

Dynamic Planner provides new insight into your clients' financial personality

Whilst our attitude to risk questionnaire explores what drives, prevents and enables clients to take risk, each item within the questionnaire also reflects one of five core financial personality factors:

Risk-taking identity - our sense of who we are when it comes to taking risk, what makes us unique and what motivates our behaviours. *Example item – "To achieve financial success, I would take financial risks".*

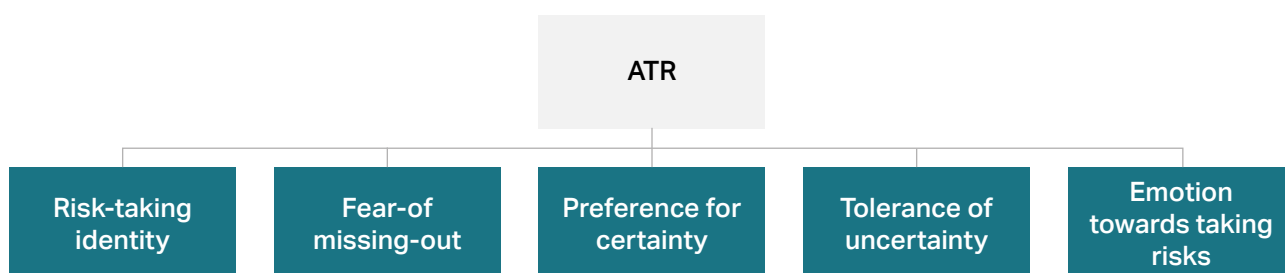
Fear-of-missing-out - our feelings of concern or regret for potentially missing out on a profitable investment. *Example item – "I would regret deciding not to take a risky investment opportunity if it then performed well".*

Preference for certainty - our desire to opt for more certain gains rather than the prospect of larger gains if this involves taking more risk. *Example item – "I prefer certainty about the future value of my investments, even if it means making less money".*

Tolerance of uncertainty - our ability to manage and accept the ups and downs we may experience along the investment journey. *Example item – "If the value of my investment fell, even for a short time, it would concern me".*

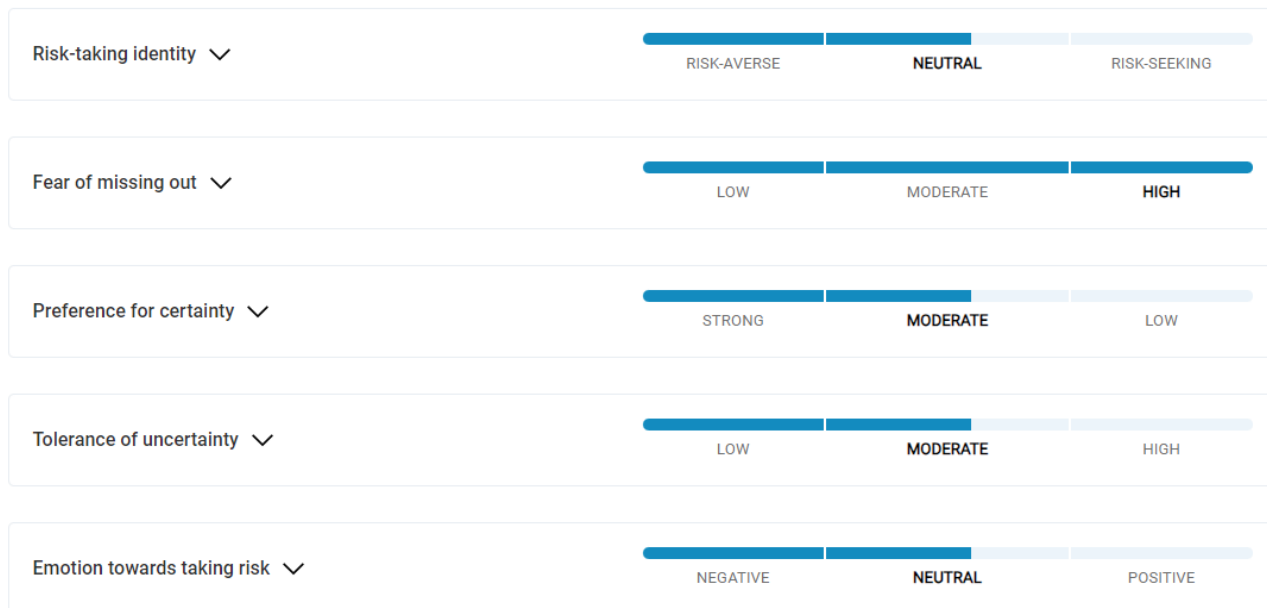
Emotion towards taking risk - our feelings associated with financial risk, whether positive or negative. *Example item – "Taking financial risks causes me a lot of stress".*

Our attitude to risk questionnaire has the ability to measure different dimensions of a client's financial personality. However, this is only possible due to the academic theory and psychometric principles that have been applied in and underpin the questionnaire.



Client Profiling

As well as calculating a client's risk profile, Dynamic Planner's market-leading attitude to risk questionnaire now provides insight into five elements of a client's financial personality. A breakdown of each allows you to understand what characteristics of your client's personality is driving their attitude to risk, and what may be important to discuss with them.



In line with consumer duty, it provides supporting evidence to assist you with selecting a suitable risk profile. Furthermore, knowledge of a client's unique financial personality can help you choose the most appropriate Dynamic Planner tools to use when explaining the trade-offs between risk and reward.

Data insights

The distribution of clients' risk profiles from the Dynamic Planner attitude to risk questionnaire resembles a normal distribution, with the majority of respondents falling in the risk profile range from 4 – 7.

When we explore this further based on our new insights into a client's financial personality, we find that a large proportion sit within neutral/moderate profiles, as would be expected. However, in terms of their risk-taking identity, fear of missing out, and preference for certainty, a higher proportion are more risk-averse than risk tolerant, whilst a higher proportion of clients are able to tolerate uncertainty and have a positive outlook on investing than those with opposing attitudes (see figure 1).

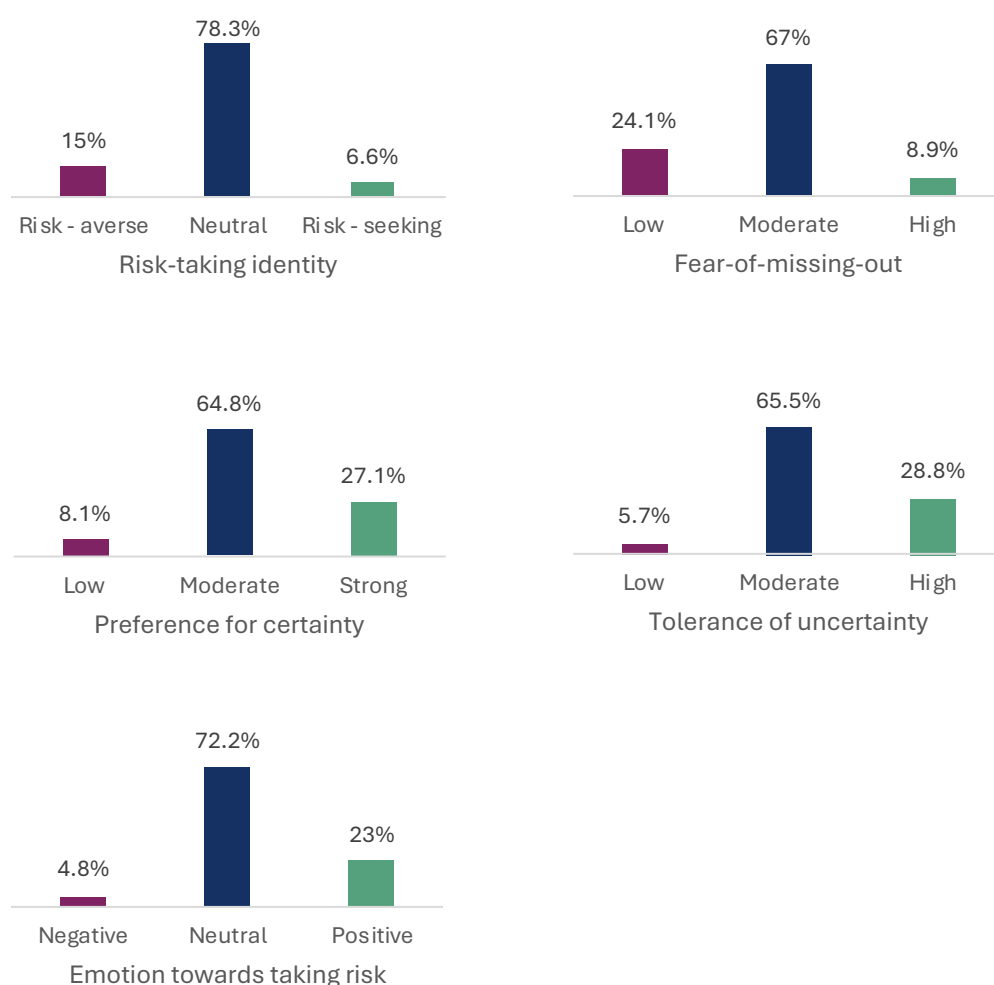


Figure 1. Proportion of clients across all levels of financial personality

Our analysis shows that whilst older adults tend to be more risk averse, changes in their risk-taking identity, fear of missing out and preference for certainty appear to be driving this shift, more so than their emotions towards risk and tolerance of uncertainty. Attitudes based on these factors tend to be more stable in comparison (see figure 2).

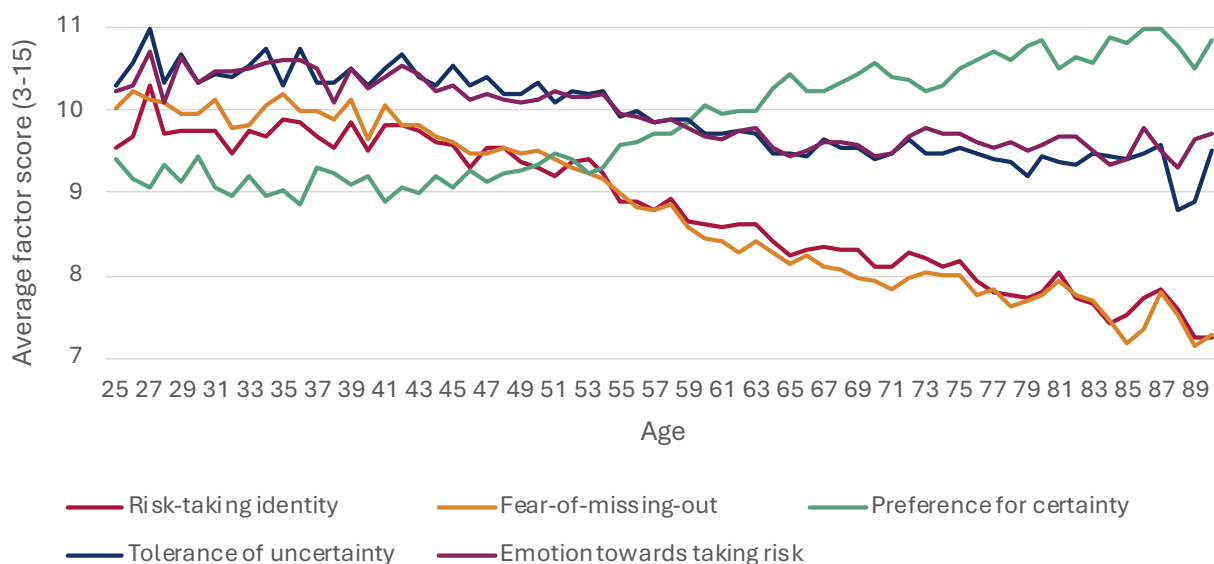


Figure 2. Financial personality factor scores and the impact of age

The charts above represent an overview of a large population of advised clients, but our financial personality feature will provide you with more personal insights than ever before, allowing you to fully explore your client's behaviours, thoughts and feelings towards taking financial risk.



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