



# Do your clients trust you?

*Encouraged by the apparent success of wealth management institutions in breeding more trust among clients, now is the time to improve the reputation of wealth managers: by increasing levels of competence as well as true client-centricity. By Kees Stoute*

Last month, CapGemini released its 20th *World Wealth Report*.

As usual, the report provides highly-interesting insights. In this and the next few articles I will comment on a few of the report's findings.

Based on a questionnaire among high net worth individuals (HNWIs), the report comes to one intriguing conclusion: trust and confidence with wealth management firms has shown an impressive 30% improvement during the past year, whilst the trust in the individual wealth managers has remained flat.

How can we possibly explain the increase in trust in the financial institution, whilst the trust level in the individuals who make up that institution remains stagnant? Isn't that peculiar?

## MULTI-PRONGED MEANING

The report reached this conclusion based on the question: "Currently, to what extent do you agree or disagree with the following statements? – I have trust and confidence in ..... the wealth manager / the wealth management firm."

The divergent score could be explained by the use of the word "trust". Trust is

not such a straightforward, one-dimensional concept.

An industry best-selling book, *The Trusted Advisor*, convincingly explains that the concept of trust consists of four key ingredients:

- Credibility (level of knowledge and experience, track record)
- Reliability (do you do what you promise?)
- Intimacy (simply put: the ability to empathise)
- Self-orientation (are you in the relationship to help the client or to personally benefit?)

Due to the many facets of trust, it is indeed possible to explain that trust levels in institutions diverge from trust levels in the individuals working for these firms.

We can explain this by a few examples:

- An improvement in the financial soundness of the institution
- A perceived improvement in the institution's policing abilities in regards to their individual wealth managers' conduct
- An improvement in the digital experience for end-users

None of these factors impact the level of trust in the individual wealth manager, whilst they may – and probably will – result in higher levels of trust and confidence in the institution.

## CHANGING PERCEPTIONS

Yet from a true value-adding perspective, we can only really claim that as an industry we are making progress if our clients demonstrate increased levels of trust and confidence in the practitioners themselves.

Are we able to improve our ability to help HNWIs to align their wealth with what they want in life? Are we able to convince our clients that we take our fiduciary responsibilities seriously (ie. are we able to significantly lower our score on 'self-orientation')?

We don't go to the hospital because we are attracted by its impressive hygienic standards. We go there because we hope the doctors can cure us.

We clearly have not gone far enough to convince the public that as 'wealth doctors', we are able and willing to 'cure them', ie. to improve the quality of their lives.

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