



Building and maintaining strong relationships with clients post-coronavirus

BY KRISTI RODRIGUEZ

The COVID-19 pandemic was an unwelcome and unexpected game changer for most Americans. Many watched their retirement nest egg wither or faced short-term financial challenges as well as the prospect of life-threatening illness for themselves or loved ones.

A recent [Nationwide Retirement Institute® survey](#) shows that uncertainty about the future is widespread. Moreover, this sense of uncertainty is compounded by a perceived lack of control in the current environment. Even if they do all the right things to manage their finances and investments, eight in ten Americans agree they can still be blindsided by outside events.

This uncertainty and loss of control is accompanied by an increasing sense of financial pressure. **Three quarters of Americans report experiencing some form of financial pressure as a result of the COVID-19 pandemic** with the top three concerns being unable to pay bills or meet their financial obligations (45%), losing their life's savings (33%) and losing their employment (30%).

Equally important is that fact that respondents seem to recognize that there are variety of financial products that can function as solutions during these uncertain times. **Roughly half of respondents agree that the COVID-19 pandemic has made them recognize the need for annuities to help protect their investments against market risk**, and more than half of respondents say the pandemic has made them recognize the need for life insurance. Strikingly, nearly 60 percent of respondents say that the pandemic has made them recognize the need for long-term care insurance for themselves and the people they care about.

It is not surprising that in this environment about half of survey respondents said the COVID-19 pandemic made them realize that they need help managing their finances and investments to succeed in the future. **Perhaps most encouraging is that roughly one in four Americans responded that they are seeking help by engaging a financial professional for the first time ever as a result of the pandemic.** This creates an opportunity for financial professionals to not only capture new clients from this emerging market, but also strengthen their relationships with existing clients.

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This study sheds light on some of the most effective ways to build and maintain strong relationships with clients. **We looked at two forms of trust, cognitive trust and affective trust**, and asked which type of trust is more likely to drive a client to do more business with a financial professional in the future. Cognitive trust, or “trust from

the head,” is driven by factors like satisfaction from previous interactions, product performance and service experience. Affective trust, on the other hand, is driven by factors like empathy, perceived similarity and brand reputation.

We found that affective trust is a much larger predictor than cognitive trust and that empathy is most significant driver of affective trust. The fact that these results held across gender and a wide range of age and asset levels should be reason to pause and reflect on how you are “performing empathy” in your everyday practice.

“Performing empathy” may seem like a strange turn of phrase, but it drives home the point that empathy is more than just a character trait. It is more than “who you are,” it is “what you do.” The result of a successful performance of empathy is that the client both feels and believes that their financial professional “sees them” and has a deep and rich understanding of who they are—their values, their hopes and their fears. In the next couple of months, we will be working hard to bring financial professionals the tools to put these insights into practice, but here are a couple of quick tips:

Demonstrate “empathic understanding”

CLIENT: “I want to make sure that I don’t outlive my money and become a burden on anyone. My son was just laid off so I need to make sure that I have some liquidity in case he and his kids need some help...but at the same time, I want to do all of the things we planned for in our retirement.”

FINANCIAL PROFESSIONAL: “You are balancing multiple goals, all of which are important to you.”

Sometimes we try to convey that we understand a client by carefully repeating their words back to them, however, **the goal of empathic understanding is to “carry forward” the meaning of the client’s words.** Notice how the financial professional was able to get at the heart of the client’s concerns and move the conversation forward to a solution.

Engage in “empathic affirmations”

CLIENT: “I just can’t believe that this is happening again. I took a serious hit in 2008 when the market crashed. I had planned to cover my son’s college tuition costs upfront and ended up having to take loans to pay the tuition.”

FINANCIAL PROFESSIONAL: “It’s tough when you have to make those sorts of adjustments especially when you were so careful about planning.”



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NFM-19779AO (06/20)

The goal here is to move beyond the facts of the case, to how those facts were experienced by the client. This communicates to your client that you not only understand the “facts” but how it felt “to live” them.

Suggest “empathic conjectures”

CLIENT: “One of my neighbors recently lost her mom. It didn’t seem like there was any real plan in place for the end.”

FINANCIAL PROFESSIONAL: “A lot of my clients came to work with me after having a similar experience. Even watching that sort of a situation from a distance can be disorienting. Like you don’t want to be in the same boat.”

Again, notice how the financial professional offers a conjecture of the emotional experience of the client as “disorientating.” She suggests this to the client as an interpretation in a way that invites the client to accept it as correct or amend it. Importantly, this sort of conversation provides the financial professional and the client with a “joint goal,” in this case, **avoiding the disruption in loved one’s lives resulting from a lack of planning.**

Each response is calibrated to communicate understanding and validation of the client’s experience, while moving the conversation forward to a place where the client feels comfortable revealing more information which hopefully identifies the underlying need a financial professional can resolve. This crisis, while devastating in its consequences, creates an opportunity for financial professionals to be the “next responders” as concerned Americans try to pick up the pieces and rebuild their sense of financial security.

The most successful of these financial professionals will be the ones who build these relationships on both expertise and empathy.

For more tips on helping clients during such an emotionally turbulent time, check out this white paper, “[Staying Focused When Headlines React.](#)” And for other timely economic commentary, visit [The Advisor Advocate](#) blog.



ABOUT THE AUTHOR

Kristi Martin Rodriguez currently serves as Vice President of Thought Leadership for Nationwide Financial, leading the teams charged with advocating for and educating members, partners and industry leaders on issues impacting their ability to have a secure financial future.