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Hungering for Impartial Financial Advice

By Ujwal Arkalgud

In the last year, engaged Canadians have begun to prioritize fairness as the top characteristic they want to see from companies and governments. In discussions on reddit.com, our research, using our Belief Based Consumption methodology, showed that fairness was raised in 82 per cent of conversations, significantly up from 22 per cent just one year prior. This has implications for many businesses and sectors. Canadians have always cared about fairness, but now it is emerging as the dominant metric by which corporations and governments will be judged in the court of public opinion. This matters because we know that increasingly, consumers advocate for, support and purchase products from companies with whom they share common beliefs or values. This is the hallmark of our Belief Based Consumption methodology.

We explored in more detail how the reputation of financial services businesses, in particular, could benefit from understanding and leveraging the idea of fairness in business.

In reddit discussions on personal finance, we discovered a number of things. Canadians are hungry for financial information and advice. They are worried about debt and care about being or becoming debt free. They want to know how to earn greater returns on their investments. And they support financial institutions that in turn support entrepreneurs, because they feed innovation. However, they aren't looking to financial institutions for information and advice. They prefer peers and mobile applications to experts because of the perception that the advice from Canadian financial institutions isn't impartial or objective.

What surprised us the most?

Canadians under 30 years old believe financial institutions underservice them, not because they aren't offering enough financial information and advice but rather, because they believe that most institutions and their advisors provide "cookie cutter" advice such as saving for a house or investing in a TFSA. This points to an inherent gap – and opportunity – in the financial literacy and education programs that our financial institutions can provide. If a bank or insurance company can make younger Canadians feel valued and unique, despite the fact that they typically have lower disposable incomes than more mature Canadians, it will have seized an opportunity.

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Related to this insight is also the fact that younger audiences want financial institutions to talk to them about investment opportunities that offer greater returns, even though they are conscious that these typically have a greater level of risk. We all constantly see news about how risk averse Canadians tend to be, but here is an example of an emerging trend that is not only relevant to financial institutions but also highly revealing to the changing mindset of younger Canadians.

Our methodology

Over the last quarter of 2014, our team was busy analyzing thousands (20,000 to be specific) of real conversations among Canadians on the popular Internet platform reddit.com. We chose reddit because it is hands down the most influential community on the internet today, the source of everything from memes to social and political movements. And it is very popular among Canadians: more than 5.5 billion page views in Canada last year, with over 7.4 million Canadians who visit the site at least once a month.

We used our Belief Based Consumption methodology to analyze the reddit community: by analyzing what the younger, forward-thinking trendsetters on reddit say and do, we get a glimpse into developing trends. Our Belief Based Consumption is based on the idea that people no longer just buy something, they buy into something. Which means the onus now shifts onto governments, businesses and brands to not only understand themselves better and talk about more than just their products or services, but to also better understand the values of their audience.

Conclusion

The good news for businesses is that Canadians believe that it is fair for corporations to make a profit and succeed. They just need to know – and companies therefore need to be explicit – that they are acting fairly and not exploiting any positions of power. For financial institutions, our findings point to interesting opportunities in personal finance, particularly among younger Canadians. As a savvy investor knows, the earlier you start investing, the greater your returns. And as anyone in the personal finance industry knows, the lifetime value of a customer is high, so gaining customers early in the journey is critical to long-term growth.

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