

Profile: 'It is important for advisers to recognise their own biases'

Finura Partners managing director Nathan Mead-Wellings on using behavioural science in financial planning

By **Amanda Newman Smith** | 1st July 2019 2:37 pm

One way of trying to reach a decision on something is to write a list of all the pros and cons of the action you are contemplating, then weigh them up accordingly. This requires honesty and objectivity.

However, everything you put on that list is inevitably shaped by your perceptions and experiences – all the things that make you who you are. So, when one column on your list is clearly longer than the other and pointing you towards that particular path, how do you know the facts of the situation are really speaking for themselves? Is there any chance you may have unconsciously filtered some out?



Not only does Finura Partners managing director Nathan Mead-Wellings find these sorts of behavioural science insight fascinating, he also finds them useful in the context of financial planning.

“When you strip it back, what we do is make a positive impact on the lives of clients and that doesn’t only boil down to an investment or return. It’s about empowering clients and helping them make the right choices,” he says.

Mead-Wellings points to a raft of data from the world of behavioural science, which suggests we all have biases as individuals relating to how we make decisions.

“It’s really important for us to recognise our own biases. If you can recognise your personal and professional biases, it can positively impact not only your personal life but also the advice process for clients,” he says.

“Perhaps an adviser or client has a bias for passive investments rather than active. They will usually seek out data that supports that particular view, rather than contradicts it. But it is our job as an adviser to be prepared to challenge our own assumptions and the pre-existing beliefs that a client may hold, otherwise the advice may be unconsciously skewed.”

Being aware of individual traits and how people make decisions can also help advisers adapt their advice to different personalities, so that the process, meetings and recommendations are tailored to the client.

“Every time an adviser says a particular client didn’t follow through on a recommendation or do what they felt was logical, that failure is on us as financial planners,” says Mead-Wellings.

It is natural to assume that other people see the world as we do, and to gravitate towards those who share similar outlooks. But, if unchallenged, it can lead to people making the wrong decisions.

“A client may be biased towards groups of people; listening to friends and colleagues rather than other points of view,” says Mead-Wellings.

“For instance, they might tell you they want to transfer out of their defined benefit pension. You then drill down and find out their friends or colleagues have done so and they assume it must be a good idea for them, too. Of course, we all know that is not always true. It’s important we understand how these decisions are being formed.”

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That said, other people with different perspectives can act as a check and balance. Take the subject of investing from the viewpoint of Joe Public. “Being human, when it comes to purchasing we mostly look for a bargain, for good value. In investments, however, a lot of people think the lowest price is bad and a higher price means a lower risk. That is not entirely rational.”

Mead-Wellings describes Finura’s mix of financial planning and behavioural science as like “creating a circuit breaker” so clients do not make snap decisions.

“I don’t think we’re qualified to say we’re coaching clients, but our self-awareness as planners enables us to enlighten clients and make them less responsive to short-termism.”

Mead-Wellings had assumed he would build a long and successful career in advertising, having studied management science, marketing and psychology at university. However, this was not to be. Eighteen months in to his job with an advertising agency, he realised it was not working out and started looking at financial services instead.

“I was sold on being a stockbroker but it was 2008, the time of the financial crisis. I was straight out of university and didn’t realise things would get as bad as they did,” he says.

After a few months in between jobs, Mead-Wellings joined Openwork as a trainee adviser.

“When I joined Openwork, the focus was on getting the right qualifications first and foremost. I found passing the exams pretty quick and easy – you start with protection, then pensions and investments follow in line,” he says.

“I was given tepid prospects and had to build a client base. Cold-calling was how you built your book of clients back then. I soon realised you need to believe in your purpose, listen and have empathy.”

Mead-Wellings and his fellow Finura founding partner, Toby Owen-Brown, started at Openwork within a week of each other.

“Even back then, we realised what we were doing wasn’t complicated. We knew we could take elements of it and make it a bit better,” says Mead-Wellings.

“We hadn’t been around long enough to pick up bad habits; we didn’t have any unregulated investments or skeletons in the cupboard and we had the opportunity to put technology at the heart of something.”

“We do the simple things right,” he says. “And we never lose sight of the fact we are relationship managers.”

By 2014 they had set up London-based IFA Finura Partners with founding director James Herman, whom Owen-Brown had known at university. The aim was to deliver exceptional client service that not only attracted clients but retained them over the long term.

“We are unwilling to compete on price – and we can’t do that in London given what we do for clients – so we focus directly on client relationships and

service. If clients are not being looked after, they will end up leaving.”

Mead-Wellings also believes Finura’s non-contingent charging model enhances the independence of its advice, not just in the regulatory sense. For example, if it is in the client’s best interests to leave an investment or pension where it is rather than transfer it, that is the advice the firm will give.

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Five questions

What is the best bit of advice you’ve received in your career?

To be aware of and seek out your blind spots, and surround yourself with good people to overcome them.

What keeps you awake at night?

I believe in closing every day at that moment. Whether it’s good or bad, it can all wait until the morning.

What has had the most significant impact on financial advice in the past year?

The lack of penetration, but automation and robo-advice will have a huge benefit if built in to traditional advice models.

If I was in charge of the FCA for a day I would...

...look to reduce the disparity in regulation between the direct-to-consumer and advisory models.

Any advice for new advisers?

Be patient, find a mentor and learn the relationship side of the business.

CV

2014-present: Managing director, Finura Partners

2008-14: From trainee financial adviser at Openwork to senior financial adviser at Caerus Capital Group

2006-08: Account manager, TEQUILA/TBWA Advertising Agency