is that it lowers the fees that would have otherwise been incurred by a client makes use of a financial advisor.

However, the responses above show that FinTech innovations are more effective towards servicing only those clients who have an understanding of financial products. In addition, FinTech can be used by financial planner to capture younger clients since they are mostly “on the move” and may not always prefer one-on-one contact with the human financial planner. On the other hand, some the older and more conservative generation may not find FinTech useful to them due to lack of understanding of complicated financial products and the need to interact with a human financial planner.

In addition, the majority of the participants added that financial planners who refuse to move with the times and refuse to integrate FinTech into their operations will suffer since they will clients if they only focus on human contact relationships with clients. Thus, by integrating FinTech into their operations financial planners can increase their client-base and widen their client segmentation. The clients who prefer FinTech can be serviced through technological means whilst at the same time making provision for those who prefer the traditional planner-client relationship.

4.9.1 Competitive advantage of relational skills over FinTech

The participants were asked if relational skills give financial planners a competitive advantage over FinTech. Their responses and perceptions are depicted in the Table 4.21 below.

Table 4.21: The Competitive Advantage of Relational Skills for financial planners

"Yes! Most high net worth clients want the 'relational skills'! They may get to you via FinTech, but will remain based on skills and service." – Participant A ***"Absolutely! Well, you need to be able to read between the lines because communication is not just verbal. Most body-language as you would know is mostly about body-language, tonality and all these nuances. You need to be able to pick up what a client is saying, not just want they are speaking but based on the expression or body language so that you can get to the bottom of the issue."*** – Participant B ***"Yes indeed. Being able to connect on an emotional level will and is key to the survival of financial planners. We are all emotional beings and do business based on trust. It will be interesting to see how tuned in emotionally robots will become."*** – Participant C ***"From my own point of view – neither competitive replacement is the correct word here. There is no competition."*** – Participant D ***"Oh definitely! I know the FinTech is advancing hugely and there's some unbelievable stuff out there, but I still believe that when it comes to a big decision, people will still prefer to deal with people who have an understanding of their dynamics, an understanding of issues they had in the past. I think it will always be an advantage if the financial planner is able to ask the right questions properly to the client to get them where they need to be."*** – Participant E ***"Absolutely 100 hundred percent! As I've said there's a place for FinTech but it will never take over the industry to that extent because people will want to talk to other people about their situations and problems."*** – Participant F ***"Absolutely, I do believe so. Don't get me wrong, we are all different. Using your academic skills you must be able to pick up very quickly, is your client a detailed person but need the relational skills to pick up what is your client's personality type. Some clients take quicker to trust you but some it takes longer to trust you. The important part of a relationship is that when you are trusted by a client, don't break that trust. Once you've broken a client's trust, you will never get it back."*** – Participant G ***"Yes because the client wants advice. Even the most stubborn client that would come here, they make so many mistakes investing because they did not want to have a financial advisor or to pay fees etc. They end up losing money because of not seeking the services of an advisor."*** – Participant I ***"I remain confident that I am not going to be bumped out by a robo-advisor because I ultimately believe and have read research that younger clients are more trusting in artificial intelligence advice than the older generation. My understanding is that they will get to a point where they will want to sit across a table with someone…"*** – Participant J ***"Definitely because there's no human touch to it. There is no sense of communication. You there putting the numbers and the calculations and voila! Financial planning has the element of human touch and understanding. So if they do everything online there won't be that element of a relationship."*** – Participant K ***"One hundred percent! An algorithm does not have emotional intelligence. An algorithm does not sit across a client and interpret their facial expression to if they are happy in an event. An algorithm looks purely at the numbers, they look at the data. Hence, the verdict is not out."*** – Participant L

(Source: Researcher's Construct)

Based on the above responses, it is apparent that 11 of the participants believe that relational skills give the human financial planner a competitive edge. The main reasons stated were that machines do not have the required “human-touch,” do not have empathy and compassion and definitely cannot listen to the non-verbal cues which can only be picked through one-on-one contact with a client. Furthermore, machines do not have emotional intelligence required to understand a client’s emotions and build trust. Machines cannot pick up the non-verbal behaviour of a client which a human financial planner who possesses relational skills can do.

Moreover, the human financial planner gains advantage through the relational skills in that he or she can get to know the past financial circumstances of the client at a deeper level than FinTech. Instead FinTech innovations only “crunch” the numbers and the disadvantage of this is that they may prescribe an inappropriate financial plan to a client due to an insufficient needs analysis of the client’s holistic financial circumstances. Another factor which can be gleaned from above responses is that even those clients who make use of FinTech without proper knowledge of how its innovations operate often lose their money. This presents an opportunity for those clients to resort to the human financial planner who possess both the technical and relational expertise.

Also, the advantage of relational skills is that they equip the financial planner to be get to a place where the client trusts him/her. This is something which again cannot be achieved by FinTech because machines are susceptible to failure and cannot be entirely trusted in prescribing the suitable financial products to clients. However, only one participant expressed a view that there is no competition between FinTech and human financial planners since both can be used synergistically.

4.9.2 The need to improve the relational skills of financial planners

The researcher posed a question to the participants that given all the automation in the financial planning industry, how they see the need for financial planners to improve their relational skills. The responses and perceptions are shown in Table 4.22 below.

Table 4.22: The need to improve the relational skills of financial planners

"Never underestimate the value we can add via relational skills. Be wary of 'post-honeymoon neglect' and treat clients to world-class service. Have you ever stopped to evaluate the value of a hand-written note?" – Participant A ***"…it's key and is an aspect that is neglected, you know. The industry is very much profit-maximisation driven. As you would know, there's an issue of inequality here in South Africa. Companies continue to generate huge profits. That's what would tell you that our human element is neglected and that is an issue. So if we don't develop that field in financial planning, I guess in the micro context of the financial planner himself who is running his own practice, it will mean you won't be sustainable. You will lose clients."*** – Participant B ***"1.) Need to learn to listen, speak less and ask more questions.*** ***2.) Trust will need to be earned even harder now as information is freely available online (need to be on the cutting edge)."*** – Participant C ***"Massively, I think. Too many financial planners rely on their product-knowledge and skills (knowledge about tax or this or that). I think they've got to get away from that. Probably now, relational skills is the future."*** – Participant E ***"Absolutely and certainly as I've mentioned that there's a need to put a psychology module in the lead to qualifying as a financial planner. That's definitely one way to develop the skill. The skills will also be developed over time as you are working in the industry."*** Participant F ***"The relationship skills we've spoken about here, I think we are going to have to carry on to master those. From an AI (artificial intelligence) point of view, I think you'll need to learn how to embrace it. We need to learn how to embrace change. We should be able to integrate the relational skills with the FinTech into businesses now. There's a big drive from external factors to make sure that we are incorporating FinTech into our businesses. I think the archaic way of everything being 'paper-based' has run out but you are still going to get the old people who still want a hand-written note. You are still going to get the people who don't trust the 'tech-world' in the same way that people are migrating to FinTech. It's either evolve your business or face a slow death. If you are not going to transform with these things, you will bleed out slowly."*** – Participant G ***"Like I've already answered, if you have the relational skills (the listening, the empathy and the soft skills), a computer can't give that to you. What I can say is that current financial planners need to be quicker in adjusting to the current developments."*** – Participant H ***"Well I think, we need to let technology work towards us improving the relational skills. Technology can tend to be impersonal. The way you use technology it should always be a bridge-builder to enhance the interpersonal skills of a human-being."*** – Participant J ***"You need to see your clients more often because you are dealing with your high end client. If you are seeing them, at least see them twice a year. Keep them in communication and send them newsletters because they are valuable. Clients do ask 'what is the value of a financial planner'."*** – Participant K ***"A financial planner who looks after the relationship, probably will have an advantage over the computer or robot."*** – Participant L

(Source: Researcher's Construct)

The above responses show that all the participants placed significance on the need for financial planners to improve their relational skills. However, there are mainly two underlying messages in the above responses. The first one says that the older generation is not hugely inclined towards the adoption of FinTech and thus the best way to service it is through the use of the relational skills.

Faced with the automation in the industry, financial planners are presented with an opportunity to differentiate themselves and to earn the trust of their clients. The need for financial planners to change their approach from being profit-maximisation driven to becoming more relational is what can lead them to stay longer in business since they would listen more, ask questions and show care for the interests and need of the client. This would mean that financial planners can also be accommodative of FinTech, even though it charges less fees, however it must be integrated to stay relevant with the times.

4.10 IMPACT OF FINTECH ON FINANCIAL PLANNING BUSINESSES

The responses from the participants when asked about the impact of FinTech on their businesses revealed that nine out of twelve participants see FinTech as impactful, whereas three participants see it as irrelevant to their businesses. Those businesses in favour of FinTech see the following advantages:

- FinTech is a “ticket” to remain relevant;
- Acts as “driver” of efficiency; and
- More appealing to the youth and the financially literate.

However, the bottom line expressed by the majority participants is that relational skills will always give the financial planners an edge over FinTech by virtue of one-on-one interactions between client and financial planner. Therefore, this presents an opportunity in which the financial planning industry should adopt FinTech in their systems. Table 4.22 below illustrates the evidence that was gathered from the participants about the impact of FinTech on financial planning businesses.

Table 4.23: The effect of FinTech on financial planning businesses

"Embrace it! Use it to remain relevant, use it as a competitive edge. But it will be simply a ticket to the game as relationships or trusted relationships are built on relational skills." – Participant A ***"For me I don't see FinTech impacting on my business at all because FinTech is not a human-being. And for you to be able to succeed you need to have the superior logic and intellect. You need to be able to decipher the human feelings], communication and all those nuances. An automated system will never be able to do that."*** – Participant B ***"It will create opportunities. We need to embrace change. IT tools and platforms will need to be integrated into our business. Si looking at IT, need to spend more money on this. IT security needs to potentially be upgraded. Training needs to be done. How will this spending result in our business staying relevant? This is key since there is a need to ensure we also engage with the suitable individuals."*** – Participant C ***"1.) The accessibility gained is immediately obvious. 2.) Utilising much faster by being always on internet connection."*** – Participant D ***"In the past year in my business we spent a lot on improving drastically our CRM (Customer Relationship Management) and all our processes. Under the new processes everything is now processed through automation. Everything is now totally automated. "*** – Participant E ***"It's quite difficult to quantify that purely because we have a very close relationship we have with our clients. When we meet a client, that client already knows what service we render and what kind of advice we give because it's often other clients who refer other people to us. So I think FinTech is not going to have such a big impact on our business because of the fact that we are running a successful interpersonal business with our clients. If perhaps you are referring to the prospect that we may acquire fewer clients in the future, then again people will still prefer contact with a human financial planner."*** – Participant F ***"Look we have already made the decision to incorporate more. We've been having meetings discussing how we can incorporate FinTech more into our business."*** – Participant G ***"I think it's going to force every company to become more user-friendly on the electronic and internet environment especially the youth. More especially in our business we are focused on young professionals. We are going to improve on integrating FinTech even more into our business."*** – Participant H ***"I don't see it impacting on our business. In fact I think it will be a great advantage to our business because what is going to happen is that typical clients…are going to lose money… they are going to come back to a financial planner. If it brings about any changes, it will be temporary but the role of a financial planner is solid, it will be there forever."*** – Participant I ***"…We will and do spend a lot of money on that because it's very helpful because it drives efficiency. You can get calculated results presented in a professional format to a client. That's what you are looking for…Clients, especially the younger guys want to feel good about the fact that technology helped them. I think we should embrace but still integrate it to the relational skills of financial planners. I believe relational skills will win at the end of the day and technology will not eradicate lawyers, doctors and financial advisors."*** – Participant J ***"…We need to find ways to maintain that interaction by having the human touch and FinTech all working together…"*** – Participant K ***We are very mindful of the fact that we, like all companies need to ensure that we use technology to be more efficient to be able to service our clients the way we expect to service our clients in the best manner possible. We are also very mindful of the fact that we ought to ensure that we have sustainable client relationships. A person-to-person relationships is absolutely vital to ensure that we maintain our edge over FinTech and robo-advisors."*** – Participant L

(Source: Researcher's Construct)

4.11 SUMMARY

In this chapter, the biographical data of participants were presented and empirical research findings were interpreted and discussed. The measuring instrument used during the research process made use of 3 transcripts that were hand-written by some of the participants on the semi-structured interview schedule provided by the researcher. Furthermore, there were nine audio-recorded interviews conducted with the permission of the participants in order to comply with research ethics. The data collected from the participants who are seasoned financial planners is trustworthy and can be tested and proven that it is credible, dependable, confirmable and transferable because the literature provided in Chapter 2 confirms these notions. The various sources used (literature and key informants) qualify this study’s findings as definitely trustworthy. Moreover, all the three proposed relational skills were confirmed by the participants to be relational skills that successful financial planners use to build long lasting planner-client relationships. These were labelled as the main themes and consist of; listening skills, interpersonal (communication) skills which include “soft” skills and empathy and compassion. Moreover, other sub-themes that were highlighted include, discernment of non-verbal cues, listening for verbal cues, interpreting the messages, effective questioning, relationship coaching using simple communication and behavioural finance. The participants made it very clear that emotional intelligence is a relational skill that can learnt so that the financial planner would be able to manage his/her own emotions including those of the client. The participants emphasized that new financial planners need to acquire all these relational skills together with the qualities of patience and resilience needed to build a successful planning career. Lastly, the participants highlighted that FinTech plays a major role in financial planning and financial planners should adopt its innovations to stay relevant and increase efficiency in their operations. However, the participants expressed a consensus that the human financial planner who possesses relational skills has a competitive advantage over FinTech and robo-advisors which can be seen through sustainable planner-client relationships which are built on trust. Chapter 5 will follow with a summary of this study. Based on the literature and empirical findings of this study, conclusions will be presented and recommendations on how financial planners can develop their relational skills.

CHAPTER 5

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

The primary objective of this study was to conduct an exploratory study to identify and investigate the relational skills of financial planners in Nelson Mandela Bay, Eastern Cape Province, South Africa. It is worth noting that this objective was achieved by means of conducting a theoretical investigation, constructing a proposed model, and collecting and analysing primary data to obtain empirical findings of a qualitative nature. In this chapter an overview of the previous chapters will be provided with the main findings from the empirical research, limitations of the study and recommendations for future research. Lastly, concluding remarks will be given by the researcher.

5.2 OVERVIEW OF CHAPTERS

Chapter One

Provided an introduction and background to the exploratory study on the relational skills of financial planners. Thereafter, reference was made to the problem statement, the purpose of the research, as well as the research objectives, including the primary, secondary and methodological research objectives. The research objectives were followed by a brief literature review which covered the nature and importance of relational skills of financial planners. Lastly, the chapter briefly outlined the research methodology that was utilised in the study.

Chapter Two

Provided a literature review based on the relational skills of financial planners. The chapter started by granting detailed definitions for financial planning, financial planner, FinTech, robo-advisors and relational skills. The nature and importance of financial planning was elaborated on followed by the nature of FinTech and its impact to financial planning as a profession. Thereafter, a discussion on the nature and importance of relational skills of financial planners was provided. The relational skills were contextualised to financial planners’ business processes, while concurrently making reference to the key differences.

It was established that although the FinTech challenges traditional financial planning practices, however an opportunity arises in which it can be combined to provide more efficient financial planning practices, referred to as the hybrid model of financial planning. Moreover, it was noted that although the FinTech possesses all the cognitive skills, only human financial planners have a comparative advantage of harnessing certain behavioural skills which can improve financial planning practices through the use of relational skills.

Chapter Three

Provided a focus on the research design and methodology that was used throughout this exploratory study and the underlying principle behind the selected methodology. It fully detailed the sample and sampling techniques, the measuring instrument that was used and the primary data collection method that was executed. The differences between the positivist and phenomenological research methodologies were outlined and discussed. Due to the nature of the problem statement and the objectives of this study, the phenomenological methodology was deemed appropriate for this study. The chapter concluded with the content analysis technique utilised throughout the exploratory study.

Books, published journals from academic databases and internet sources were consulted in the process of gathering the secondary data used in this study. In addition, semi-structured interviews were conducted to collect primary data from key participants for this study. Due to the fact that the study is exploratory in nature, purposeful sampling was found to be the suitable sampling method that enabled the researcher to gather trustworthy data from industry experts in financial planning. The population relevant to this study consists of experienced and qualified financial planners in the Nelson Mandela Metropole. However, a sample of 10 to 12 participants was purposefully selected to form part of this study. Prior to data collection commencing, ethical clearance was obtained from the Nelson Mandela University according to their protocols. The data was the collected from the sample using open-ended questions during semi-structured interviews. The researcher maintained trustworthiness during the research process by keeping a daily journal of the data collected through the open-ended interviews and audio records of the interviews done with the key informants.

Chapter Four

Presented the empirical results of the exploratory study. The biographical data of participants were presented and empirical research findings were interpreted and discussed. The trustworthiness of the measuring instrument during the research process was maintained through the use of three transcripts handwritten by some of the participants on the semi-structured interview schedule which was used as a measuring instrument. Furthermore, there were nine audio-recorded interviews conducted with the permission of the participants in order to comply with research ethics. Thus, all the three proposed relational skills were confirmed to be relational skills that successful financial planners use to build long lasting planner-client relationships. These were labelled as the main themes and consists of; listening skills, interpersonal (communication) skills which include “soft” skills and empathy and compassion.

The following section will summarise the objectives of the study and highlight in which chapters each of the objectives were achieved. In addition, a summary of the research design and methodology adopted, the literature review and the empirical results will be presented.

5.3 RESEARCH OBJECTIVES

The primary objective of this study was to explore the relational skills of financial planners in the Nelson Mandela Bay, Eastern Cape Province, South Africa. In order to achieve the primary objective, the following secondary objectives (SO) were identified.

- SO^1 To conduct a literature review on financial planning as well as the relational skills of financial planners.
- SO^2 To identify the role robo-advisors may play in the established processes of financial planners.
- SO^3 To design a theoretical model and generate propositions with regard to the relational skills of financial planners.
- SO^4 To suggest appropriate propositions to examine the relationships between the components of relational skills and their importance in financial planning.
- SO^5 To make recommendations on how financial planners can optimise their relationships with their clients using relational skills development.

The overview of the study shows that secondary objectives, SO[1] to SO[4] have been achieved. In chapter 5, SO[5] will be achieved. The following Table 5.1 presents a summary of the secondary objectives and the pertinent chapters in which the objectives were fulfilled.

Table 5.1: Where objectives of this study were met

Objectives	Where these objectives were achieved
Primary objective: to identify and investigate the relational skills of financial planners in Nelson Mandela Bay, Eastern Cape Province, South Africa.	Chapter 1-Chapter 5
SO[1]: To conduct a literature review on financial planning as well as the relational skills of financial planners	Chapter 2
SO[2]: To identify the role robo-advisors may play in the established processes of financial planners.	Chapter 2 and Chapter 4
SO[3]: To design a theoretical model and generate propositions with regard to the relational skills of financial planners	Chapter 1
SO[4]: To suggest appropriate propositions to examine the relationships between the components of relational skills and their importance in financial planning.	Chapter 1 and Chapter 3
SO[5]: To make recommendations on how financial planners can optimise their relationships with their clients using relational skills development.	Chapter 5

(Source: Researcher's Construct)

The following sections will summarise the research design, as well as the main findings from the literature review and the empirical investigation.

5.4 RESEARCH DESIGN

The following section will cover the secondary and primary research methods that were used in this study.

5.4.1 Secondary Research

A literature review was conducted to investigate the relational skills of financial planners. This is known as secondary research. The Nelson Mandela University library facilities were used for the purpose of acquiring data from international and national databases.

The databases that were utilised to collect the secondary data include EBSCO host, Science Direct, Emerald and more. Furthermore, other information was collected from reliable internet sources, books, academically accredited journals and articles. Moreover, Google search engines such as Google Scholar were also used.

The purpose of the literature review was to provide a theoretical background to the study and to find an appropriate measuring instrument to explore the relational skills of financial planners. Based on this extensive literature review, a theoretical model was proposed together with the propositions illustrating the relationship of the relational skills to financial planners.

5.4.2 Primary Research

The theoretical model that illustrates the relationship of relational skills on financial planners was developed from secondary research. The main purpose of this study was to explore the relational skills of financial planners in the Nelson Mandela Bay. The nature and importance of relational skills was investigated and their impact on the financial planner.

For this reason, the study made use of the phenomenological research paradigm. The phenomenological research paradigm makes use of the qualitative research approach. Qualitative research makes use of data in the form of words. This study made use of the qualitative research methodology and semi-structured interviews as the research instrument to collect data from a purposeful sample in order to formulate theories that cannot be generalised on the entire population of financial planners but instead can be used to develop an understanding of relational skills for decision-making going forward.

An exploratory investigation was undertaken in order to investigate and explore the propositions put forth in the hypothesised model. The exploratory investigation was based on financial planners that were selected to participate in the study. The researcher made use of an interview schedule to conduct the semi-structured interviews.

Thus, in this study the purposeful sampling method was used. Purposeful sampling has to do with selecting predetermined participants.

Practical constraints such as time and cost were taken into account when choosing the sample size. Hence, the researcher self-administered the semi-structured interviews to collect the data.

The study made use of a semi-structured interview schedule as it is cost efficient; saves time; protects the anonymity of respondents; and allows for the use of a smaller sample.

The sample size in this study was made up of twelve seasoned financial planners who are situated in the Nelson Mandela Bay. There were twelve semi-structured interviews conducted in total. Section A of the interview schedule consisted of eight questions that collected the biographical data of the participants. Section B of the interview schedule was made up of semi-structured questions based on the relational skills of financial planners. Section C was made up of semi-structured interviews based on the impact of FinTech on the role of financial planners.

When the primary data collection process was completed, the researcher begun data analysis in order to interpret the research findings. In this study, data analysis began by assessing the trustworthiness of the measuring instrument in exploring the variables – *listening, interpersonal (communication) skills and empathy and compassion.*

The study made use of thematic content analysis since it allows the researcher to find recurring themes in the statements uttered by the key informants' responses. There were main themes that were discussed by the participants from which other new themes emerged during the semi-structured interview process. The data was then summarised through the use of tables that consist of the verbatim responses given by the participants.

5.5 MAIN FINDINGS FROM LITERATURE REVIEW

Chapter Two provided a literature review of financial planning, FinTech and the relational skills of successful financial planners. It elaborated on the nature and importance of financial planning, the nature and impact of FinTech and the nature and importance of relational skills of financial planners.

The qualifications of a financial planner were outlined as a university degree including professional designations such as the Certified Financial Planner® (CFP®) or the Financial Services Advisor™ (FSA™).

Moreover, a discussion was given on the Financial Advisory and Intermediary Services Act (FAIS) and the General Code of Conduct that governs the practices of financial planners to ensure that they render services that put the interests of clients first and to protect customers from market abuse and malpractices.

Chapter Two also discussed the role of the financial planner which was mainly to successfully take the client through the financial planning process in an effective manner. The six steps of the financial planning process were outlined as follows: Establish the planner and client relationship, gather client data, analyse and evaluate the client's financial circumstances, develop and present recommendations, implement and monitor the recommendations. It was identified that a successful financial planner needs to have both technical and relational skills. The following skills which central to the success of financial planners; interpersonal skills such as communication and listening, problem-solving skills, empathy and compassion, curiosity, mathematical competence, analytical skills, ability to learn, computer skills leadership skills, decision-making skills, organisational skills, including creativity and integrity.

The nature of the relational skills was discussed together with their significance in the financial planner-client relationship. The relational skills that were identified as more important and discussed consisted of listening skills, interpersonal (communication and 'soft') skills and empathy and compassion. Through these relational skills the financial planner is able to listen to the verbal and non-verbal cues of the client and properly interpret the communication. It was established that these relational skills can only be developed through experience and there is a need for new financial planners to be developed in these skills prior to entering the financial planning industry.

In addition, literature showed that the Financial Planning Institute of South Africa currently has a mentorship programme it is running which runs for one year meant to enhance the relational skills of new financial planners for those financial planners who want to obtain the CFP® professional designation.

Moreover, literature also proposed that current university programmes should have a psychology module that can empower emerging financial planners with emotional intelligence skills needed in the workplace which most often are lacking amongst graduates.

The nature and importance of financial planning was elaborated upon together with the FinTech innovations that have penetrated the industry with all their advantages and disadvantages. The advantages of FinTech highlighted were low-fee structures, efficiency and easiness to open an account. However, there were disadvantages outlined which included conflict of interest due to the impersonal nature of FinTech and the inability of it to conduct a full needs analysis of the client's circumstances. It was noted that FinTech and robo-advisors only possess cognitive skills and only perform calculations but lack the relational skills needed to build trust with a client for a long-lasting relationship. Thus, it was noted that FinTech can prescribe the wrong financial plan due to the possibility of conducting an insufficient needs analysis.

A verdict was reached that although the FinTech challenges traditional financial planning practices, however an opportunity arises in which it can be combined to provide more efficient financial planning practices, referred to as the hybrid model of financial planning. Moreover, it was noted that although the FinTech possesses all the technical skills, only human financial planners have a comparative advantage of harnessing certain behavioural skills which can improve financial planning practices.

The following section deals with providing recommendations on how financial planners can optimise their relationships with clients using relational skills development based on the empirical findings of this study.

5.6 MAIN FINDINGS FROM THE EMPIRICAL INVESTIGATION

Chapter Four presented a summary of the biographical data collected from the participants and the findings shown through thematic content analysis. Approximately 50 percent of the participants were between the ages of 31 to 40 years. The data showed that between the ages of 20-30 years there was only one young adult, whereas between 31-40 years there were six participants. Furthermore, there were four participants whose ages ranged between 41-50 years including one financial planner whose age ranged between 50-60 years. Ten of the participants were males whilst two were females.

Moreover, nine out of the twelve participants were white and three were black. All of the participants attained tertiary qualifications. The tertiary qualifications obtained by the participants ranged between an undergraduate degree and postgraduate qualification.

Three of the participants, particularly B, D and E possessed a diploma, two in financial planning and one in sales and marketing. Another one possessed a degree in law (LLB). However, seven of the participants were in possession of a Postgraduate Diploma in Financial Planning. In addition, one of the participants possessed a Masters in Clinical Psychology. There were eight out of the twelve participants who possessed the Certified Financial Planner (CFP®) designation.

There were six participants who possessed an experience between 5-10 years and only one participant possessed an experience between 11-15 years. In addition, there were three participants with experience between 16-20 years and two had an experience between 21-30 years in financial planning. The participants were employed by financial planning companies within the Nelson Mandela Bay. The data indicated that two of the participants approached were from commercial banking, whilst ten came from private wealth management companies.

A thematic content analysis was conducted which resulted to three main themes: (*listening skills, interpersonal skills and empathy and compassion*) which corresponded with the theoretical model of propositions. From the analysis of the insights of the participants about the importance of relational skills in financial planning, an operational definition was developed which states that relational skills are skills which are embedded within a financial planner's personality which are needed to understand and discern a client's value system, emotions and needs aimed at establishing common-ground with the client in order to build a connection that will result to an authentic and long-lasting planner-client relationship. The participants' views expressed relational skills as method of listening and communicating on a personal basis with a client and way to establish common-ground quicker between the client and financial planner from the very onset. In addition, relational skills is a means to discern what a client truly needs and are the integral skills needed to connect with the client.

Furthermore, the participants expressed the importance of relational skills. Their views were that relational skills are important because financial plans are built on relational skills. Moreover they enable the financial planner to put the client's needs first and without them, financial planning is merely a sales-process.

They are important because clients need advice-driven financial planners rather than "brokers" because without relational skills, there is no sustainability in the planner-client relationship. Without relational skills, value is not being added to the client relationship and there will be no mutually-beneficial relationships. Thus, client feels comfortable when the planner has relational skills which makes it easy for the financial planner to earn the client's trust. It was shown that trust can only come if the financial planner displays the virtues of honesty and integrity towards the client.

The participants confirmed that listening skills, interpersonal skills and empathy and compassion were indeed main relational skills. However, they ranked listening as the foundational relational skill. Listening has three components, attention to verbal communication, attention to "detail" or non-verbal cues and interpreting the messages. Thereafter, the financial planner would apply the interpersonal skill sub-themes such as effective questioning (which means asking the right questions) to gather a deeper understanding of the client's financial circumstances. Additionally, when communicating about complex financial products the financial advisor must use plain and easy to understand language in order to avoid confusing the client. This is where the client needs to apply emotional intelligence in order not to get overwhelmed by any stressful challenges the client is facing. This is needed in order for the financial advisor to coach the client to take action. Thus, it was suggested that current financial planners need to be developed in the psychological aspect of financial planning.

Moreover, young financial planners were seen by the participants to lack patience and tenacity and tend to go for immediate gratification for financial gain. The seasoned participants noted that this causes new financial planners to resort to a sales-oriented approach rather than an advice-driven approach. The shortcoming with new financial planners that was underlined was that they tend to be technically-inclined in order to impress the client instead of relating with the client at a more personal level. The participants pointed out that new financial planners need to be developed in all the relational skills especially simplicity of communication.

They also need to be developed in caring for the needs of others so that they can put the needs of clients ahead of their own and such skills take time, mentorship and experience to develop. When it came to FinTech, ten out of twelve of the participants saw the impact of FinTech in financial planning as huge and positive.

The majority of the participants believed that FinTech is not a replacement to the human financial planner but an enhancement to the traditional financial planning model. The outlined advantage of FinTech is that it is seen as a driver of efficiency meant to allow financial planners reach more clients faster and quicker. Another advantage of FinTech is that it lowers the fees that would have otherwise been incurred by a client who made use of a financial advisor.

However, the responses showed that FinTech innovations are more effective towards servicing only those clients who have an understanding of financial products. In addition, FinTech can be used by the financial planner to capture younger clients since they are mostly "on the move" and may not always prefer one-on-one contact with the human financial planner. On the other hand, some the older and more conservative generation may not find FinTech useful to them due to lack of understanding of complicated financial products and the need to interact with a human financial planner.

In addition, the majority of the participants added that financial planners who refuse to move with the times and refuse to integrate FinTech into their operations could suffer since they could lose clients if they only focus only on human contact relationships with clients. Thus, by integrating FinTech into their operations financial planners can increase their client-base and widen their client segmentation. A verdict was reached that the clients who prefer FinTech can be serviced through technology whilst at the same time making provision for those who prefer the one-one-one contact with a financial planner.

In Table 5.2, the summary of the main themes of relational skills discussed in this study is provided.

Table 5.2: Summary of the themes of relational Skills

Main Theme	**Sub-Theme**
Listening	• Discernment of non-verbal cues • Verbal cues • Interpretation of Messages
Interpersonal (Communication) Skill	• Effective Questioning • Relationship Coaching • Simple communication
Empathy and Compassion	• Behavioural Finance/Emotional intelligence

(Source: Researcher's Construct)

As can be seen from Table 5.2, the results of this study suggest that the first proposition *listening skills* has a positive influence on financial planners because it contains the three components needed for effective listening such as; discerning non-verbal cues, paying attention to verbal communication and correctly interpreting messages from the client. The second proposition *interpersonal skills* has a positive impact to financial planners because it equips the financial planner with skills such as effective questioning, relationship coaching and simple communication. The third proposition *empathy and compassion* also plays a major role in helping the client pick a client's reactions (behavioural finance) and manage the client's emotions without getting overwhelmed (emotional intelligence).

5.7 CONCLUSIONS

The primary objective of this study was to explore the relational skills of financial planners in the Nelson Mandela Bay. This was empirically achieved by investigating the important relational skills from key informants through semi-structured interviews.

The findings revealed that age and experience plays a role in relational skills development since it takes time and experience to develop relational skills. Hence, most "high net worth" clients tend to prefer and trust older and more experienced financial planners who have stronger relational skills. Gender does not play a role in relational skills development of financial planners. However, these findings revealed that there were more males than females.

Toten (2006: 18) suggests that out of all industries, financial planning is currently a male-dominated profession. This study showed that 23 percent of Certified Financial Planner® professionals were women (Toten, 2006: 18).

Furthermore, race does not play role on the development of relational skills of financial planners. Also, the level of education does not have an influence on the ability of the financial planner towards developing relational skills. Educational qualifications only enhance the planner's technical skills but relational skills are learnt through the "life cycle" of experience according to the insight of the participants. Thus, it can be said that experience according to the findings of this study does have an influence on the relational skills which a financial planner possesses and will determine the position the financial planner will possess in the company they work.

The participants confirmed that current financial planning needs to improve certain elements of their relational skills in order to remain relevant in this revolution. Listening plays a foundational role and the planners need to develop components such as listening for non-verbal communication and emotional behaviour, the ability to pay close attention to verbal statements given by the client and the ability to correctly interpret what was expressed. In the area of interpersonal skills, the participants noted that many financial planners are talkers rather than listeners and when they do speak they use complicated language, especially the new financial planners.

The participants recommended effective questioning and simple communication as the skills that need to be developed and imparted to new financial planners. Also, the participants observed that younger financial planners often show less care and empathy towards the client because all they want is to sell a financial product. This needs to be developed as well in order to put clients' needs first. Another important factor to take into consideration is that financial planners need to learn how to manage their own feelings as well as those of the client. Emotional intelligence plays a major role in being able to coach the client to take action. Finally, eleven out of twelve of the participants saw FinTech as impactful and proposed that it should be adopted to stay relevant and to become efficient so as not to lose clients. However, the underlying factor is that relational skills give the financial planner a competitive advantage over FinTech.

5.8 MANAGEMENT IMPLICATIONS AND RECOMMENDATIONS

The research findings of this study emphasise on the importance of relational skills to financial planners who aim at building strong and long-lasting relationships with clients. The recommendations are based on the findings of this study and are intended to inform the financial planning community, both current and prospective financial planners in the Nelson Mandela Bay, South Africa. The recommendations are directed towards university lecturers within the relevant departments of Financial Planning, the academic community as a whole, existing financial planners, and employers including new financial planners entering the industry. The recommendations are presented under three headings, namely; value-creation, the mentorship approach to improve relational skills amongst new financial planners and FinTech as an “efficiency-driver”.

5.8.1 Value-Creation in Client Relationships in Financial Planning

The findings of this study have shown that those financial planners who have enhanced their academic achievements tend to possess more technical expertise which they integrate with relational skills in order to give them a competitive advantage in building financially rewarding planner-client relationships. It was established that relational skills are a “bridge” by which financial planners are able to earn trust from clients through also displaying honesty and integrity at all times. The main themes were not exhaustive in nature and as a result the participants added other sub-themes which can be classified as relational skills such as, the three stages of listening (‘discerning non-verbal cues’, ‘paying attention to detail’ and ‘interpreting what was said’.) Other sub-themes under interpersonal skills include effective questioning, simple communication and relationship coaching. In addition, other sub-themes under empathy and compassion which have to do with caring for the client are summed up in the two synonymous terms of “behavioural finance” and “emotional intelligence”. Using all these relational skills the financial planner is better able to prescribe the suitable financial solutions that meet the client’s needs, thereby resulting to value being created for the client. It is recommended that current and prospective financial planners adopt this model for the development of their relational skills.

5.8.2 Mentorship approach to relational skills development

The findings showed that new financial planners tend to become more technical than relational due to inexperience. Therefore, it is recommended that the industry should create more platforms in which seasoned financial planners can impart the skills that new financial planners lack such as listening, interpersonal (communication), empathy and compassion including teaching them important qualities such as patience and tenacity needed by financial planners. The private sector could partner with the department of education or professional bodies to conduct workshops, seminars and conferences around universities and tertiary institutions in order to create more awareness about the importance of these skills.

5.8.3 FinTech as an efficiency-driver

When it comes to the impact of FinTech in financial planning, ten of the participants agreed that FinTech is impactful in the whole industry, whereas only nine agreed that FinTech has an impact in their respective business. Out of twelve participants, eleven of them agreed that relational skills give financial planners a competitive advantage over FinTech because they create the necessary connection for sustainable relationships. However, the highlighted advantage of FinTech is efficiency and low fees, albeit, it is impersonal in nature and is limited only to those people who are knowledgeable about complex financial products. The researcher recommends that financial planning firms should embrace the “hybrid-model” of financial planning in which both relational skills and FinTech can be integrated in order to service various client segments. In that way, the client-base can expand faster since all market segments would be serviced equally. The younger generation who are financially literate and prefer automation can be serviced through FinTech and robo-advice services, whilst at the same time maintaining the advice-driven approach to service the conservative client segment.

5.9 CONTRIBUTIONS OF THE STUDY

This study has contributed to the body of knowledge on the relational skills of financial planners by providing useful perspectives to current and prospective financial planners in the Nelson Mandela Bay, South Africa. There exists limited information on the importance of relational skills particularly in financial planning. Other disciplines such as psychology, law and medicine place significance on the need to develop relational skills amongst professionals. As it is recommended in Bhana (2014: 1432), there is a need to develop relational skills because they are key to building effective relationships.

Based on the empirical findings of this study, there are various aspects that financial planners need to take into account in their interactions with clients. From these findings, a framework is proposed that could assist prospective and current financial planners, academic institutions and financial planning businesses within the Nelson Mandela Bay to address relational skills shortages and produce better industry practitioners.

Moreover, this study could benefit future quantitative research on relational-skills-based financial planning businesses in the Nelson Mandela Bay with an aim to enhance their sustainability and growth. Propositions were generated in Figure 3.1 which using a quantitative methodology could be examined using a larger sample.

The rate at which young financial planners exit the industry prematurely due to a lack of relational skills development can be alleviated. Also, the rate at which certain clients lose their money due to financial illiteracy about financial products can be lessened, thereby producing financially literate communities. Also, financial planners would be able to address the preferences of various clients through integrating FinTech with the human financial planner. In conclusion, businesses would improve their “efficiency” and decrease business failure in the financial planning industry.

5.10 SHORTCOMINGS OF THE RESEARCH AND RECOMMENDATIONS FOR FUTURE RESEARCH

This study has made a significant attempt to make a contribution to the body of knowledge with regards to the relational skills of financial planners. However, as with all empirical studies there are a few limitations that were observed and other areas that need to be explored going forward. These shortcomings as well as recommendations for future research are outlined for deliberate consideration in financial planning.

The findings in this study are based on the perceptions and insights on relational skills based on the experiences of twelve financial planners located in the Nelson Mandela Bay, Eastern Cape Province. Therefore, there are shortcomings with generalising the findings of this study because it is possible that financial planners from other provinces could have different responses if the same interview schedule used in this study were to be administered to them. Thus, future research on this topic should be widened to reach more provinces in South Africa. The same semi-structured interview schedule could be used by other researchers from other provinces and the study would attempt to establish if the results of this study would significantly differ compared to other provinces.

Purposeful sampling was used in which certain individual participants were selected to participate in this study. However, the majority of the participants in this study were males. This is not unexpected because the ratio of women in the finance industry compared to men is low.

This study is inductive in nature and it uses a qualitative approach. A small sample size was utilised to in order to gain in-depth and rich data on the perceptions, feelings and experiences of the key informants. Those were recorded in words, tones of voices and behavioural gestures. It is recommended that future studies should follow a deductive method which uses larger samples to gather validity of the responses given by respondents. A framework with propositions was proposed in Figure 3.1 in which a quantitative study could be based upon.

This study aimed to explore the relational skills of financial planners. Future research may need to compare the relational skills of male financial planners to the relational skills of female financial planners in order to gather which of the two demographics naturally has a comparative advantage in that area. The information derived from the research would provide deeper insight into why there are fewer women in financial planning compared to males and how this gap can be bridged.

Regardless of all the shortcomings that the researcher confronted, the findings of this study make an important contribution to the existing body of knowledge on the relational skills of financial planners. Therefore, there exists many opportunities for future research to be conducted on the relational skills of financial planners.

5.11 SELF-REFLECTION

Conducting a study to explore the relational skills of financial planners has enabled the researcher to gain an understanding of the skills that successful financial planners make use of in their interactions with clients. This study has inspired the researcher to want to keep up to date with the latest developments in finance and the need to stay informed about current developments. Moreover, the researcher had the privilege of meeting with some of the best financial planners in the Nelson Mandela Bay and learnt what qualities they use to remain competitive in the industry in which they operate. The researcher’s perspectives have also been changed about how financial planners do business.

Prior to the research, the researcher used to think that financial planning is a “sales-game” and that it was mainly about selling many products to generate more commission. However, the participants during the semi-structured interviews made it very clear that financial planning is different from insurance broking. Financial planning is about selling good quality advice to clients, thereby putting their best interests ahead.

In conducting a qualitative study to investigate the relational skills of financial planners, the researcher has learnt skills such as how to conduct a semi-structured interview, how to analyse the information gathered and how to interpret it. The researcher has also learnt about how trustworthiness is maintained in a qualitative study by constantly maintaining notes of important data gathered.

In addition, the researcher has learnt that developing relational skills of new financial planners will contribute to best industry practices being upheld. New financial planners who have relational skills can combine them with their technical skills and produce successful professionals in the industry who possess holistic skills.

Lastly, to quote Dr. Nelson Mandela, **“Education is the best key which you can use to change the world.”**

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ANNEXURE A:

RESEARCH INSTRUMENT

Unit for Applied Management Sciences

Summerstrand South Campus

DEPARTMENT OF BUSINESS MANAGEMENT

Tel. +27 (0) 41 504 2257

Jackie.Palframan@mandela.ac.za

30 August 2018

Dear Participant

The Department of Business Management Sciences at the Nelson Mandela University is conducting a study:

Topic: An exploratory study of the relational skills of financial planners.

The Aim: To explore the relational skills of financial planners in the Nelson Mandela Bay, Eastern Cape Province, South Africa.

We are collecting data in the form of semi-structured interviews with financial planners. This study will provide useful perspectives and insight on the importance of relational skills in the financial planning industry which can be used to build better planner-client relationships.

It would be highly appreciated if you could participate in this study in order to assist the student in completing the research project. The interview should take 20 to 30 minutes. All data sources will be treated as confidential and will be used for research purposes only. You may withdraw from the study at any time. No individual participants will be identified.

The semi-structured interview schedule consists of three sections:

- Section 1: Biographical data of participants.
- Section 2: Relational skills of financial planners.
- Section 3: FinTech and the role of the financial planner.

Your participation in the study is greatly appreciated.

Sincerely

Mrs J. Palframan (Supervisor) Mr S Tetana (Researcher)

INTERVIEW SCHEDULE: AN EXPLORATORY STUDY OF THE RELATIONAL SKILLS OF FINANCIAL PLANNERS

INSTRUCTIONS:

1. Kindly respond to all questions in your own words.

2. The interview schedule consists of 3 sections.

3. Mark with an "X" where relevant.

NB: All information gathered will be kept confidential.

CONCEPT DEFINITIONS:

Relational Skills

The term "relational skills" can be defined from its application in the medical and legal professions as the skills that professionals use consistently to build strong relationships with clients by using interpersonal skills and excellent communication (Magen, Horace and DeLisser 2017: 102). The most important "soft skills" needed are empathy, interpersonal and communication skills (Riess, Kelley, Bailey, Konowitz and Gray 2010: 120).

However, there are various other relational skills applied to build relationships with clients which include: people skills, commercial awareness, knowing their limits, adaptability, ability to work in a team, motivation, image including honesty and integrity (Without Prejudice 2018: 13-14). For the purpose of this study, the definition of the term "relational skills" can be borrowed from the discipline of counselling which states that relational skills are the main qualities and "soft-skills" that are needed by a professional to establish and build effective relationships with clients whether online or face-to-face (Evans 2008: 30).

Interpersonal skills

Lee and Lee (2015: 272) define interpersonal skills (also known as "soft skills") as, "a type of mental and physical practices that involve different levels and repertoires of interactions and communications among human beings, needed to develop temporary or prolonged relationships in diverse institutionalized work settings."

Empathy and Compassion

Empathy and compassion means that the financial planner internally identifies with whatsoever the client is passing through whether emotionally or financially and responds by showing care and understanding (Baker, Filbeck and Ricciardi 2017: 281). According to Tillery and Tillery (2017: 254), empathetic and compassionate behaviour is needed from financial planners in order to address non-financial matters that may arise in financial-planner and client relations.

Listening Skills

Leo and Cmiel (2017:72) describe listening as the ability to receive and interpret messages correctly and effectively during communication. It is important that the financial planner pay close attention and effectively hear what the client has to say in order to know exactly what the client's needs, objectives and goals are (Botha et al. 2016: 9).

FinTech

Chiu (2016: 56) defines financial technology (FinTech) as the joining together of the financial services industry with modern technology-oriented new market entrants in order to offer more innovative financial services. The term "Fintech" is broad and has examples of innovations such as; new digital advisory and trading systems, virtual intelligence, mobile payment systems, blockchain, peer-to-peer lending and equity crowd funding (Phillippon 2016: 2). This definition also takes into account the use of robo advisors.

Robo-Advisors

According to Fisch, Laboure and Turner (2017), robo-advisors are defined as online services that provide financial advice and manage clients' investment portfolios through the use of computer algorithms without human intervention. A study by Jung, Dorner, Glaser and Morana (2018: 81) indicates that the term "robo-advisor" refers to "robo-advisory services" which are intended to be a substitute to the traditional human-to-human customer advisory process by transforming it to a human-to-computer process. However, another recent study by Coombs and Redman (2018: 1) released findings that argued that robo-advisors are not a substitute to the human financial planner, rather they enhance financial planners' practices.

SECTION 1

BIOGRAPHICAL DATA

1.1 Age

1.2 Gender

Male	
Female	

1.3 Race

Black	
White	
Coloured	
Indian	

1.4 Highest level of education

Diploma	
Degree	
Postgraduate Diploma/Honours	
Other (specify)	

1.5 Professional designation

Financial Services Advisor (FSA™)	
Certified Financial Planner (CFP®)	
Other (specify)	

1.5 Experience in the financial planning industry

0 – 5 years	
6 – 10 years	
11 – 15 years	
16 and more years	

1.6 Employer (Company)

1.7 Your position at the Company

SECTION 2

In your own opinion, please answer the questions that follow.

RELATIONAL SKILLS OF FINANCIAL PLANNERS

2.1 What does the term relational skills mean in the context of the financial planner?

2.2 Would you agree that relational skills include the following?

- Interpersonal skills (includes soft skills)
- Empathy and Compassion
- Listening Skills

2.3 If not, which other relational skills have been missed?

2.4 Kindly give a broad overview of the essential relational skills which a financial planner should possess.

2.5 Which specific relational skills would you consider to be the most important to a financial planner? Kindly explain the importance of each skill and kindly rank them according to their order of importance.

- Interpersonal skills
- Empathy and Compassion
- Listening Skills

2.6 Why are relational skills important in financial planning?

2.7 Which elements of relational skills need to be developed by financial planners in order for them to succeed in the industry?

2.8 Which relational skills do new financial planners lack or need to be developed in?

SECTION 3

In your own opinion, please answer the questions that follow.

FINTECH AND THE ROLE OF THE FINANCIAL PLANNER

3.1 How do you see the current developments in FinTech and the likely impact the role of the financial planner?

3.2 Do relational skills give the financial planner a competitive advantage over FinTech? If so, how?

3.3 Given these developments and the automation in the financial planning industry, how do you see financial planners needing to improve their relational skills going forward?

3.4 How do you see FinTech impacting on your business? Please elaborate.

Thank you for participating in this important study.

Your perspectives are valuable to us.