



VALUE OF FINANCIAL PLANNING

CONSUMER RESEARCH

KEY FINDINGS 2023

INDIA



Insights from the global 2023 Value of Financial Planning Research
commissioned by Financial Planning Standards Board Ltd.



CERTIFIED FINANCIAL PLANNER

CFP

CONTENTS

Introduction	03
Key findings	04
Busting the myths about financial planning	05
FPSB® Value of Financial Planning Index™	06
The CFP professional difference	09
Financial planning for the next generation	10
Conclusion	12

About the Report

The descriptions and statistics in this report are based on insights from a global research study undertaken for Financial Planning Standards Board Ltd. (FPSB) by independent research firm MYMAVINS. The quantitative study undertaken in February 2023 involved an online survey of 1,011 respondents from India, each of whom was over 25 years earning over INR 45 lakh p.a. or holding over INR 25 lakh in investable assets.

The sample included both advised and unadvised consumers. Advised consumers are those who are currently working with a financial planner, those who seek financial advice as needed and those who have received financial planning advice in the past three years. Unadvised consumers, on the other hand, are those who have never received financial planning advice from a financial planner or have received financial advice in the past over three years ago. The study also analysed those consumers who work with a CFP® professional. Financial planners who attain CFP certification have committed to rigorous standards of competency and ethics in financial planning.

Financial Planning Standards Board Ltd. (FPSB Ltd.) is the proprietor of the CFP®, CERTIFIED FINANCIAL PLANNER® and CFP® marks outside the United States, including in India, and permits qualified individuals to use these marks to indicate that they have met FPSB Ltd.'s initial and ongoing certification requirements.



CERTIFIED FINANCIAL PLANNER

CFP

Introduction

We are living in an ever-changing, complex world which is calling for people everywhere to become more financially responsible.

Money can be a source of stress for many people. For some, it can even take a personal toll on them, impacting their quality of sleep and even their mental health.

The current economic climate isn't helping. The global economic outlook is strained, with stubbornly high inflation, rising interest rates and costs of housing squeezing day-to-day budgets for some families.

The good news is professional financial planning can help. Financial planners support people to take control of their financial lives, empowering them to feel more confident and stay on track to achieve their goals.

The FPSB Value of Financial Planning Consumer Research study presents a compelling comparison between the personal experiences of individuals who navigate their financial journey alone, those who work with a financial planner, and importantly, those who seek advice from a CERTIFIED FINANCIAL PLANNER® professional.

This study has found that people who work with a professional financial planner feel better off both financially and more broadly. They report having a better quality of life, enjoying more financial confidence and resilience, and feeling more satisfied with their financial situation.

Clients of CFP® professionals report that they feel particularly satisfied. Across the globe, people who work with a CERTIFIED FINANCIAL PLANNER professional say they experience the highest quality of life, enjoy the most confidence, feel most satisfied with their financial situation and they attribute the most benefit to the recommendations they receive.

The trouble is not everyone uses the services of a financial planning professional. One of the most common reasons is that people say they find it hard to know who they can trust with their finances.

In this study, we found that almost all consumers advised by a CFP professional trust them to act in the client's best interests. That makes sense when you consider that CERTIFIED FINANCIAL PLANNER professionals have committed to rigorous standards of competency and ethics and have achieved the globally recognised symbol of excellence in financial planning.

If you're someone considering how financial planning might benefit your life, finding someone you can trust with your financial situation is easier than you think. Just look for a CFP professional and go from there.

Key findings



Clients who work with a financial planner say they are better off

3 in 4 clients of financial planners are highly satisfied with their wealth versus 3 in 5 unadvised consumers.

They enjoy a higher quality of life, more financial confidence and experience less financial stress.

- 4 in 5 report living with a strong sense of purpose
- 4 in 5 say they are confident of solving most challenges
- 9 in 10 feel financially secure



Financial planning helps people fulfill unmet financial needs

Unadvised consumers report many unmet financial needs including:

- the ability to live their desired lifestyle (2 in 5)
- enough money to live on (1 in 3)
- building a realistic plan for retirement (1 in 3)

According to this study, these are the areas where financial planners can help most. The top three ways financial planners have helped the advised are:

- greater confidence in making big financial decisions
- building a realistic plan for a comfortable retirement
- saving time and hassle managing financial affairs



Clients of CFP professionals experience the best outcomes

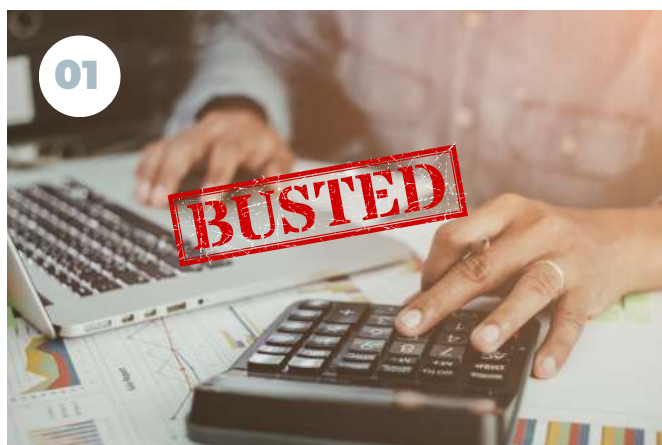
- 9 in 10 feel financially secure
- 9 in 10 feel their finances are tangibly better off



Digital services critical for engagement

- India are among the top countries leading the way in technology usage to manage their finances.
- Close to 4 in 5 across generations are now using apps or websites to monitor or manage their expenses. This is significantly higher than the global average (7 in 10).

Busting the myths about financial planning



MYTH #1

Financial planning is only for the rich

FACT: Over 9 in 10 clients earning INR 65 lakh or less per year who work with CFP professionals feel financially secure and confident which is higher than unadvised consumers on the same level of income.



MYTH #2

Financial planning is only needed at retirement

FACT: Over 9 in 10 Gen Ys who work with a CFP agree that financial planning has left them better off financially.



MYTH #3

Financial planning costs more than it's worth

FACT: More than 9 in 10 clients of CFP professionals say the benefits of financial planning outweigh the costs.



MYTH #4

Financial planners lack objectivity

FACT: Everyone (100%) who works with a CFP professional report they trust their financial planner to act in the client's best interests.

FPSB® Value of Financial Planning Index™

FPSB has developed the FPSB Value of Financial Planning Index as a mechanism to measure the financial and non-financial impact of financial planning on the lives of clients. Scores range from 0 to 100 around the midpoint of 50; the higher the score the better.

The Index shows the difference between those who do not work with a financial planner and those who do. The CFP Professional Delta shows the positive difference when working with a CFP professional.



Unadvised	Other Advised	CFP Professional Advised	CFP Professional Delta
76	79	82	+6



Unadvised	Other Advised	CFP Professional Advised	CFP Professional Delta
69	74	78	+9



Unadvised	Other Advised	CFP Professional Advised	CFP Professional Delta
70	76	81	+11



Unadvised	Other Advised	CFP Professional Advised	CFP Professional Delta
N/A	79	82	+3

**CFP Professional Delta is calculated from the difference of CFP Professional Advised and Unadvised, except for experience which is the difference of Other Advised.*



Because I've been able to plan my finances in a much better way, I don't have to attend my own time and effort to understand the intricacies of the market, my financial planner does it for me.

Client of a CFP professional | Male, 27, Karnataka

FPSB Value of Financial Planning Index

There are four components in the FPSB Value of Financial Planning Index:



Quality of life

Non-financial 'personal assets' that are the key supporting pillars of a 'good life', including personal health, connection, capability, purpose and life satisfaction.

The CFP Professional Delta score of +6 shows that consumers who work with a CFP professional experience a higher quality of life than those who are unadvised.

Clients of CFP professionals report greater life satisfaction (8.6 out of 10) compared to their unadvised counterparts (8.1 out of 10).



Financial Confidence

Measuring financial confidence including personal expectations of security and ability to achieve goals and manage personal risk.

The CFP Professional Delta score of +9 shows that consumers who work with a CFP professional feel much more confident about their financial future than those who are unadvised.

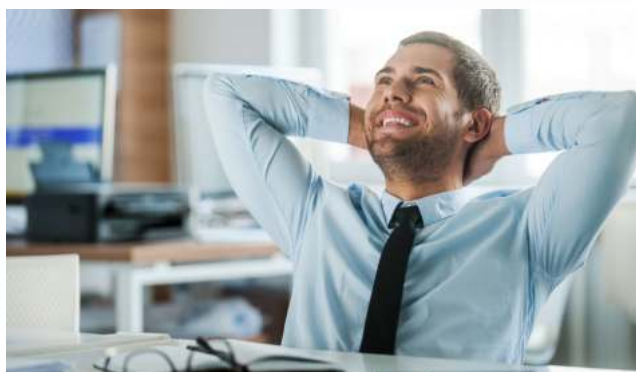
Over 9 in 10 clients of CFP professionals feel financially secure compared to only 8 in 10 unadvised consumers.



I am very satisfied with my financial planner, he makes my life easy and tension free to live financially.

Client of a CFP professional | Female, 61, Maharashtra

FPSB Value of Financial Planning Index



Financial Satisfaction

Measures personal satisfaction with a consumer's financial situation including spending capability, personal financial risk management, ability to stick to the strategies in a financial plan and overall wealth.

The CFP Professional Delta score of +11 shows that consumers who work with a CFP professional report much higher levels of satisfaction than those who are unadvised.

In fact, 4 in 5 of those advised by a CFP professional are highly satisfied with their overall wealth compared to 3 in 5 of those who are unadvised.



Experience

Measures the directly attributable value of the experience of financial planning and working with a financial planner, as well as tangible financial benefits like financial gains and meeting critical financial needs.

The CFP Professional Delta score of +3 shows that clients who work with a CFP professional experience more value than those who are advised by other professionals.

Almost all clients (97%) advised by a CFP professional agree that they have greater spending confidence, while only 9 in 10 of those advised by someone who is not a CFP professional agree.



My financial advisor helped me make good financial plans for my future and current finances which is giving me peace of mind.

Client of a CFP professional | Male, 31, Andhra Pradesh

The CFP professional difference

Clients who work with a CFP professional are more likely to report a higher quality of life, more likely to have greater levels of financial confidence and resilience and are more likely to be satisfied with their financial situation.

100% Everyone who is advised by a CFP professional reports they trust their financial planner to act in the client's best interests.

98% of clients of CFP professionals say they are likely to continue the relationship with their financial planner.

Top 5 benefits of working with a financial planner reported by clients

01

Feel **more satisfied** with their wealth

02

Help to explain and **simplify financial matters**

03

Improved **financial freedom** and control

04

Better financial decision-making **confidence**

05

Improved **financial wellbeing** and peace of mind

Working with a CFP professional to create a financial plan leads to higher wealth satisfaction

84% are very or completely satisfied with their wealth, compared to 63% of unadvised consumers.

89%

agree financial planning helps fulfill life dreams

76%

feel they cope better when faced with health issues

60%

say financial planning positively impacted their family life

60%

report financial planning positively impacted their mental health

Financial planning for the next generation

Generation Y, or 'Gen Y' – born between 1981 and 1996 – are proving to be highly engaged with their finances and are open to the value financial planning can bring.

Now established income earners, Gen Ys are on the verge of receiving unprecedented levels of intergenerational wealth via inheritance or gifts. Over 4 in 5 Gen Y already have or are likely to come into an inheritance or major financial support. 7 in 10 expect to do so in the next five years, and for some, the amounts will be significant.

Almost 1 in 5 of those expecting an inheritance or major financial support will be receiving over more than INR 2 crore of additional funds.

Gen Y are open to financial planning. 3 in 5 Gen Y who don't currently work with a financial planner would consider paying for financial advice, on par with Baby Boomers.

And they are looking to engage a financial planner soon. 2 in 3 of those Gen Y considering financial planning would do so in less than three years and over 1 in 5 within 3-10 years.



Gen Y are more likely to identify work satisfaction and their social life as aspects of their life that could benefit from receiving financial planning advice than older generations.

While engaging Gen Y in financial planning represents an opportunity, financial planners will have to evolve and adapt the way they work with clients.



Similarities and differences between Gen Y and Baby Boomers



1. While face-to-face still rules, digital is still important

The majority (3 in 5) of Gen Ys and Baby Boomers want face-to-face interactions with their financial planner, however digital is still important. Across generations, around 4 in 5 are using apps and websites to help manage their finances.



2. Direct investing usage is high across generations

1 in 5 Gen Y has taken up direct online trading since 2020, with a further 1 in 5 already trading before the pandemic and continuing to do so. 3 in 10 would consider direct investing, suggesting a relatively high propensity for this across all generations.



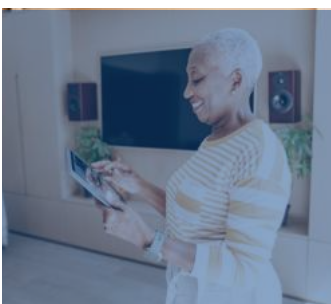
3. Gen Y prioritise investing in businesses with a purpose beyond profit

Over 9 in 10 Gen Y prefer to invest in companies that have some purpose beyond profits, even higher than Baby Boomers (8 in 10).



4. Gen Y has higher expectations, preferring multi-channel service experience where they can interact digitally, over the phone, as well as face-to-face

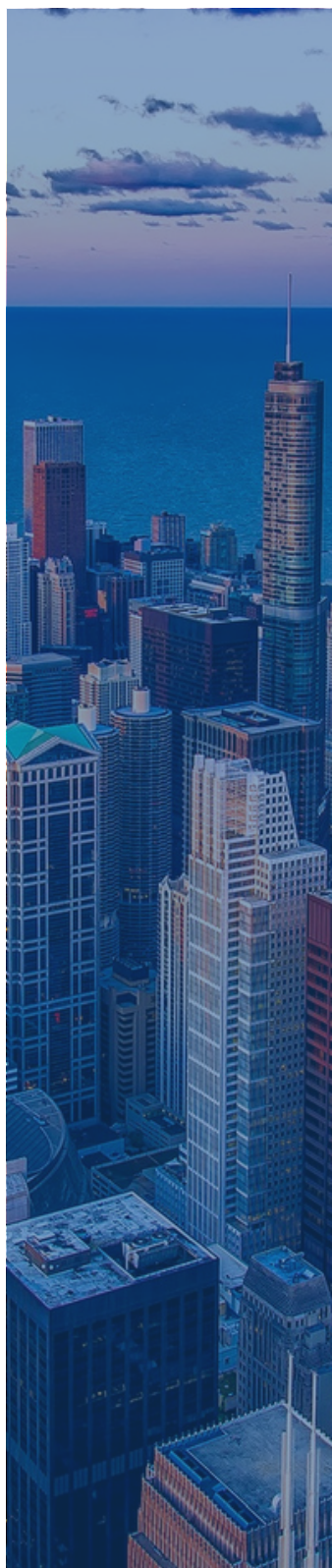
More than 1 in 2 Gen Y clients of a financial planner would expect access to an online portal, compared to 2 in 5 Baby Boomers.



5. Gen Y has more interest in investing in novel, non-traditional asset classes

Crypto investing is considerably more popular among younger generations. Almost 1 in 2 Gen Y claim to currently have at least some crypto assets and 3 in 10 would consider it. This compares to only 1 in 3 Baby Boomers who currently invest in crypto and 1 in 4 who would not even consider it.

Conclusion



In this landmark quantitative study, we have compared the personal experience of people who do not work with a financial planner, with those who have a financial planner and, importantly, those who work with a CFP professional.

This study introduced the FPSB Value of Financial Planning Index, a measure of the perceived financial and non-financial benefits of financial planning. Financial planning clients report having a better quality of life, enjoying more positive emotions, experiencing less financial stress, more financial confidence, a more authentic sense of purpose, and feeling more socially connected, and healthier. And clients of CFP professionals reported the highest levels of satisfaction.

Not everyone has a financial planner. Some of the barriers to working with a financial planner include the perception that it's too expensive, or it's only for rich people. Others believe the challenge is finding someone who they can trust.

In this study, we explored these myths that prevent people from seeking the help of a financial planner and systematically busted them. Clients told us that the benefits of financial planning services outweigh the costs, and that these benefits are present regardless of wealth or age. And when it comes to trust, all clients of CFP professionals (100%) trust their planner to act in the best interests of their client.

With the Baby Boomers reaching old age, the world is on the cusp of an unprecedented wealth transfer between the generations. The next generation has a high demand for financial planning, but their service expectations are different to their parents. Financial planners must adapt their service offerings to better meet the needs of Gen Y in order to ensure this group can fully enjoy the benefits that financial planning can bring.



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The key findings presented in this document are from the global
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