Impact of Financial Planners, Software, and Specialists on Clients' Financial Outcomes

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Abstract

Impact of Financial Planners, Software, and Specialists on Clients' Financial Outcomes

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Personal financial planning (PFP) is a multidisciplinary activity that involves several dimensions and actors including financial institutions, financial advisors, certified financial planners, technology, specialists (e.g., tax, legal) as well as clients. Within two essays, this thesis addresses the following three research questions:

1) What is the impact of the financial advisor on clients' financial outcomes?
2) How do certified financial planners perceive themselves in the PFP environment?
3) How does the mobilization of two resources, i.e., financial planning software and specialists, by a certified financial planner affects clients' financial outcomes?

While the evidence suggests that financial advisors have an impact on their clients' financial outcomes, there is disagreement as to the scope and nature of this impact. Relying on three complementary theoretical lenses (agency theory, trust theory and concept of knowledge) and the six steps of the financial advisory process, the first essay addresses the first research question by proposing a multi-theory model that reconciles findings from previous studies and bridges the gap between research and practice. The model illustrates how the financial advisor impacts each step of the financial advisory process. Furthermore, by being practice-grounded, our model highlights the opacity and complexity of the services offered by the financial advisor and helps to determine whether the advisor's impact will be positive or negative for their clients.

Addressing the other two research questions, the second essay focuses on certified financial planners and on the resources they can mobilize to serve their clients. Toward that end, we interview 25 certified financial planners. Regarding their self-perception, consistent with existing literature, planners see themselves primarily as generalists. However, we add an important nuance by proposing three different profiles: the true generalist, the generalist focusing on one of the seven PFP areas of expertise, and the generalist focusing on one type of client. These three profiles are represented on a generalist-specialist continuum to illustrate their positioning in relation to the other profiles. As for the PFP software, we show that it features all the characteristics of a decision support system (DSS). Regarding specialists, we again draw on agency theory, trust theory and the concept of knowledge to illustrate, through the six steps of the PFP process, that the involvement of specialists, in-house or external to the financial institution for which the planner works, will have a positive or negative impact on clients' financial outcomes. Finally, we develop a model explaining how financial planners, the help they receive from resources (PFP software and specialists), and the limited access to these resources imposed by financial institutions, enable or prevent planners from meeting their clients' needs.

Résumé

Impact du planificateur financier, du logiciel et du spécialiste sur les résultats financiers des clients

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La planification financière personnelle (PFP) est une activité multidisciplinaire qui implique plusieurs dimensions et acteurs, notamment les institutions financières, les conseillers financiers, les planificateurs financiers certifiés, la technologie, les spécialistes (par exemple, les fiscalistes, les avocats) ainsi que les clients. À travers deux essais, cette thèse adresse les trois questions de recherche suivantes :

1) Quel est l'impact du conseiller financier sur les résultats financiers des clients?
2) Comment les planificateurs financiers certifiés se perçoivent-ils dans le monde de la planification financière personnelle?
3) Comment la mobilisation de deux ressources par un planificateur financier certifié, à savoir un logiciel de planification financière et des spécialistes, affecte-t-elle les résultats financiers des clients ?

Bien que les études suggèrent que les conseillers financiers ont un impact sur les résultats financiers de leurs clients, il existe des divergences quant à l'étendue et à la nature de cet impact. S'appuyant sur trois approches théoriques complémentaires (la théorie de l'agence, la théorie de la relation de confiance et le concept de connaissance) et les six étapes du processus de conseil financier, le premier essai adresse la première question de recherche en proposant un modèle multithéories qui réconcilie les résultats des études antérieures et qui vient faire la jonction entre le milieu de la recherche et celui de la pratique. Le modèle illustre l'impact du conseiller financier lors de chacune des étapes du processus de conseil financier. De plus, en étant ancré dans la pratique, notre modèle met en lumière l'opacité et la complexité des services offerts par le conseiller financier et permet de déterminer si l'impact du conseiller sera parfois positif, parfois négatif, pour ses clients.

Le second essai se concentre sur les planificateurs financiers certifiés et sur les ressources qu'ils peuvent mobiliser pour servir leurs clients. Afin de répondre à ces deux questions de recherche, nous avons interrogé 25 planificateurs financiers certifiés. En ce qui a trait à leur perception d'eux-mêmes, en accord avec la littérature existante, les planificateurs se voient d'abord comme des généralistes. Nous apportons toutefois une nuance importante en proposant trois profils différents, à savoir le généraliste pur, le généraliste axé sur l'un des sept domaines d'expertise de PFP et le généraliste axé sur un type de clients. Ces trois profils sont représentés sur un continuum généraliste-spécialiste afin d'illustrer leur positionnement par rapport aux autres profils. Quant au logiciel de PFP, nous démontrons que celui-ci possède toutes les caractéristiques d'un système d'aide à la décision (DSS). Concernant les spécialistes, nous mobilisons à nouveau la théorie de l'agence, la théorie de la relation de confiance et le concept de connaissance afin de démontrer par l'entremise des six étapes du processus de PFP que l'implication de spécialistes, internes ou

externes à l'institution financière pour laquelle le planificateur travaille, aura parfois un impact positif, parfois un impact négatif, sur les résultats financiers des clients. Finalement, nous proposons un modèle expliquant comment le planificateur financier, l'aide qu'il obtient des ressources (logiciel de PFP et spécialistes), ainsi que l'accès limité à ces ressources par les institutions financières, viennent permettre ou restreindre la capacité du planificateur à satisfaire les besoins des clients.

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Dedication

À mes parents, Richard et Christine, sans qui le chemin parcouru n'aurait jamais été possible.

Cher papa, pour perpétuer la tradition :
« … Bonjour Monsieur Pilote! »

Contribution of Authors

Chapter 2: This essay was published in the journal *Financial Services Review* in 2024, which explains the implications of co-authors. Professors Boulianne and Magnan both participated in manuscript writing after many iterations of solo versions, which the latest was deemed appropriate for my thesis. I did the initial literature review, analysis, and development of the theoretical model. All authors reviewed the final manuscript and approved its content.

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Chapter 3: This essay has been presented at a conference but has not yet been submitted to a journal for publication. Up to this point, my co-directors have provided invaluable feedback but have not participated in the manuscript writing.

All authors reviewed the final manuscript and approved its contents.

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List of Abbreviations

AICPA	American Institute of Certified Public Accountants
AMF	Autorité des Marchés Financiers (in Québec)
CIRO	Canadian Investment Regulatory Organization
CFA	Chartered Financial Analyst
CFP	Certified Financial Planner
CFP Board	Certified Financial Planner Board
CSF	Chambre de la Sécurité Financière
CPA	Chartered Professional Accountants
DSS	Decision Support System
FINRA	Financial Industry Regulatory Authority
FP Canada	Financial Planning Canada
FPSC	Financial Planning Standards Council
IPF	Institute of Financial Planning (Institut de Planification Financière)
PFP	Personal Financial Planning
PFS	Personal Financial Specialist
Pl. Fin.	Financial Planner (Planificateur Financier)

Chapter 1 – Introduction

1.1. Introduction

In personal finance, individuals have three choices: (1) to act alone, (2) to consult a financial advisor while retaining decision-making power, or (3) to delegate decision-making power to the financial advisor (Calcagno et *al.*, 2017; Tang & Hu, 2019). There are many reasons why individuals may seek the help of an advisor, including income, wealth, education, gender, age, and financial knowledge (Balasubramnian & Brisker, 2016; Finke et *al.*, 2011; West, 2012). Considering that many studies focus on individuals acting alone with regard to their personal finances (Boyer et *al.*, 2022; Lusardi & Mitchell, 2011) and that 53% of Americans (CFP Board, 2023) and 49% of Canadians (Financial Consumer Agency of Canada, 2019) seek financial advice, this thesis focuses on situations involving a financial advisor.

1.1.1. General Context

Three major points underlie the importance of studying situations involving a financial advisor: the difficulty individuals have while navigating the financial environment, the purely monetary aspect, and the blurriness associated with the multidisciplinary nature of financial planning.

When we consider the financial literacy of North American individuals, we can see that they are not adequately equipped to make informed decisions about their personal finances. Lusardi and Mitchell (2011) point out that, in the United States, only 30% of respondents provide the right answer to the three basic questions[1] regarding financial literacy, while Boisclair et *al.* (2017) maintain that 42% of Canadians surveyed provide the right answer to the three basic questions. In addition, numerous studies show that individuals are unable to make complex financial choices (Blaufus & Ortlieb, 2009; Boyer et *al.*, 2022; Hershey et *al.*, 1990).

From a strictly monetary point of view within the financial ecosystem that includes large financial institutions and stock markets, the impact of a financial advisor for an individual may seem negligible. However, when we look at all individuals seeking advice, the picture changes. For example, according to Statistics Canada, Canadian families own more than $20 trillion in total assets and more than $10 trillion in financial assets.[2] If we consider that around 50% of the Canadian population receives financial advice, this means that over $10 trillion in total assets is impacted by financial advisors in Canada. By taking half, it is even likely that we are underestimating the total assets impacted by financial advisors, as research points out that wealthier individuals are more likely to use the services of a financial advisor (Balasubramnian & Brisker, 2016; Finke et *al.*, 2011; West, 2012).

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[1] The three core questions are: Question 1, on interest rates: "Suppose you had $100 in a savings account and the interest rate was 2% per year. After 5 years, how much do you think you would have in the account if you left the money to grow? More than $102; Exactly $102; Less than $102; Don't know;" Question 2, on inflation: "Imagine that the interest rate on your savings account was 1% per year and inflation was 2% per year. After 1 year, how much would you be able to buy with the money in this account? More than today; Exactly the same; Less than today; Don't know;" and Question 3, on diversification: "Is the following statement true or false? Buying a single company's stock usually provides a safer return than a stock mutual fund. True; False; Don't know."

[2] Statistics Canada. Table 36-10-0660-01 Distributions of household economic accounts, wealth, by characteristic, Canada, quarterly (x 1,000,000). DOI: https://doi.org/10.25318/3610066001-eng (accessed on April 18, 2025).

The world of personal financial planning (PFP) is multidisciplinary and generally divided into six or seven areas by accreditation bodies (FP Canada 2019; Institute of Financial Planning, 2023). Considering that this thesis is set in the Canadian context and, more specifically, the Québécois context, we refer to the seven areas of financial planning established for the province of Québec by the Institute of Financial Planning (Institut de Planification Financière, IPF). According to the IPF, PFP's seven distinct areas of expertise are 1. financial management, 2. insurance and risk management, 3. investment planning, 4. retirement planning, 5. tax planning, 6. estate planning, and 7. legal aspects (Institute of Financial Planning, 2023).

This multidisciplinarity has certain particularities, including the multiplication of players involved in PFP. This multiplication of players and professional designations is associated with broad and ambiguous definitions of these players. For example, the Financial Industry Regulatory Authority (FINRA) considers that financial planners can be, among other things, "brokers or investment advisers, insurance agents or practicing accountants—or they might have no financial credentials at all."[3] This vagueness leads American individuals to having difficulty when determining who is legitimate in financial planning (Lach et *al.*, 2019; Tharp, 2019).

In Canada, the provinces have jurisdiction when it comes to regulating the terms "financial advisor" and "financial planner." In Québec, both terms are governed by the *Act Respecting the Distribution of Financial Products and Services* (chapter D-9.2, s. 215) and more specifically by the *Regulation Respecting Titles Similar to the Title of Financial Planner* (chapter D-9.2, r. 20, section 1).[4] The provinces of Ontario,[5] New Brunswick,[6] and Saskatchewan[7] have adopted or are in the process of adopting similar legislation. Despite this desire to regulate, the fact remains that the Canadian Investment Regulatory Organization (CIRO) lists more than 60 financial certifications.[8]

If we compare this with the accounting field, which focuses on the three letters CPA, for Chartered Professional Accountant, we understand that it is very difficult for individuals to know who to turn to for PFP advice. We even note that the American Institute of Certified Public Accountants (AICPA) is taking an interest in the field of PFP, as it is now possible for its CPA members to obtain a specialization in PFP, Personal Financial Specialist (PFS). [9]

Finally, an important distinction must be made between financial advisors and financial planners. This distinction is necessary, since chapter 2 focuses on all financial advisors, while chapter 3

[3] Retrieved from: https://www.finra.org/investors/investing/working-with-investment-professional/financial-planners (accessed on November 21, 2024).
[4] Retrieved from: https://www.canada.ca/en/financial-consumer-agency/services/savings-investments/choose-financial-advisor.html (accessed on September 12, 2024).
[5] Through the *Financial Professionals Title Protection Act, 2019, S.O. 2019, c. 7, Sched. 25*. https://www.fsrao.ca/industry/financial-planners-and-financial-advisors (accessed on October 7, 2024).
[6] Through the *Financial Advisors and Financial Planners Title Protection Act*. https://laws.gnb.ca/en/pdf/cs/2023,%20C.3.pdf (accessed on October 7, 2024).
[7]Through *The Financial Planners and Financial Advisors Act, SS 2020, c 22*. https://www.canlii.org/en/sk/laws/astat/ss-2020-c-22/latest/ss-2020-c-22.html (accessed on October 7, 2024).
[8] Retrieved from: https://www.ciro.ca/office-investor/understanding-financial-certifications (accessed on January 6, 2025).
[9] Retrieved from: https://www.aicpa-cima.com/membership/landing/credentials (accessed on January 14, 2025).

concentrates solely on certified financial planners. According to the Financial Consumer Agency of Canada, a financial advisor is "a general term that can be applied to anybody who helps you manage your money. This could include an employee of your financial institution, a stockbroker, or an insurance agent."[10] They then define a financial planner as "an advisor who helps you create a plan to reach your long-term financial goals."[11]

On a more practical level, the main difference between an advisor and a planner lies in the education and training required to become a certified financial planner. In Canadian provinces, to be a certified financial planner (Planificateur Financier or Pl. Fin. in Québec, CFP in other provinces),[12] an individual must hold a recognized university degree, complete the professional training program, pass the professional qualifying examination, and meet other conditions. A financial advisor, as defined by the Financial Consumer Agency of Canada, could be anyone involved in finance. In comparison, the training of a CFP or Pl. Fin. would be somewhat similar to the training of a CPA.

1.1.2. Leading to the Research Questions

Three streams of literature focus on the presence of financial advisors in their clients' financial advising process, each relying on a different theoretical lens, i.e., agency theory, trust theory, and the concept of knowledge. Each one does conclude that advisors have an impact on their clients' financial outcomes (Angelova & Regner, 2013; Cici et *al.*, 2017; Martin & Finke, 2014). However, research based on agency theory, trust theory, and the concept of knowledge does find a divergent scope and nature of the impact of financial advisors. This divergence regarding the scope and the nature of financial advisors' impact brings forward our chapter 2 research question:

1) What is the impact of the financial advisor on clients' financial outcomes?

By evolving in an environment with so many different players, certified financial planners can be led to question their own positioning in the financial ecosystem. This is particularly true given that accreditation bodies mention the need for planners to know their limits (FP Canada, 2019). At the same time, planners do not work in isolation and have the options of using financial planning software and seeking help from specialists. The multidisciplinary nature of financial planning and the possibility of mobilizing resources lead to our two research questions for chapter 3:

2) How do certified financial planners perceive themselves in the PFP environment?
3) How does the mobilization of two resources, i.e., financial planning software and specialists, by a certified financial planner affects clients' financial outcomes?

[10] Retrieved from: https://www.canada.ca/en/financial-consumer-agency/services/savings-investments/choose-financial-advisor.html (accessed on September 12, 2024).
[11] Retrieved from: https://www.canada.ca/en/financial-consumer-agency/services/savings-investments/choose-financial-advisor.html (accessed on September 12, 2024).
[12] FP Canada and the IPF agreed on streamlined credential recognition in Canada. https://www.fpcanada.ca/newsdetail/fp-canada--and-the-institute-of-financial-planning-announce-streamlined-credential-recognition (accessed on January 25, 2025).

1.1.3. Overview of Chapter 2 – Impact of the Financial Advisor on Clients' Financial Outcomes: An Integrative Model

A financial advisor may either act as a consultant or may be delegated the entire financial advising process. In both cases, researchers tend to conclude that advisors have an impact on their clients' financial outcomes (Angelova & Regner, 2013; Cici et *al.*, 2017; Martin & Finke, 2014). However, there is no agreement on the nature and extent of this impact. We argue that such discordance in the results being reported in prior research arises from the different theoretical lenses used to observe the phenomenon: agency theory, trust theory, and the concept of knowledge. In our view, the complexity of advisors' contributions to their clients' outcomes requires a novel approach that extends beyond a single theory.

We consider this to be particularly true when we focus on what the financial services provided by financial advisors really are: a credence good (Bruhn & Miller, 2014; Winchester & Huston, 2017). By definition, credence goods consist of a complex and opaque service that requires specialized knowledge (Darby & Karni, 1973; Dulleck & Kerschbamer, 2006).

To answer our research question, "What is the impact of the financial advisor on clients' financial outcomes?" we propose a theoretical model based on three theoretical approaches and the fact that financial services are credence goods, but also, in order to be as close to practice as possible, on the six steps of the PFP process developed by the CFP Board (2017), which serve as a proxy for the financial advisory process. Those six steps are: (1) agreeing on how to work together, (2) gathering information, (3) analyzing the client's situation, (4) providing recommendations, (5) implementing the recommendations, and (6) monitoring progress (CFP Board, 2017).

As clients' financial outcomes depend on advisors' involvement and behaviors in each step of the process, we propose an integrative multi-theory model that reconciles prior findings and illustrates how financial advisors impact their clients' outcomes at each step within the financial advising process. Practice-grounded, the model also provides a causal mechanism clarifying the opaque and complex services provided by the financial advisor.

1.1.4. Overview of Chapter 3 – Certified Financial Planners: Generalists Meeting Clients' Needs

By working in PFP, certified financial planners evolve in a heterogeneous environment for two main reasons. First, according to Canadian accreditation bodies, PFP is multidisciplinary (FP Canada, 2019; Institute of Financial Planning, 2023). Second, since CIRO catalogues more than 60 financial certifications,[13] financial planners are not alone in the PFP environment.

At the same time, when serving their clients, financial planners mobilize their knowledge from the seven PFP areas of expertise to help their clients achieve better financial outcomes. To the best of our knowledge, the impact of planners' knowledge on their clients' financial outcomes has only been studied without assistance and more specifically without taking into consideration two key resources that are available to enhance their services, i.e., utilization of financial planning software and seeking specialists' input.

[13] Retrieved from: https://www.ciro.ca/office-investor/understanding-financial-certifications (accessed on January 6, 2025).

Such a context underpins our study's two research questions: "How do certified financial planners perceive themselves in the PFP environment?" and "How does the mobilization of two resources, i.e., financial planning software and specialists, by a certified financial planner affects clients' financial outcomes?" To answer our questions, we conducted 25 interviews with certified financial planners in Québec.

Regarding financial planners' perception of themselves, our findings illustrate how planners position themselves on a continuum from generalists to specialists. This supports prior research of planners as generalists (Black et *al.*, 2002), but adds a major nuance by proposing three distinct profiles: the true generalist, the generalist focusing on one of the seven PFP areas of expertise, and the generalist focusing on one type of client. This essay also demonstrates that PFP software does act as a decision support system (DSS) for planners, as they present the three characteristics proposed by Power (2013), and even more specifically as knowledge-driven DSS. Using agency theory, trust theory, and the concept of knowledge, we show, through the six steps of the PFP process (CFP Board, 2017), how seeking in-house and external specialists' help impacts—at times positively, at other times negatively—clients' financial outcomes. We then develop a model explaining how the help of resources, i.e., software and specialists, and the limited access to these resources enable or prevent planners from meeting their clients' needs.

1.1.5. Thesis Structure

This thesis is divided into four chapters. Chapter 1 provides an introduction. Chapters 2 and 3 each comprise an essay that can be read independently or together. Chapter 4 offers a conclusion to the thesis as a whole and opens the door to future research avenues.

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Chapter 2 – Impact of the Financial Advisor on Clients' Financial Outcomes: An Integrative Model

2.1. Abstract

A financial advisor may either act as a consultant or may be delegated the entire financial advising process. In both cases, researchers tend to conclude that advisors have an impact on their clients' financial outcomes. However, there is no agreement on the nature and extent of this impact. We argue that such discordance in the results being reported in prior research arises from the different theoretical lens used to observe the phenomenon: agency theory, trust theory, and the concept of knowledge. In our view, the complexity of advisors' contribution to their clients' outcomes requires a novel approach that extends beyond a single theory. Relying upon a literature review, we propose an integrative multi-theory model that reconciles prior findings and illustrates how financial advisors impact clients' outcomes at each step within the financial advising process. Practice-grounded, the model also provides a causal mechanism clarifying the opaque and complex services provided by the financial advisor.

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2.2. Introduction

There is extensive evidence indicating that financial advisors impact their clients' financial outcomes (Angelova & Regner, 2013; Cici et *al.*, 2017; Martin & Finke, 2014). However, the scope and nature of such impacts diverge. This situation leads us to put forward the following research question: "What is the impact of the financial advisor on their clients' financial outcomes?" To achieve this aim, this paper reviews the literature and analyzes such research to propose an integrated view on the relation between financial advisors and clients' financial outcomes. Financial advisors are the professionals to whom clients turn when they do not want to deal with their personal finances alone. When an individual considers their personal finances, three options are available: (1) acting alone, unassisted, (2) consulting a financial advisor while keeping decision-making autonomy, or (3) delegating all steps to a financial advisor (Calcagno et *al.*, 2017; Tang & Hu, 2019). Many factors come into play in deciding whether to act alone or to seek a financial advisor (Balasubramnian & Brisker, 2016; Finke et *al.*, 2011; West, 2012). The evolving complexity of personal finance resulting from the advent of new regulations, novel financial products, and wealth accumulation increasingly leads individuals to solicit the services of financial advisors.[14]

According to the Financial Industry Regulatory Authority (FINRA), the term "financial planner" refers to investment advisors, brokers, insurance agents, and accountants.[15] The Financial Consumer Agency of Canada also states that "A financial advisor is a general term that can apply to anybody who helps you manage your money. This could include an employee of your financial institution, a stockbroker or an insurance agent."[16,17] In this study, a financial advisor is a professional working in one of the fields related to personal finance and offering services to individuals. In using a broad definition of the term "financial advisor," we take the same approach as prior research that counts financial planners, financial advisor, accountants, lawyers, notaries, brokers, bankers, insurance agents, and related financial credentials as advisors (see Gennaioli et *al.*, 2015; Hudson & Palmer, 2014; Kim et *al.*, 2018; Lei, 2019).

Financial advice covers a broad range of activities. For instance, personal financial planning (PFP) associations and accreditation bodies generally identify six or seven core areas of financial advising, namely: (1) financial management, (2) insurance and risk management, (3) investment planning, (4) retirement planning, (5) tax planning, and (6/7) estate planning and legal aspects (Finke et al., 2009; FP Canada, 2019). An individual consulting with an advisor may seek advice on a specific topic or they may wish to implement a comprehensive plan (Winchester & Huston, 2015), but regardless, they expect added value (Sweeney et *al.*, 2018). Financial advisors aim to fill a knowledge gap or provide a sense of security to the client (Bae & Sandager, 1997). The outcomes associated with the advising process depend not only on the steps in which the advisor is involved, but also on how the advisor acts.

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[14] In the United States, the CFP Board (2023) reports that 53% of Americans have a financial planner. In Canada, 49% of Canadians obtain advice from a professional financial advisor/planner (Financial Consumer Agency of Canada, 2019).

[15] Retrieved from: https://www.finra.org/investors/investing/working-with-investment-professional/financial-planners (accessed on January 14, 2024).

[16] Retrieved from: https://www.canada.ca/en/financial-consumer-agency/services/savings-investments/choose-financial-advisor.html (accessed on January 14, 2024).

[17] In the United States, the public often misunderstand the term "financial advisor" (Lach et *al.*, 2019; Tharp, 2019).

To answer our research question, we use a theoretical review (Paré et *al.*, 2015) with the goal of developing a model of the financial advice process that integrates three theoretical perspectives underlying prior research on financial advising. First, agency theory places the financial advisor's self-interest at the forefront, ahead of the client's interests, resulting in a negative impact for the client (Angelova & Regner, 2013; Beyer et *al.*, 2013; Mullainathan et *al.*, 2012). Second, trust theory implies that the advisor inspires trust and makes recommendations in the client's best interest (Barnett White, 2005; Lachance & Tang, 2012). How trust in the advisor may impact the outcomes of the advising process remains an open question. Third, the concept of knowledge emphasizes the role played by the advisor's proven knowledge and expertise compared to the client's limited knowledge, suggesting a positive impact for the client (Hershey et *al.*, 1990; Hershey & Walsh, 2000).

The theoretical perspectives we adopt to analyze the literature on the financial advising process embed the concept that services rendered by the advisor qualify as a "credence good" as the client may have difficulty evaluating their ultimate effectiveness because of a lack of knowledge (Bruhn & Miller, 2014; Gennaioli et *al.*, 2015; Winchester & Huston, 2017). A credence good consists of a complex and opaque service that requires specialized knowledge (Darby & Karni 1973; Dulleck & Kerschbamer, 2006; Dulleck et *al.*, 2011; Fong, 2005). As the client may only see the outcomes of financial advice without knowing or understanding how the advisor gets there, agency problems may arise, explaining why agency theory is widely used in financial services research. The information gap between client and advisor also explains the use of trust theory as clients are taking a risk by entrusting advisors with their financial affairs since they are unable to know the details of their advisor's actions and decisions. Finally, the specialized nature of the services rendered by the advisor explains the use of the concept of knowledge in our analysis.

From a practical standpoint, our review relies on the six steps[18] of the PFP process developed by the Certified Financial Planner (CFP) Board of Standards, Inc. (2017) to proxy for the process of providing financial advice: (1) agreeing on how to work together, (2) gathering information, (3) analyzing the client's situation, (4) providing recommendations, (5) implementing the recommendations, and (6) monitoring progress (CFP Board, 2017). Put forward to frame the work of CFP professionals, we consider that these steps represent a golden standard in financial services and remain general enough to fit most financial advisory services. In this regard, we expect most financial advisors to follow similar steps as those proposed by the CFP Board. Although some articles specify which step they address (e.g., Angelova & Regner, 2013; Barnett White, 2005; Hershey et *al.*, 1990), the usage of steps to analyze the articles is mainly ours. In our view, using these steps allows researchers to bridge the gap between research and practice.

Our main research contributions are as follows. First, we propose a theory-driven review of the financial advising literature, relying on three theoretical lenses to explain the financial advisor's impact. Second, we propose an integrative model of the financial advisor's impact, linking the three theoretical lenses and explaining the divergent results found in prior research. This model

[18] We constructed our model based on these six steps. We are aware that the CFP Board recently introduced a seven-step model, which is very similar to the six steps. Our rationale to keep the six-step model is that prior research used for the model has been published during the tenure of the six-step model, and the new step is a split of existing ones. After analysis, we did not find significant differences when we looked at our data with an additional step.

allows one to integrate the reality of the financial advising environment by linking the effects of the advisor's level of involvement to the steps performed in practice, thus enhancing the model's relevance for both academics and practitioners. Lastly, based on four financial advising core questions developed in this paper, we contribute to better capturing the key concept of credence good, as provided by a financial advisor's services, and provide explanations on how an advisor's involvement will impact their clients' financial outcomes compared to when an individual decides to act in an unassisted manner.

2.3. Theorization of Financial Advising

2.3.1. Agency Theory

Agency theory refers to an arrangement whereby the principal delegates some of their decision-making power to an agent. As each party seeks to maximize their personal interests, the goals pursued by the principal are in opposition with the goals pursued by the agent (Jensen & Meckling, 1976). This conflict is embedded in an asymmetry of information favoring the agent (Ross, 1973; Wright et *al.*, 2001).

Financial advising meets the characteristics associated with agency theory. There exists a contractual relationship between a principal (the client) and an agent (the advisor), a clash of goals wherein the client wants their assets to grow, while the advisor seeks to derive personal benefit from the actions taken on the client's behalf. To overcome this conflict of interest, the client can either set up control mechanisms to monitor the advisor's actions or motivate the advisor to act in the best interests of both parties by offering incentives (Jensen & Meckling, 1976; Wright et *al.*, 2001). Unfortunately, the impact on the outcomes of these controls is uncertain, and controls and incentives add costs to the client.

For instance, research indicates that individuals are unable to answer basic financial literacy questions (Boisclair et *al.*, 2017; Lusardi & Mitchell, 2011, 2014).[19] Thus, clients lack the knowledge to assess the complex steps and actions carried out by an advisor, challenging their ability to implement effective controls. Further, clients are in a difficult position to incentivize advisors, since they do not have full control over all the incentives offered to the advisor. For example, the advisor's employer may compensate the advisor to sell certain products, which influences the advisor's recommendations and actions (Inderst & Ottaviani, 2012a, 2012b; Kingston & Weng, 2014). In such a case, it becomes difficult and costly for the client to implement incentives that can really drive behavior, such as prioritizing the client's interest. Moreover, most clients cannot estimate how much their advisor's services cost them, or do not know how their advisor is compensated (Cheng & Kalenkoski, 2018).

[19] Research around the world indicates that between 30% and 55% of respondents correctly answer the three core questions on financial literacy. In Canada, the rate is 42% (Boisclair et *al.*, 2017), while in the United States the rate is 30% (Lusardi & Mitchell, 2011). The three core questions are: Question 1, on interest rates: "Suppose you had $100 in a savings account and the interest rate was 2% per year. After five years, how much do you think you would have in the account if you left the money to grow? More than $102; Exactly $102; Less than $102; Don't know"; Question 2, on inflation: "Imagine that the interest rate on your savings account was 1% per year and inflation was 2% per year. After one year, how much would you be able to buy with the money in this account? More than today; Exactly the same; Less than today; Don't know;" and Question 3, on diversification: "Is the following statement true or false? Buying a single company's stock usually provides a safer return than a stock mutual fund. True; False; Don't know."

2.3.2. Trust Theory

Several definitions of trust exist, but the one posited by Mayer et *al.* (1995) is relevant to our study: "the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party" (p. 712). Common to most definitions is that a trust relationship cannot exist without the presence of a person who trusts (trustor), a trusted party (trustee), and a context involving risk-taking by the trustor.

It is remarkable how financial advising meets the characteristics of trust theory. First, it involves a relationship between a person who trusts (the client) and a person the client trusts (the advisor). Second, by delegating all or some steps to the advisor, the client is de facto taking a large risk and finds themselves in a vulnerable position. For instance, at the gathering information, analysis, and recommendation steps of the financial advising process, the client must let the advisor take actions that not only influence their financial outcomes, but whose accuracy cannot be fully assessed.

2.3.3. The Concept of Knowledge

Three types of knowledge are widely recognized (Paris et *al.*, 1983). First, declarative knowledge ("know what") is the accumulation of concepts, facts, rules, laws, and principles (Anderson, 1982, 1983; Gupta & Cohen, 2002; Paris et *al.*, 1983). Tardif (1992) considers declarative knowledge as fundamentally static, rather than dynamic, and thus must be translated into procedural or conditional knowledge to enable action. Second, procedural knowledge ("know how") relates to the steps and procedure followed to carry out an action (Tardif, 1992). But, as Anderson (1982) points out, declarative knowledge is necessary to implement procedural knowledge, as it would not be useful to know "how to do" if one does not know "what to do." Third, conditional knowledge ("know when and why") refers to the conditions surrounding the action (Schunk, 2012; Tardif, 1992). For instance, when and in what context is it appropriate to use a specific strategy, to favor this or that approach, or to take this or that action? Gaining an understanding of "what, how, when, and why," based on declarative and procedural knowledge, positions conditional knowledge at the top of the knowledge pyramid.

Knowledge may also be viewed as domain-specific or general (Perkins & Salomon, 1989; Schunk, 2012). Specific knowledge applies to explicit domains and is of more limited use, while general knowledge refers to skills like reading and writing, transcending disciplinary fields and extending to many domains and situations (Perkins & Salomon, 1989; Schunk, 2012). Researchers agree that solving a given problem requires both specific and general knowledge. Further, domain-specific and general knowledge do not add to the three categories presented above, but rather complement them (Tardif, 1992).

When it comes to financial advising, individuals who deal with an advisor do so on the premise that, due to their cumulative general and specific knowledge, the advisor will add value to their outcomes (Sweeney et *al.*, 2018). Financial advisors possess higher levels of financial literacy knowledge than individuals (Azamian et *al.*, 2022), are more analytical (Nofsinger & Varma, 2007), and rely on an established problem-solving approach (Hershey et *al.*, 1990). Furthermore, the understanding acquired by financial advisors encompasses all kinds of knowledge (declarative, procedural, and conditional), namely, the "what, how, when, and why." A large majority of individuals do not have such an advanced level of personal finance knowledge. In other words, due to their lack of knowledge, individuals are very unlikely to be able to adequately manage their personal finances, and more specifically when compared to financial advisors.

2.4. Method

Based upon a literature review, we developed a theory-grounded integrative model showing the impact of the financial advisor on their clients' financial outcomes. Our choice of a theoretical review rests on the following premises. First, from such a review may emerge theoretical conceptualizations of a phenomenon, or advancement at a theoretical level, otherwise known as a theoretical review (Paré et *al.*, 2015), a theory development review (Templier & Paré, 2018), or an integrative review (Snyder, 2019). Second, a theoretical literature review proves especially appropriate when studying a phenomenon that covers different fields of expertise drawing on various research perspectives (Torraco, 2005). In addition, advisors, coming from different fields such as financial planning, accounting, law, notarial law, securities brokerage, insurance, and banking, to name a few, may be involved at different steps of the financial advising process.

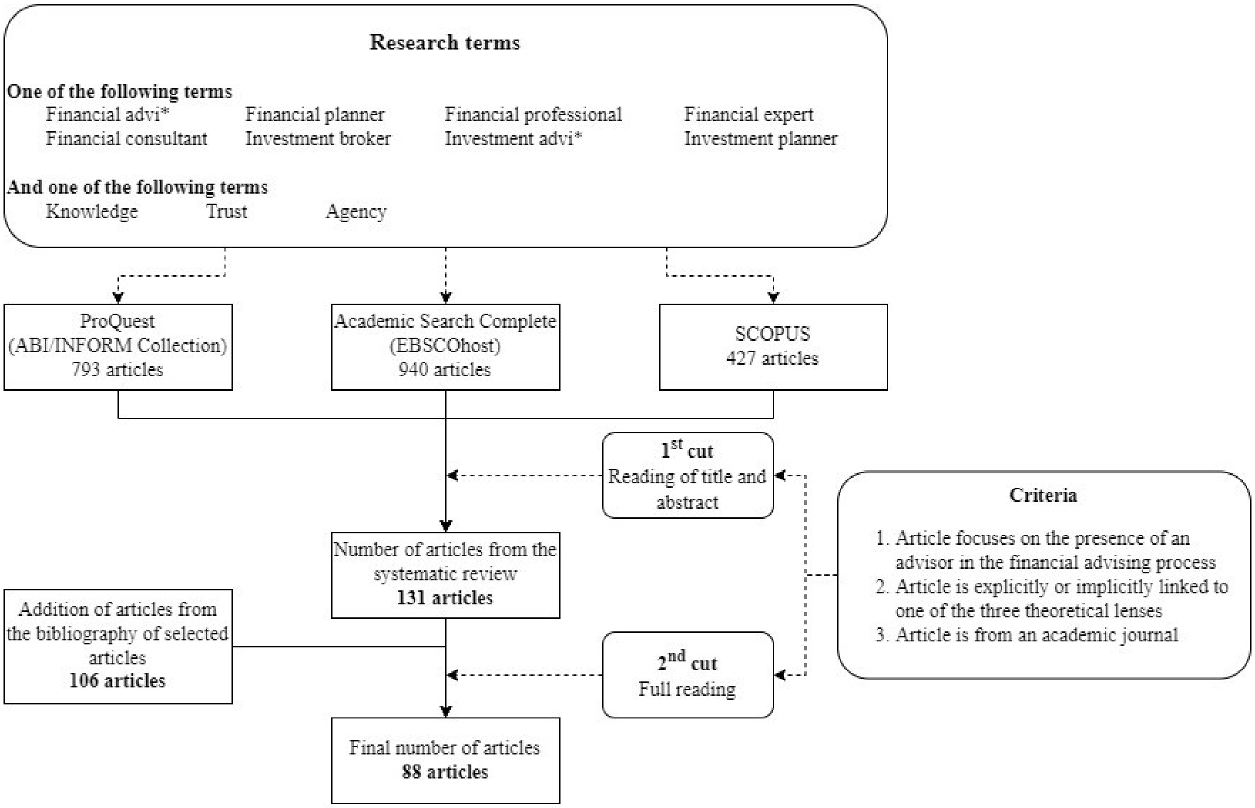
2.4.1. Data Collection

The review comprised four phases as described below (Figure 1). First, we searched, using three databases, the possible combinations of financial advisor and the three theoretical lenses. The search terms (presented in Figure 1) needed to appear either in the title, the keywords, or the abstract of articles. Based on these criteria, we identified 2,160 results.[20] Second, we sought to narrow down the results. We analyzed the title and abstract of each article based on three pre-established criteria: (1) the article must focus on the presence of an advisor in the financial advising process, (2) the article must explicitly or implicitly be linked to one of the three theoretical lenses, and (3) the article must be from an academic journal.[21] Based on these criteria, we retained 131 articles.[22] Third, focusing on these 131 articles and their references, we identified relevant articles that may not have been identified in the initial search (see Webster & Watson, 2002). Following this review, we added 106 articles, thus bringing the total number of articles to 237. Finally, we read the 237 articles in their entirety and evaluated them using the same criteria used in the second phase, thus bringing our final dataset to include 88 articles.

Appendix A summarizes the 88 articles. For each article, the table provides the authors, the type of financial advisor, the method used, the measurement, the outcome, and the study findings. For a better analysis, and in line with the integrative model, we present the articles categorized through the three theoretical lenses. The dataset reflects the diversity of expertise and fields associated with financial advising, as it includes articles published in marketing, finance, economics, psychology, management, accounting, and financial planning. As an aside, even if the PFP field is of prime

[20] At this point, an article can be counted more than once if it appears in more than one database.
[21] This criterion mostly explains the sharp reduction of articles since there is an important number of professional publications in financial planning.
[22] From this point on, the results from the three databases were combined, eliminating the possibility of the same article being counted more than once.

importance for individuals and the economy, it is surprising to see the limited number of journals dedicated to PFP.

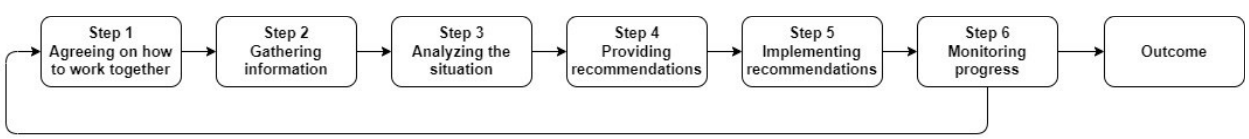


Source(s): Author's own creation

Figure 1. Literature Review Search Steps

2.4.2. Data Analysis

The data analysis builds upon the three theoretical perspectives and relies on the six steps of the PFP process developed by the CFP Board (2017) as a proxy for the financial advising process (Figure 2). Based on the combination of the theoretical perspectives and the six steps, we pinpoint where in the process and how the advisor affects their clients' financial outcomes.

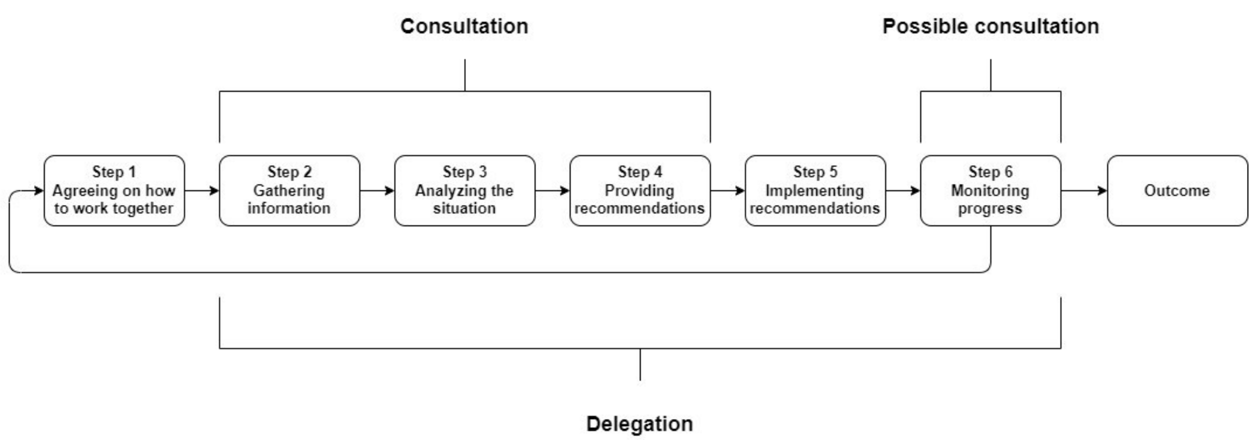


Source(s): adapted from CFP Board, 2017

Figure 2. Six Steps of the Financial Advising Process

The first step, *agreeing on how to work together*, sets the parameters of the relationship between the financial advisor and the client. It consists of a deal specifying the services provided by the advisor, such as the next steps where the advisor will be involved. The second step, *gathering information*, covers the collection of information and documents from the client for analysis. At the third step, *analyzing the situation*, the advisor assesses the client's financial situation to identify relevant strategies and options, weighing the benefits of each, to develop recommendations. At the fourth step, *providing recommendations*, the advisor provides recommendations to the client on how to best optimize their financial outcomes. The fifth step, *implementing the recommendations*, involves ensuring the implementation, either by the client or the advisor, according to the terms of the deal established in step 1. The sixth step, *monitoring progress*, closes the loop. It consists of assessing the evolution of the situation and adjusting when the conditions require it. The sixth step brings a circularity to the process as it leads to a relaunch of the process when needed.

Winchester and Huston (2015) report that financial advice may fall into either a modular approach, when happening on an ad hoc basis regarding a specific topic, or an integrated approach, when advice follows a comprehensive process staggered over time. Only the level of involvement of the actors (client or advisor) changes according to the six steps. For instance, Figure 3 shows the six steps when a client delegates the process (from steps 2 through 6) to an advisor, while, when clients opt for consultation, they retain the right to implement or not the advisor's recommendations (thus taking control of step 5). Depending on the arrangement, step 6 (monitoring progress) may either be the responsibility of the client or part of the mandate given to the advisor.



Source(s): adapted from CFP Board, 2017

Figure 3. Possible Arrangements Between the Client and the Advisor

We consider that these six steps, even if developed to frame the financial planning process, adequately capture the financial advising process as they are quite generic and focus on a client-advisor relationship.

2.5. Findings

Three main findings arise from our analysis. First, the advisor's impact on their clients' financial outcomes depends upon the theoretical lenses used and the executed steps. Second, the review brings forward the need for an integrative model, since the articles report divergent results. Third, the review highlights other factors, such as the type of advisors involved, which refers to the holding of different professional designations.

2.5.1. Financial Advising and Agency Theory

Prior research reports on the clash of interests at an aggregate level (Dvorak, 2015; Hackethal et *al.*, 2012; Mullainathan et *al.*, 2012), as well as at specific steps (Angelova & Regner, 2013, 2018; Chalmers & Reuter, 2020; Foerster et *al.*, 2017). Advisors can maximize their own interest at the expense of their clients, first by taking financial advantage of third-party offerings when issuing a recommendation and monitoring (Anagol et *al.*, 2017; Christoffersen et *al.*, 2013; Hackethal et *al.*, 2012), and second by providing minimal effort when analyzing and monitoring (Dvorak, 2015; Liu, 2005).

The financial advisor's effort is mainly observed through the customization of their clients' portfolios. In a comparative analysis of advisory firms' retirement plans and their clients' retirement plans, Dvorak (2015) shows that both retirement plans are very similar, with the exception that plans offered to clients favor investments with higher fees. Advisors minimize the effort and maximize the fees charged to clients by limiting the customization of clients' retirement plans. Similarly, Foerster et al. (2017) find that advisors offer an imperfect copy of their personal portfolio to their clients. By recommending a comparable asset allocation base to all clients, advisors limit their efforts while receiving compensation for the actions taken. Foerster et al. (2017) estimate that clients annually pay fees of around 2.5% of their assets to obtain the same advice given to all other clients. Bolton et *al.* (2007) find that if higher fees can be earned, the more the recommendations will be detrimental to the client. Other tactics used by advisors include pressing clients to make more trades, which increases advisors' fees (Hackethal et *al.*, 2012; Hoechle et *al.*, 2017), or recommending a suboptimal or wrong investment option to clients while favoring advisors' fees (Angelova & Regner, 2013, 2018; Kingston & Weng, 2014). In short, consistent with an agency theory perspective, some advisors prioritize their own interests over their clients' interests (Burke et *al.*, 2015).

However, a long-term horizon relationship (Jarratt et *al.*, 2007), a competitive market (Bolton et *al.*, 2007; Stoughton et *al.*, 2011), and the setting up of control mechanisms (Calcagno et *al.*, 2017) do mitigate the conflict of interests in financial advising. Considering the precarious position of the clients, Chalmers and Reuter (2020) even suggest that an individual would receive a better service from well-constructed default financial advice than from a conflicted financial advisor. For instance, advanced software makes it possible nowadays to obtain such default financial advice at a low cost.

2.5.2. Financial Advising and Trust Theory

Clients may either fully trust their advisor and thereby consent to the advisor's power on their financial outcomes, or they may not fully trust the advisor, for a variety of reasons, and will prefer to limit the advisor's impact. Related to financial advising, two steps prove critical regarding the trust relationship: the agreeing step, when the client chooses to either delegate or consult the advisor on an ad hoc basis, and the implementing step, where the client relies on the advisor's recommendations.

Our review reveals two main findings related to trust theory. First, the more the client trusts the advisor, the more likely it is that the client will completely delegate to the advisor (Calcagno et al., 2017; Gennaioli et *al.*, 2015; Monti et *al.*, 2014). Second, the more the client trusts the advisor, the more likely is it that the client follows the advisor's recommendations (Barnett White, 2005; Deng & Liu, 2017; Eriksson & Hermansson, 2019; Georgarakos & Inderst, 2014; Johnson & Grayson, 2005; Lachance & Tang, 2012; Pauls et *al.*, 2016). Moreover, trust does allow clients to relieve themselves of the mental burden of managing their finances. For instance, in the context of a laboratory experiment measuring brain activity, Engelmann et *al.* (2009) find that clients prefer to delegate the mental burden of making investment decisions by following advisors' recommendations.

2.5.3. Financial Advising and the Concept of Knowledge

The advisor's knowledge plays a key role during the financial advising process and ultimately impacts its effectiveness (Hershey et *al.*, 1990; Hershey & Walsh, 2000). Translated into the six-step framework, advisors seem particularly adept at: (1) Gathering information, (2) Analyzing the situation, and (3) Monitoring progress. In short, equipped with superior knowledge, advisors may directly influence their client's financial outcomes. For instance, regarding their personal financial situation, Azamian et *al.* (2022) report that financial advisors are better prepared for retirement, have less debt, are better insured, and are more likely to have an estate plan than the public. For clients with an advisor, studies report greater value of assets held (Liu et *al.*, 2019), better portfolio diversification (Pan et *al.*, 2020), better use of tax instruments (Cici et *al.*, 2017), and reduced wealth volatility (Grable & Chatterjee, 2014). As positive influences on their clients, we may cite the clients' saving practices (Chatterjee & Lu, 2023; Fan, 2021; Mountain et *al.*, 2021) and the setting and committing to financial goals (Marsden et *al.*, 2011; Martin & Finke, 2014).

Some studies on advisors' knowledge credit their positive impact on their clients' financial outcomes to knowledge that can be viewed either as declarative (i.e., an accumulation of facts, concepts, or rules) (Cloyd, 1995, 1997; Hershey & Walsh, 2000; Spilker, 1995) or as procedural (i.e., systematic steps and procedures) (Barrick & Spilker, 2003; Fischer & Gerhardt, 2007; Hershey et *al.*, 1990). Research indicates that advisors with specialized knowledge obtain better results in information search strategies, the quantity of results, and the relevance of the information found (Barrick & Spilker, 2003; Cloyd, 1995, 1997; Hershey & Walsh, 2000; Spilker, 1995). Hence, an advisor's knowledge positively affects the quality of the analysis performed (Hershey & Walsh, 2000), with its declarative and procedural forms being the most salient. Such knowledge permits them to perform better problem-solving processes, reducing errors, and thereby providing higher quality solutions to clients (Hershey et *al.*, 1990).

2.5.4. Financial Professional Designations

Holding a professional designation (e.g., CFP®) may modulate the impact of the advisor on their clients' financial outcomes as it positively influences the client's trust in the financial advisor (Agnew et *al.*, 2018; Dean, 2017; Guillemette & Jurgenson, 2017; James, 2013) as well as the level of knowledge of financial advisors (Arman & Shackman, 2012; Blanchett, 2019; Kim et *al.*, 2018; Lei, 2019). Underlying these findings is the evidence that holding a professional designation that includes a code of ethics induces the advisor to put the interests of their clients first (Finke et *al.*, 2009). For example, both in Canada and the United States, CFPs must follow the code of ethics' principles of their designations. Those codes include notably fiduciary duty, duty of loyalty to the client, integrity, competence, diligence, professionalism, and confidentiality (CFP Board, 2018; FP Canada, 2022). However, we leave the analysis of the impact of designations to future research.

2.6. Toward an Integrative Model of Financial Advising

We present in this section an integrative model showing the impact of the financial advisor on their clients' financial outcomes. We elaborate the model in two phases. First, in Figure 4, we discuss and illustrate the impacts associated with each of the three theories for each step where they manifest. Second, in Figure 5, we present the integrative model of financial advising across the three theories, when the process is performed alone (unassisted) versus when the process is performed with a financial advisor. The integrative model shows how the interactions between the three theoretical lenses impact clients' financial outcomes.

2.6.1. Impacts on Clients' Financial Outcomes Associated with each Theoretical Lens

Figure 4 summarizes the findings where the advisor's impact on their clients' financial outcomes may be positive or negative. Figure 4 includes the case when clients choose to delegate the entire process to an advisor, as well as when clients opt for ad hoc consultations at certain steps.

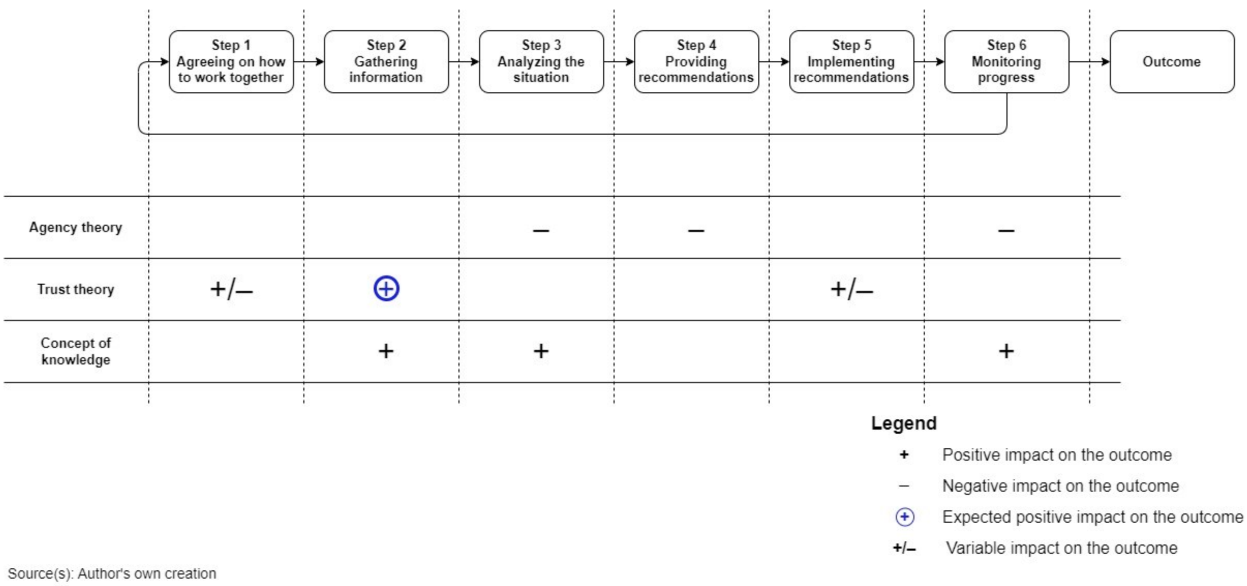


Figure 4. Summary of the Impacts of the Financial Advisor on their Clients' Financial Outcomes

Agency theory. Using an agency theory perspective, incentives outside the client's reach and the lack of control over the advisor's actions creates a clash of interests that leads advisors to maximize their own interests at the expense of the client. More specifically, the lack of client control over the advisor's actions is seen at the analyzing (Foerster et *al.*, 2017), recommendations (Angelova & Regner, 2013), and monitoring steps, while the negative impact of incentives plays out at the recommendations (Angelova & Regner, 2013) and monitoring steps (Hoechle et *al.*, 2017). Figure 4 illustrates this direct negative impact where advisors are thinking of themselves first when they are presented with the opportunity to do so.

Trust theory. With a client-advisor trust relationship, it is when agreeing on how to work together and on implementing the recommendations that trust has its greatest impact. The more clients place trust in their advisors, the more they delegate power (Monti et *al.*, 2014) and the more they follow their advisors' recommendations (Barnett White, 2005). Accordingly, the impact on the clients' financial outcomes can be positive or negative, depending on the level of trust placed in the advisor.

But what may be the impact of trust on the other steps? One may say that the importance of trust is rather evident when gathering information, since an advisor's analysis of a client's situation depends upon the information available (Hershey et *al.*, 1990). In other words, clients may ask themselves if they should provide all relevant personal information to their advisor? Fischer and Gerhardt (2007) and Foerster et *al.* (2017) argue that when the client provides private information, this allows the advisor to personalize recommendations. Accordingly, the client should provide all available information to the advisor. On this point, Omarzu (2000) mentions that clients must consider the risk associated with the disclosure of personal information, where such risk brings trust theory into play. The level of trust a client has in the advisor will determine the level of information sharing. Here, trust in the advisor can directly and positively impact clients' financial outcomes. Figure 4 illustrates this essential element to reflect the impact of trust theory more accurately at the gathering information step. To our knowledge, this information is often overlooked in the data we analyze (one exception is Alsemgeest (2022)). This element appears in Figure 4 as a blue plus symbol surrounded by a circle.

Concept of knowledge. Based on prior research, it is when gathering information, analyzing the situation, and monitoring progress that the concept of knowledge plays an important role and where it has a positive impact. Equipped with proven knowledge, the financial advisor can: (1) better identify the information needed for analysis, (2) better assess the client-specific situation and possible options, and (3) better determine whether to restart the process based on the results obtained (Hershey et *al.*, 1990; Hershey & Walsh, 2000). Figure 4 illustrates the direct and positive impact of the advisor's level of knowledge.

2.6.2. Synergistic Effect of the Three Theoretical Lenses

The interplay between agency theory, trust theory, and the concept of knowledge complexifies an advisor's contribution to their clients' financial outcomes due to a synergistic effect. Depending on the theoretical perspectives taken, the advisor may have a positive impact or a negative impact. Figure 5 proposes an integrative model of this synergistic effect based on four core questions associated with the six steps, namely:

1. Does the client trust the advisor?
2. Does the advisor prioritize the client's interest?
3. Does the advisor mobilize their financial knowledge?
4. Does the client agree to disclose all relevant personal information?

The integrative model resembles a decision tree, where the individual answers the four questions by "yes" or "no." The model helps to understand what is inside the "black box;" that is, the services provided by the advisor, a credence good. Three elements underlie the integrative model: (1) the four questions provide a priority order, (2) the step in the process determines which theoretical lens will dominate, and (3) a theory applies or not depending on whether the individual performs the process alone or is assisted to various degrees by a financial advisor.

Figure 5 illustrates the advisor's impact on outcomes by contrasting when the process is carried out alone (unassisted), with the outcome set to zero, or with an advisor, even if factors such as individual financial knowledge may affect the financial outcome. We aim to conceptualize an anticipated positive outcome when the financial advisor is involved, as well as situations where the advisor's involvement may result in an outcome that may be equal to or worse than when an individual acts alone. We will now turn to an analysis of findings around the four core questions.

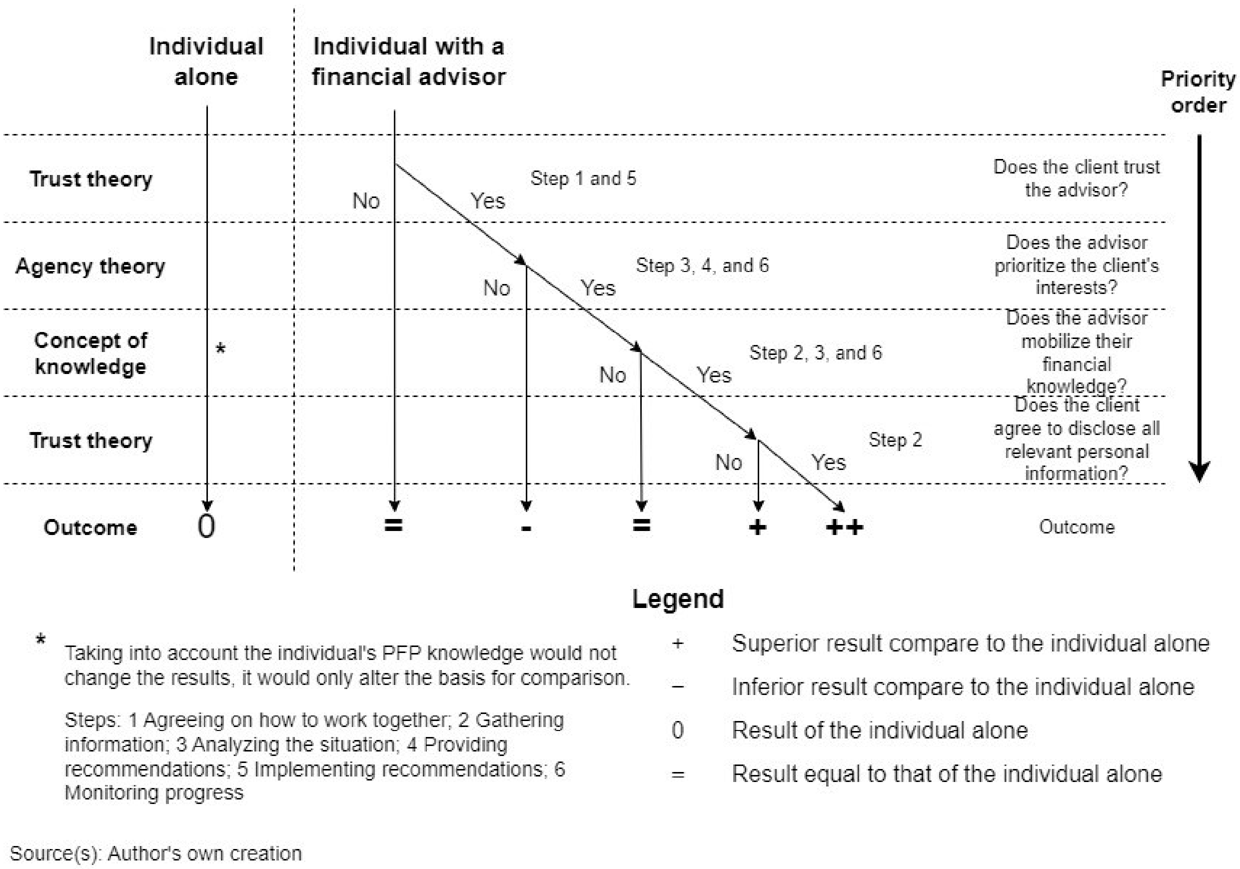


Figure 5. Integrative Model of the Impact of Financial Advisors on their Clients' Financial Outcomes

Does the client trust the advisor? The answer to that question underlies agreeing on how to work together and implementing the recommendations. For these two steps, trust theory plays a primary role over the two other theoretical lenses since the client delegates to the advisor. When the client trusts the advisor, then the effects of agency theory and the concept of knowledge may come into play to influence the outcome of the process.

At the implementation step, if the client does not accept the advisor's recommendations, the negative impact related to an advisor's self-interest or the positive impact related to an advisor's knowledge will not manifest themselves in the financial outcome. Stated otherwise, using a trust theory lens, a decision by a client to turn down an advisor's recommendation results in a positive impact if the recommendation is harmful, and in a negative impact if the recommendation is beneficial (Monti et *al.*, 2014). However, if the client accepts the advisor's recommendations, it places the individual in a vulnerable position where they cannot mitigate the effects, positive or negative, associated with the other steps of the process. As a reminder, trusting can be beneficial, but over-trusting can lead to abuse by the financial advisor (Gennaioli et *al.*, 2015; Schwartz et *al.*, 2011).

Does the advisor prioritize the client's interests? This question puts forward agency theory, with emphasis on analyzing the situation, providing recommendations, and monitoring progress. Here, the client trusts the advisor, opening the door to potential conflicts of interest, depending on whether the advisor prioritizes their interests or the clients' interests. If an advisor maximizes their own interests, not only does it negatively impact their clients' financial outcomes, but it also cancels the effects of the concept of knowledge. In this regard, Blanchett (2019) and Bergstresser et *al.* (2009) report that the advisor's conflict of interest can negate the benefits associated with the advisor's knowledge and expertise. Alternatively, if advisors prioritize clients' interests, then they can make use of their knowledge. When the client and advisor's interests coincide, the advisor can have a strong positive influence on a client's financial outcomes (Finke, 2013).

Does the advisor mobilize their financial knowledge? This question comes into play when the client trusts the advisor and when the advisor prioritizes clients' interests. The advisor's knowledge will impact a client's financial outcome when gathering information, analyzing the situation, and monitoring progress. When the advisor has specific knowledge helpful for dealing with a given situation, being able to leverage their skills and expertise to maximize the client's interests, this may have a significant positive impact. Alternatively, when the advisor does not have the necessary knowledge or is unable to leverage the required knowledge, this will not only negate the advisor's influence but will also prevent trust theory from manifesting itself at the gathering information step.

Does the client agree to disclose all relevant personal information? The last question involves trust theory when gathering information. Full disclosure of clients' personal information to the advisor will impact the clients' financial outcomes under the following conditions: (1) the client follows the advisor's recommendations or has delegated the entire process to the advisor, (2) the advisor prioritizes the client's best interests, and (3) the advisor is competent and mobilizes their knowledge. When these three conditions are present and clients disclose all relevant personal information, advisors find themselves in a position to personalize their advice and achieve "optimal" results (Fischer & Gerhardt, 2007; Foerster et *al.*, 2017). In addition, sharing of private information by the client allows the advisor to achieve a greater positive impact on their clients' financial outcomes.

2.7. Conclusion, Limitations, and Future Research

This paper presents the current state of knowledge regarding the impact of financial advisors on their clients' financial outcomes. Based on a review and analysis of prior research and using the six steps of the PFP process as a template for financial advising, we document in detail where the advisor may play a positive or negative role for their clients. We then propose an integrative model, linking three theoretical lenses, namely agency theory, trust theory, and the concept of knowledge, when the process is performed alone (unassisted) or with a financial advisor. The integrated model helps to answer our research question, which is, "What is the impact of the financial advisor on their clients' financial outcomes?"

In summary, agency theory underlies clients' financial outcomes via advisor actions when analyzing, recommending, and monitoring. An advisor's conflict of interests will manifest itself directly and negatively on clients' financial outcomes. Trust theory provides a useful conceptual lens at various steps of the financial advising process. When gathering information, the client's trust with respect to the advisor directly and positively influences the outcome. However, when agreeing on how to work together and when implementing advisor recommendations, trust in the advisor may manifest indirectly, either positively or negatively. As for the concept of knowledge, it positively and directly influences the outcome of the process via its impact on the advisor's gathering information, analyzing, and monitoring. These three theoretical lenses interact in a specific sequence, as shown in Figure 5, providing a better understanding of the impact of the financial advisor.

Our main research contributions are as follows. First, we propose a theory-driven review of the financial advising literature, relying on three theoretical lenses to explain the financial advisor's impact. Second, we propose an integrative model of the financial advisor's impact, linking the three theoretical lenses and explaining the divergent results found in prior research. This model allows researchers and practitioners to integrate the reality of the financial advising environment by linking the effects of the advisor's level of involvement to the steps performed in practice, thus enhancing the model's relevance for both academics and practitioners. Last, based on four financial advising core questions developed in this paper, we seek to better capture the key concept of credence good, as provided by a financial advisor's services, and provide explanations on how the advisor's involvement will impact their clients' financial outcomes compared to when an individual decides to act in an unassisted manner.

This study contributes to the growing interest of academics, financial advisors, professional associations, regulators, financial institutions, and society in examining the role played by financial advisors for their clients. A healthy and prosperous economy depends notably on financially literate individuals, but the latter are facing an increasingly complex financial marketplace. How can individuals navigate financial decisions in challenging times? Should financial decisions rest with the individual alone or be a function of both individual decisions and advisory assistance? In the United States, Canada, and abroad, the financial advising ecosystem should enable individuals to access, understand, and use financial products and services to their benefit. It should be easy for everyone to manage their revenues, expenses, debts, and savings. Accordingly, the current study also adds to the financial literacy domain.

This research has limitations. The role played by financial advisors is very important to investigate but difficult to research, given the complexity of financial advisors' service as a credence good and its impact on their clients' financial outcomes. Even if personal finance is critical for individuals and in the economy, surprisingly, research in the area is rather limited and scattered. For instance, quality academic journals specialized in PFP are very rare. That said, our review of prior research, and our analysis through theoretical frameworks, has still permitted us to identify relevant articles to develop an integrative model. We agree that our model provides a limited picture of a complex construct and requires further investigations.

For future research, it would be relevant to validate empirically the integrative model developed. Case studies and interviews should be conducted with stakeholders, such as advisors, banks, and clients, to know more about the financial advising process and, more importantly, the role played by financial advisors. Professional associations such as FP Canada or the US CFP Board should be involved. Collecting data using a diversity of methods among various stakeholders may only help to better capture the phenomena. Financial professional designations also seem to modulate the impact of the advisor on their clients' outcome through various training, certifications, and diplomas. How designations impact clients' perceptions in the process requires investigation. Future research may also look at how advisors use technology, such as software, to access specialized knowledge.

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Appendix – Table of Articles

Authors	Type of Financial Advisor	Methodology	Measurement of Agency, Trust, or Knowledge	Outcome Measurement	Findings
			Agency Theory		
Anagol, Cole and Sarkar (2017)	Insurance agents	Field experiment (audit study)	Choice of self-serving recommendations	Different life insurance options	Advisors are more likely to recommend the option that maximizes their commission
Angelova and Regner (2013)	Participants acting as financial advisors	Lab experiment	Choice of self-serving recommendations	Different investment options	Advisors are more likely to recommend the option that maximizes their commission Lump sums lead the advisor to recommend more the favorable option for the client
Angelova and Regner (2018)	Participants acting as financial advisors	Lab experiment	Choice of self-serving recommendations	Different investment options	Advisors are more likely to recommend the option that maximizes their commission Competition and reputation can lead the advisor to recommend more the favorable option for the client
Beyer, Meza and Reyniers (2013)	Participants acting as insurance advisors	Lab experiment	Choice of self-serving recommendations	Different extended coverage options	Advisors are more likely to recommend the option that maximizes their commission
Bigel (2000)	Certified Financial Planners (CFP) and non-certified financial advisors	Mail survey	No explicit measure, but a measure of ethics	Comparison of the results on the ethical questions	Holding a professional title is linked to a higher level of ethics The form of compensation does not affect the level of ethics of planners
Bluethgen, Meyer and Hackethal (2008)	Independent financial advisors, title not specified	Survey	Choice of self-serving assets and the choice of actively managing portfolios	Assets allocation	Compensation structure and advisor's rationality are the two most important predictors of the quality of advice provided to clients
Bolton, Freixas and Shapiro (2007)	Not applicable	Analytical model	Choice of self-serving recommendations	Recommendation choice	The more profit the financial institution can make by directing clients to a particular type of investment, the more tempted it will be to do so, even if this affects its credibility.
Burke et *al.* (2015)	Financial advisors, title not specified	Literature review	Not applicable	Not applicable	Financial advisors maximize their own interests at the expense of their clients' interests
Chalmers and Reuter (2020)	Brokers, title not specified	Archival data with field	The conflict of interest of brokers is assumed	Annual return and volatility of assets	If a default option for a retirement plan exists and it is well designed, individuals are better

Authors	Type of Financial Advisor	Methodology	Measurement of Agency, Trust, or Knowledge	Outcome Measurement	Findings
		experiment and online survey			off with it than with financial advice with a conflict of interest Advisors recommend assets with high commissions
Chen and Richardson (2018)	Participants acting as financial advisors	Lab experiment	Choice of self-serving recommendations	Client's monetary results minus the amount paid	Advisors are more likely to recommend the option that maximizes their commission
Chen and Richardson (2019)	Participants acting as financial advisors	Lab experiment	Choice of self-serving recommendations	Client's monetary results	Advisors are more likely to recommend the option that maximizes their commission
Christoffersen, Evans and Musto (2013)	Mutual funds broker	Archival data	Choice of mutual funds with higher incentive	The positive or negative flow to a mutual fund	Commissions from mutual funds affect broker recommendations
Cupach and Carson (2002)	Insurance agents	Mail survey	Choice of self-serving recommendations	Amount and type of insurance recommended	The form of compensation for insurance agents does not affect their product recommendations
Danilov et *al.* (2013)	Bank employees	Lab experiment	Choice of self-serving recommendations	Different financial product options	Advisors are more likely to recommend the option that maximizes their commission Group incentives amplified the effect
Dvorak (2015)	Financial advisory firms	Archival data	Choice of mutual funds with higher fees	The variation in fees between the funds held in the retirement plan for their own employees and their clients	The retirement plans for their clients and their employees are very similar, except that the clients have higher fees
Finke (2013)	Financial advisor, title not specified	Literature review	Not applicable	Not applicable	The positive contribution of the financial advisor could be negated by the presence of a conflict of interest between the advisor and the client
Foerster et *al.* (2017)	Financial advisor, title not specified	Archival data	No explicit measure	Investors' portfolio of assets	Clients' portfolio is an imperfect copy of their advisor's Clients pay 2.5% of the value of the portfolio annually to receive the same advice as all of the advisor's other clients
Golec (1992)	Financial advisor, title not specified	Archival data	Incentives provided by the mutual funds to the advisor	Performance of the mutual funds	Mutual funds with base fees and advisor incentives attract more investment and have better financial results

Authors	Type of Financial Advisor	Methodology	Measurement of Agency, Trust, or Knowledge	Outcome Measurement	Findings
Hackethal, Haliassos and Jappelli (2012)	Independent financial advisor and bank-related financial advisor, title not specified	Archival data	Incentive to do more trade	Performance of the investment portfolio	Clients with either type of advisor perform worse than those investing alone The portfolios of advised clients have more trades than those of clients investing alone
Hackethal, Inderst and Meyer (2010)	Financial advisor, title not specified	Archival data and phone survey	Advisor's willingness to initiate contact with clients	Transaction volume and type of product acquired	Based on financial advice, clients trade more and purchase more products, which benefits the bank
Hoechle et *al.* (2017)	Financial advisor, title not specified	Archival data	No explicit measure	Comparison of the performance of advisory and non-advisory trades with benchmarks	Trades following the advisor's recommendations perform worse than independent trades and benchmarks The effect is worse when it is the advisor who initiates the contact for the client to trade
Inderst and Ottaviani (2012b)	Financial advisor, title not specified	Analytical model	Choice of self-serving recommendations	Advice on which option to choose	Commission-based compensation promotes the maximization of the advisor's interests with naïve clients, but not with wary clients
Jarratt, Bossomaier and Thompson (2007)	Wealth Management Advisor	Analytical model	Choice of self-serving recommendations	Investment choices	Advisors have a vested interest in finding a balance between maximizing their own short-term interest and retaining the trust of clients so that they remain their clients
Kingston and Weng (2014)	Financial advisor, title not specified	Analytical model	Choice of self-serving assets allocation	Assets allocation	Advisors favorize their own interest by selecting growth-maximizing assets when they receive a percentage of assets under management
Krausz and Paroush (2002)	Financial advisor, title not specified	Analytical model	Choice of self-serving recommendations	Advice on which option to choose	Advisor pushes the risky option, which is associated with a better return for himself, even if the client is risk-averse
Lai (2016)	Insurance agents, wealth managers, and independent financial advisors	Mixed methodology	Presence of incentives	Not applicable	Recommendations made by financial advisors are strongly affected by commissions, bonuses, and sales quotas
Liu (2005)	Financial advisor, title not specified	Analytical model	Choice of self-serving recommendations and efforts	Clients' return on investment	Simply sharing the return on the investment fails to maximize the advisor's effort

Authors	Type of Financial Advisor	Methodology	Measurement of Agency, Trust, or Knowledge	Outcome Measurement	Findings
Mietzner and Molterer (2018)	Bankers, title not specified	Archival data	Choice of self-serving recommendations	Investment in a specific type of asset	Commissions create a gap between the recommendations made by the advisor and those that would optimize the client's situation
Mullainathan, Noeth and Schoar (2012)	Financial advisor, title not specified	Field experiment (audit study)	Choice of self-serving modifications to the initial portfolio	Variation on the initial portfolio based on advice	Advisors encourage the acquisition of funds with high fees and the multiplication of transactions Advisors are willing to accommodate client wishes when they coincide with their own interests, but try to reverse the situation when the client's vision does not favour their own interests
Oehler and Kohlert (2009)	Financial advisor working in a bank, title not specified	Field experiment (audit study)	Choice of self-serving recommendations	Variation of advisors' recommendations	Advice provided by the advisor is of higher quality when the client is more financially literate The information provided by the advisor to the client is generally of low quality
Stoughton, Wu and Zechner (2011)	Financial advisor, title not specified	Analytical model	Presence of kickbacks	Clients' wealth	Kickbacks offered by portfolio managers to financial advisors negatively affect clients' wealth
Van Dijk, Bijlsma and Pomp (2008)	Insurance brokers	Archival data and online survey	Choice of self-serving recommendations	The return on investment of the life insurance policy	Insurance brokers do not generally recommend the best product to their clients
Trust Theory					
Barnett White (2005)	Participants acting as financial advisors	Lab experiment	A 7-point Likert scale question	The decision to follow the recommendation	Clients' decision to follow the recommendation is based on the advisor's ability in risky and non-emotional situations and on the advisor's benevolence in risky and emotional situations
Bhattacharya et *al.* (2012)	Software-generated advice	Archival data with field experiment	No explicit measure	The decision to implement the recommendation	Very few clients (about 5%) implement unsolicited recommendations The presence of unbiased advice is not enough to ensure that clients follow it
Burke et Hung (2021)	Financial advisors, different denominations	Archival data	A combination of multiple questions using Likert scale	The under-diversification of assets and the holding of risky assets	Individuals who trust are more likely to get financial advice Individuals who trust hold more publicly traded stocks

Authors	Type of Financial Advisor	Methodology	Measurement of Agency, Trust, or Knowledge	Outcome Measurement	Findings
					Unsolicited financial advice has no real impact on clients' behavior
Calcagno, Gioffré and Urzi-Brancati (2017)	Financial advisor, title not specified	Archival data	A 5-point Likert scale question	The decision to delegate decision-making to the advisor	Clients who trust more their advisor are more likely to completely delegate financial decision-making
Deng and Liu (2017)	Financial advisor in a broad sense	Analytical model	Represented by a variable in the model	The portfolio at the end of the period	The more trust the client has in the advisor, the more inclined the client is to invest in the risky asset
Engelmann et *al.* (2009)	The expert providing advice is presented as a professor of economics	Lab experiment	Neural activity visible by fMRI during the decision-making	The decision to follow the expert's recommendation	Access to expert advice leads participants to rely on the expert's opinion and to offload the mental burden of decision-making
Eriksson and Hermansson (2019)	Financial advisor working in a bank, title not specified	Online survey	A combination of two questions	Financial assets purchased from the bank and monthly flow invested in mutual funds	The length of the relationship with the advisor, the environment and the trust placed in the advisor positively affect the total assets held by the client with the bank as well as the amounts invested monthly in mutual funds
Gennaioli, Shleifer and Vishny (2015)	Financial advisor in a broad sense	Analytical model	Represented by a variable in the model	The portfolio at the end of the period	The more trust the client has in the advisor, the more likely they are to completely delegate the process
Georgarakos and Inderst (2014)	Financial advisor, title not specified	Archival data and analytical model	A dichotomous question	The decision to invest in the stock market	The more clients trust their advisor, the more likely they are to follow their advisor's recommendations for participating in the stock market
Gurun, Stoffman and Yonker (2018)	Registered investment advisor	Archival data	Comparison of the decision to move their assets to a checking account	The decision to continue the relationship with the advisor	Clients who have been affected by financial fraud stop doing business with the advisor who suggested the investment
Johnson and Grayson (2005)	Financial advisor, title not specified	Mail survey	Cognitive and affective trust are both based on five questions	The value of sales per account and the number of different products owns by the client	Clients who trust more their advisor are more likely to want to return to them in the future Advisors who have more cognitive trust from their clients have better sales effectiveness
Lachance and Tang (2012)	Five types of financial advisor	Archival data	A 7-point Likert scale question	Soliciting the services of a financial advisor	Individuals who trust financial advisors more seek their services in all five areas

Authors	Type of Financial Advisor	Methodology	Measurement of Agency, Trust, or Knowledge	Outcome Measurement	Findings
Linnainmaa et *al*. (2018)	Financial advisor, title not specified	Archival data	The length of client-advisor relationship	Participation in the stock market, i.e., holding risky assets	The more clients trust their advisor, the more likely they are to follow their advisor's recommendations to participate in the stock market Clients who seek out an advisor participate more in the stock market and take more risk (30% more) in their investments
Mackinger, Jonas and Mühlberger (2017)	Financial advisor, title not specified	Survey	A combination of five questions	Willingness to cooperate with the advisor	Trust in the advisor affects clients' intention to cooperate under uncertainty
Monti et *al*. (2014)	Financial advisor, title not specified	Interviews and survey	A combination of four questions	Clients' indication on whether they would completely delegate	Clients report that they delegate primarily because they trust their advisor and lack financial knowledge (77% say they delegate and trust their advisor)
Pauls, Stolper and Walter (2016)	Financial advisor, title not specified	Archival data	A dichotomous question	The decision to follow the advisors' recommendation	The more trust the client has in the advisor, the more likely they are to follow the advisor's recommendations
Stolper (2018)	Software-generated advice	Archival data	No explicit measure	The decision to implement the recommendation	Very few clients (8.8%) implement the recommendations within a year of receiving the advice The presence of unbiased advice is not enough to ensure that clients follow it
Winchester and Huston (2017)	Financial services professional, title not specified	Survey	Clients' willingness to recommend the advisor to someone else	The value of financial advice after cost	Trust in the advisor increases the value of consulting an advisor by reducing the costs associated with the client's control of the advisor. When the client has more trust, they control less
Concept of Knowledge					
Azamian et *al*. (2022)	Financial advisor, 63% of the respondents are Certified Financial Planners (CFP)	Online survey	No explicit measure, but advisors are considered as professional in comparison with the general population	Debt, retirement plan, investment, estate plan, and cash flow	The financial advisor group is better prepared for retirement, has less debt, has more liquidity, is better insured and is more likely to have an estate plan

Authors	Type of Financial Advisor	Methodology	Measurement of Agency, Trust, or Knowledge	Outcome Measurement	Findings
Barrick and Spilker (2003)	Tax specialists	Lab experiment	A combination of eight questions on the topic	The information collected by the participants are compared with those of an experts' panel	Problem-specific knowledge positively and directly (indirectly, via the search strategy) affects information collection performance in the presence (absence) of collecting assistance
Bergstresser, Chalmers and Tufano (2009)	Mutual funds broker	Archival data	No explicit measure, but brokers are considered as professional in comparison to their clients	The performance of mutual funds sold or acquired through a broker or directly by the client	Mutual funds purchased through a broker perform worse than those purchased directly by the client Results could be explained by the conflict of interest between the broker and the client
Bluethgen et *al.* (2008)	Financial advisor, title not specified	Archival data	No explicit measure, but advisors are considered as professional in comparison to their clients	Diversification of assets in the clients' portfolio	Advisory-assisted clients have better portfolio diversification Clients who receive advice trade more and therefore have higher transaction costs
Bodnaruk and Simonov (2015)	Mutual fund managers	Archival data	No explicit measure, but managers are considered as professional in comparison to their clients	Comparison of the results of mutual fund managers with those of individuals	Mutual fund managers are no better than individuals when it comes to their personal investments
Chatterjee and Fan (2023)	Financial advisor and CFP	Archival data	No explicit measure, but the presence of a professional is considered	Retirement savings, 6 components	People living in financial advice deserts are less likely to have retirement accounts and to contribute regularly to their retirement accounts
Cici, Kempf and Sorhage (2017)	Financial advisor, title not specified	Archival data	No explicit measure, but advisors are considered as professional in comparison to their clients	The change in equity ownership in the funds before and after a tax distribution	Financial advisors provide tangible benefits to investors, particularly with respect to taxation
Cloyd (1995)	Tax specialists	Lab experiment	A combination of eighteen questions on the topic	The information collected by the participants are compared with those of an experts' panel	Prior knowledge positively affects the number of relevant items found, the ability to differentiate between relevant and irrelevant items, and reduces the amount of time needed to complete the information search
Cloyd (1997)	Tax specialists	Lab experiment	A combination of eighteen questions on the topic	The information collected by the participants are compared with those of an experts' panel	Prior knowledge positively affects the number of relevant items found
Cummings, Finke and James (2013)	Financial advisor, title not specified	Archival data	No explicit measure, but the presence of an advisor is	Holding an individual tax-free account (ROTH IRA)	Solicitation of a financial planner positively influences ownership of an individual tax-free account

Authors	Type of Financial Advisor	Methodology	Measurement of Agency, Trust, or Knowledge	Outcome Measurement	Findings
			considered a positive influx of knowledge		
Direr and Visser (2013)	Financial advisor, title not specified	Archival data	The holding of a university degree	The percentage of assets invested in the stock market in relation to total assets	Individuals who consult with financial advisors with higher levels of education are more likely to invest in the stock market than clients of those with lower levels of education
Fan (2021)	Financial advisor, title not specified	Archival data	No explicit measure, but the presence of an advisor is considered a positive influx of knowledge	Saving behaviors and credit usage	Individual's search for information and the external search for information (financial advisor) are positively associated with saving and good credit usage
Fischer and Gerhardt (2007)	Financial advisor, title not specified	Analytical model	No explicit measure, but advisors are considered as professional in comparison to their clients	The extent of investment errors made by individuals	Financial advice helps individuals reduce their investment mistakes
Grable and Chatterjee (2014)	Financial advisor, title not specified	Archival data	No explicit measure, but the presence of an advisor is considered an added value	Wealth change	Individuals who sought a financial advisor experienced a 6.25% lower loss of wealth as a result of a recession compared to those who did not seek an advisor
Hanna and Lindamood (2010)	Unspecified	Analytical model	No explicit measure	No explicit measure	The value of advice increases the more of the client's wealth may be lost, i.e., wealth volatility
Hershey et *al.* (1990)	Financial planning professional, title not specified	Lab experiment	A combination of a ten-page test and professional functions	The type of information requested and the spoken process	Experts solved the problem in less time and in fewer steps than novices Experts have a more structured resolution process than novices Experts select more relevant information than novices
Hershey and Walsh (2000)	Accountants and financial planners	Lab experiment	A combination of thirty-two questions on the topic	The deviation between the participants' solutions and those of an experts' panel	Individuals with specialized knowledge select more relevant information than those with general knowledge, who still select more relevant information than naïve individuals Individuals with specialized knowledge deviate less from the experts' solution than those with general knowledge, who still perform better than naïve individuals

Authors	Type of Financial Advisor	Methodology	Measurement of Agency, Trust, or Knowledge	Outcome Measurement	Findings
Horn, Meyer and Hackethal (2009)	Financial advisor, title not specified	Archival data	No explicit measure, but advisors are considered as professional in comparison to their clients	The composition of the asset portfolio	Investors who seek out a financial advisor make better investment choices
Hudson and Palmer (2014)	Financial advisor in a broad sense	Archival data	No explicit measure, but advisors are considered as professional in comparison to their clients	A combination of ten questions on financial behaviors	Low-income individuals who seek out a financial advisor have better savings behaviors and better budget management
Hung and Yoong (2013)	Financial advisor, title not specified	Lab experiment and archival data	No explicit measure, but the presence of an advisor is considered an added value	The choice of asset allocation	Respondents who seek financial advice perform better than those who do not seek advice Unsolicited financial advice is not followed by participants in the experiment
Kramer (2012)	Financial advisor, title not specified	Archival data	No explicit measure, but advisors are considered as professional in comparison to their clients	The performance of the asset portfolio	There is no difference in risk-adjusted performance between individuals investing alone or with an advisor The asset portfolio of clients seeking an advisor is better diversified
Liu et *al.* (2019)	Financial advisor in a broad sense	Archival data	No explicit measure, but advisors are considered as professional in comparison to their clients	Annual investment, financial asset holdings and total assets	Individuals who receive financial advice hold more financial assets
Marsden, Zick et Mayer (2011)	Financial advisor, title not specified	Online survey	No explicit measure, but advisors are considered as professional in comparison to their clients	Having established long-term financial goals, calculating the amount needed for retirement or having an emergency fund	Respondents who consult a financial advisor have better financial habits
Martin and Finke (2014)	Financial advisor, title not specified	Archival data	No explicit measure, but advisors are considered as professional in comparison to their clients	Wealth accumulated for retirement	Individuals who seek the help of a financial planner and follow a comprehensive retirement plan are building greater wealth for retirement
Montmarquette and Viennot-Briot (2015)	Financial advisor, title not specified	Online survey	No explicit measure, but advisors are considered as professional in comparison to their clients	Assets held	Individuals with a financial advisor for a minimum of four years have more financial assets than those without an advisor The influence of the financial advisor is primarily through improved client savings practices

Authors	Type of Financial Advisor	Methodology	Measurement of Agency, Trust, or Knowledge	Outcome Measurement	Findings
Montmarquette and Viennot-Briot (2019)	Financial advisor, title not specified	Online survey	No explicit measure, but advisors are considered as professional in comparison to their clients	Assets held	For the period from 2009 to 2013, individuals who retained their financial advisor saw the value of their assets grow by 16.4%, while the value of assets for those who left their advisor grew by 1.7% for the same period.
Moreland (2018)	Financial advisor in a broad sense	Archival data	No explicit measure, but the presence of an advisor is considered an added value	Financial behaviors	Individuals who consult a financial advisor have better financial behaviors, such as holding a savings account or paying their credit card on time and in full
Mountain et *al.* (2021)	Financial advisor, title not specified	Online survey	No explicit measure, but the presence of an advisor is considered as a source of learning	Financial behaviors	Individuals who consult a financial advisor have better financial behaviors
Pan, Wu and Zhang (2020)	Financial advisor, title not specified	Archival data	No explicit measure, but the presence of an advisor is considered an added value	Participation in the stock market	Financial advice affects stock market participation for individuals with high financial literacy and a preference for diversification
Park and Yao (2016)	Financial advisor in a broad sense	Archival data	No explicit measure, but advisors are considered as professional in comparison to their clients	Attitude to risk and asset ownership	Individuals who use a financial planner are more consistent in their risk taking and financial behaviors
Shapira and Venezia (2001)	Financial advisor, title not specified	Archival data	No explicit measure, but the presence of an advisor is considered a positive influx of knowledge	Timing of transactions, transaction volume and yield	Clients investing with an advisor make more trades than those investing alone Clients investing with an advisor earn a higher return before commissions than those investing alone
Smith, Finke and Huston (2012)	Financial advisor, title not specified	Archival data	No explicit measure, but the presence of an advisor is considered a positive influx of knowledge	Holding an individual tax-free account (ROTH IRA)	Individuals with a financial advisor or higher level of financial literacy are more likely to hold an individual tax-free account
Spilker (1995)	Tax specialists	Lab experiment	A combination of ten questions on the topic	The keywords selected by the participants are compared with those of an experts' panel	Knowledge positively affects the number of relevant keywords selected The procedural group selects the most relevant keywords, followed by the declarative group and finally the naive group
Von Gaudecker (2015)	Financial advisor, title not specified	Archival data	No explicit measure, but advisors are considered as	The cost of under-diversification of assets	Individuals who do not consult a financial advisor or who do not have a high level of

Authors	Type of Financial Advisor	Methodology	Measurement of Agency, Trust, or Knowledge	Outcome Measurement	Findings
			professional in comparison to their clients		financial literacy are at the greatest risk of experiencing losses related to asset under-diversification
Winchester and Huston (2014)	Financial advisor, title not specified	Survey	No explicit measure, but advice comes from experts	The progress individuals felt they had made in achieving their financial goal	An ongoing relationship with a financial advisor improves the financial goal attainment of individuals who perceive themselves to be less in control
Winchester and Huston (2015)	Financial advisor, title not specified	Survey	No explicit measure, but advice comes from experts	Individuals rate their performance in accumulating wealth, preventing losses and smoothing consumption	Middle-class individuals who receive integrated financial advice are 3 times more ready for retirement, 2 times more able to use their benefits, and nearly 2 times more likely to have an emergency fund
Winchester, Huston and Finke (2011)	Financial advisor, title not specified	Survey	No explicit measure, but advice comes from experts	Long-term commitment to a financial goal	Individuals who consult a financial advisor have a greater long-term commitment to their financial goals, i.e., they rebalance their portfolio more
Zhang (2014)	Authorized Financial Adviser (AFA)	Archival data	No explicit measure, but advice comes from experts	Annual return on investment and asset allocation	The return on investment of individuals receiving financial advice is not significantly higher than that of individuals investing alone Individuals receiving financial advice hold more risky assets (stocks and property) than individuals investing alone

Chapter 3 – Certified Financial Planners: Generalists Meeting Clients' Needs

3.1. Abstract

As personal financial planning (PFP) is multidisciplinary and involves multiple actors, certified financial planners evolve in a heterogeneous environment. When assisting their clients, financial planners mobilize their knowledge from the seven PFP areas of expertise to help them achieve better financial outcomes. To the best of our knowledge, the impact of planners' knowledge on their clients' financial outcomes has only been studied without possible assistance and more specifically without taking into consideration two key resources that are available to enhance their services, i.e., the utilization of financial planning software and seeking specialists' input. Such a context underpins our study's two research questions: "How do certified financial planners perceive themselves in the PFP environment?" and "How does the mobilization of two resources, i.e., financial planning software and specialists, by a certified financial planner affects clients' financial outcomes?" To answer these questions, we conducted 25 interviews with certified financial planners. Regarding financial planners' perception of themselves, our findings illustrate how planners position themselves on a continuum from generalists to specialists. This supports prior research of planners as generalists, but adds a major nuance by proposing three distinct profiles: the true generalist, the generalist focusing on one of the seven PFP areas of expertise, and the generalist focusing on one type of client. This essay also demonstrates that PFP software does act as a decision support system (DSS) for planners, as planners remain the main actor in the relationship with their clients. Drawing on agency theory, trust theory, and the concept of knowledge, we show, through the six steps of the PFP process, how seeking in-house and external specialists' help impacts—at times positively, at other times negatively—clients' financial outcomes. We then develop a model explaining how the help of resources, i.e., software and specialists, and the limited access to these resources enable or prevent planners from meeting their clients' needs.

3.2. Introduction

Highly diversified, personal financial planning (PFP) is generally subdivided in seven distinct areas of expertise, namely 1. financial management, 2. insurance and risk management, 3. investment planning, 4. retirement planning, 5. tax planning, 6. estate planning, and 7. legal aspects (Institute of Financial Planning, 2023). This multidisciplinarity leads FP Canada (2019) and authors (Black et *al.*, 2002; Smith et *al.*, 2008) to consider planners as generalists who must know their limits (FP Canada, 2019). Furthermore, a multitude of actors are involved in PFP, such as financial planners, financial advisors, stockbrokers, accountants, lawyers, notaries, insurance agents, and bankers. Regarding the number of professional designations in finance, the Canadian Investment Regulatory Organization (CIRO) lists more than 60 financial certifications.[23] This multiplication of areas and actors creates a heterogeneous environment in which certified financial planners must evolve.

In parallel, financial planners can affect their clients' financial outcomes, sometimes positively, sometimes negatively (Pilote et *al.*, 2024). When serving their clients, financial planners mobilize their knowledge, which encompasses the "what," "how," "when," and "why," from all areas to help them achieve better outcomes (Hershey &Walsh, 2000; Hershey et *al.*, 1990). To the best of our knowledge, the impact of planners' knowledge on their clients' financial outcomes has only been studied without assistance and more specifically without taking into consideration two key resources that are available to enhance their services, i.e., utilization of financial planning software and seeking specialists' input. For instance, a specific software, which qualifies as a DSS, should support planners in their decision-making process by drawing on its integrated knowledge (Ireland & Dempster, 1988; Power, 2013). This is even more prevalent with the emergence of artificial intelligence (AI), which allows the software industry to provide sophisticated PFP software. In addition, specialists may support planners by providing specific knowledge that is complementary to one of the PFP areas of expertise.

Such a context underpins our study's two research questions:

1) How do certified financial planners perceive themselves in the PFP environment?
2) How does the mobilization of two resources, i.e., financial planning software and specialists, by a certified financial planner affects clients' financial outcomes?

To answer our research questions using a qualitative approach, we interviewed 25 financial planners holding the Pl. Fin. professional designation. Those planners are all standing members of the Institute of Financial Planning[24] (IPF). By only having certified financial planners as respondents, we are focusing on individuals who share certain similarities in their backgrounds due to the requirement of being certified. Furthermore, as part of their practice, planners can use a financial planning software, consult a specialist, and refer their clients to a specialist, which ensured that we would be able to explore our research questions.

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[23] Retrieved from: https://www.ciro.ca/office-investor/understanding-financial-certifications (accessed on January 6, 2025).

[24] We gratefully acknowledge the support of the Institute of Financial Planning (IPF; https://institutpf.org/en/). The IPF is a leader in PFP formation and aims to enhance clients' value through rigorous education of their certified financial planners regarding all areas of PFP, including ethics.

The first point to emerge from our findings is that financial planners see themselves strictly as generalists. Without exception, all 25 respondents made it clear during the interview that they were not specialists. Delving deeper into their perception of themselves as generalists, we discover that planners can be divided into three groups: the true generalists, the generalists focusing on one of the seven PFP areas of expertise, and the generalists focusing on one type of client. The second point that stands out from our findings concerns the PFP software and can be split in two: the absence of any discrepancy between the contribution of software built in-house and software acquired externally, and the software's importance in the client–planner relationship. The third point that emerges from our findings is the important distinction that planners make between in-house and external specialists. Although certain common reasons exist for seeking input from in-house and external specialists, planners mention different reasons that could be associated with agency theory, trust theory, the concept of knowledge, and the commercial and professional logics. The fourth point emerging from our findings is that the PFP environment combines, on the one hand, clients with varied needs, and on the other hand, financial planners and their resources, i.e., PFP software and specialists, with different levels of knowledge. This leads planners to emphasize that they can handle more complex situations when they have access to these resources. This access is, however, more or less limited, depending on several factors that are mostly related to clients' wealth and decided by financial institutions.

Our main research contributions are as follows. First, our analysis supports prior research of planners as generalists but adds a major nuance by proposing three distinct profiles: the true generalist, the generalist focusing on one of the seven PFP areas of expertise, and the generalist focusing on one type of client. Using a continuum, we illustrate how each profile positions itself compares to the other profiles. Second, we find that PFP software does indeed act as a DSS, and more specifically as a knowledge-driven DSS, for planners, as planners remain the main actor in the relationship with their clients. Third, using the six steps of the PFP process and agency theory, trust theory, and the concept of knowledge, we identify the impact of seeking in-house and external specialists' help on clients' financial outcomes. Both types of specialists' implications could be associated with impacts that are sometimes positive, and sometimes negative, with the possibility that more than one happens. Fourth, and this is probably our most significant contribution, we develop a model explaining how resources, i.e., PFP software and specialists, and the level of limited access, generally controlled by financial institutions, to these resources enable or prevent planners from fully meeting their clients' needs.

3.3. Background Information

3.3.1. The Personal Financial Planning Process

The IPF defines financial planning as:

> A disciplined, multi-step process of assessing an individual's current financial and personal circumstances against his future desired state and developing strategies that help meet their personal goals, needs and priorities in a way that aims to optimize the allocation of their resources. (2023, p. 12)

This definition is followed by a subdivision of the process into steps and a delineation of the scope of the process. The process, illustrated in Figure 6, typically involves six steps, including (1) agreeing on how to work together, (2) gathering information, (3) analyzing the client's situation, (4) providing recommendations, (5) implementing recommendations, and (6) monitoring progress (CFP Board, 2017).

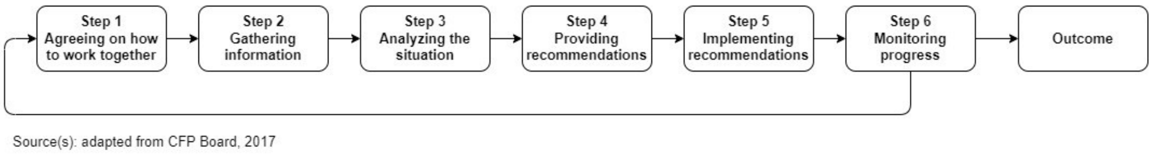

Figure 6. Six Steps of the Personal Financial Planning Process

In more detail, the first step, agreeing on how to work together, defines the client–planner relationship and the involvement of the planner. By agreeing on how they will work together, the planner and the client establish a contract regarding the services offered by the planner. The second step, gathering information, allows the planner to identify and collect the required information and documentation to proceed with the analysis. In the third step, analyzing the situation, the planner evaluates their client's financial situation on a given date, identifies opportunities, strategies, and possibilities with the objective of developing appropriate recommendations. In the fourth step, providing recommendations, the planner meets their client to deliver recommendations regarding how to reach their goals or to improve their financial situation. The fifth step, implementing the recommendations, is a direct result of the recommendations made in the previous step. It involves ensuring the implementation of the agreed-upon recommendations, by the planner or the client, depending on the services offered by the planner in the first step. The sixth step, monitoring progress, is the last step, but also the step bringing a continuity to the PFP process. By observing the evolution of the situation and making adjustments, when necessary, the sixth step could trigger a restart of the process. Finally, it is the combination of these six steps that leads to the outcome shown as the endpoint in Figure 6.

3.3.2. Financial Services: Credence Goods

In economics, Darby and Karni (1973), Dulleck and Kerschbamer (2006), Dulleck et *al.* (2011), and Fong (2005) have defined a credence good as a complex and opaque service that requires specialized knowledge that the client cannot truly evaluate because of a lack of access to a true understanding of the process leading to the outcome. Some examples include car repair, medicine, or law.

Similarly, authors (Bruhn & Miller, 2014; Winchester & Huston, 2017) see financial services as a credence good since the client can only observe the end result since the process is not transparent and the client lacks the knowledge necessary to evaluate what the planner is doing. The service is complex and requires specialized knowledge. Gennaioli et *al.* (2015) go so far as to draw a parallel between financial services and medicine, stating that an individual is no more able to make good investments than they are able to make good medical diagnoses. Thus defined, financial services fall squarely into the category of credence good.

3.3.3. The Financial Planner

According to the Financial Consumer Agency of Canada, a financial planner is "a type of financial advisor who helps you create a plan to reach your long-term financial goals."[25] In comparison, a financial advisor is defined as "a general term that can be applied to anybody who helps you manage your money. This could include an employee of your financial institution, a stockbroker, or an insurance agent."[26] The terms associated with financial advisory are broadly misunderstood by the general American public (Lach et *al.*, 2019; Tharp, 2019). However, in Canada, the terms "financial advisor" and "financial planner" are becoming increasingly regulated. For instance, the province of Québec limits the use of many terms associated with "financial planner" or "financial advisor" through the *Act Respecting the Distribution of Financial Products and Services* (chapter D-9.2, s. 215) and more specifically by the *Regulation Respecting Titles Similar to the Title of Financial Planner* (chapter D-9.2, r. 20, section 1).[27] The provinces of Ontario,[28] New Brunswick,[29] and Saskatchewan[30] have adopted or are in the process of adopting similar legislation.

The main distinction between a financial advisor and a certified financial planner arises from the education and training required to hold a certified financial planner designation (CFP in Canada, Pl. Fin. in Québec).[31] In Canada, to hold the professional designation, an individual must have completed a recognized university degree and the professional training course, passed the professional examination, completed continuing professional education,[32] and paid membership fees. They must be registered and comply with the Canadian financial regulator. Financial planners must also follow a code of ethics that includes fiduciary duty, loyalty to the client, integrity, competence, diligence, professionalism, and confidentiality (CFP Board, 2018; FP Canada, 2024a). Requirements to hold the CFP or Pl. Fin. designations are very similar to other professional designations such as the Chartered Professional Accountant (CPA) designation.

3.3.4. The Generalist

Working in a multidisciplinary field of practice, financial planners must be able to mobilize knowledge related to all seven expertise areas of PFP: 1. financial management, 2. insurance and

[25] Retrieved from: https://www.canada.ca/en/financial-consumer-agency/services/savings-investments/choose-financial-advisor.html (accessed on September 12, 2024).
[26] Retrieved from: https://www.canada.ca/en/financial-consumer-agency/services/savings-investments/choose-financial-advisor.html (accessed on September 12, 2024).
[27] Retrieved from: https://www.legisquebec.gouv.qc.ca/en/document/cr/d-9.2,%20r.%2020 (accessed on September 12, 2024).
[28] Through the *Financial Professionals Title Protection Act, 2019, S.O. 2019, c. 7, Sched. 25*. https://www.fsrao.ca/industry/financial-planners-and-financial-advisors (accessed on October 7, 2024).
[29] Through the *Financial Advisors and Financial Planners Title Protection Act*. https://laws.gnb.ca/en/pdf/cs/2023,%20C.3.pdf (accessed on October 7, 2024).
[30]Through *The Financial Planners and Financial Advisors Act, SS 2020, c 22*. https://www.canlii.org/en/sk/laws/astat/ss-2020-c-22/latest/ss-2020-c-22.html (accessed on October 7, 2024).
[31] FP Canada and the IPF agreed on streamlined credential recognition in Canada. https://www.fpcanada.ca/newsdetail/fp-canada--and-the-institute-of-financial-planning-announce-streamlined-credential-recognition (accessed on January 25, 2025).
[32] 40 hours in a 24-month period in Québec, 25 hours annually in Canada, and 30 hours every 2 years in the United States.

risk management, 3. investment planning, 4. retirement planning, 5. tax planning, 6. estate planning, and 7. legal aspects (Institute of Financial Planning, 2023). FP Canada (2019) mentions, however, that certified financial planners do not necessarily need to be experts in all areas and proposes different levels of mastery for all areas: awareness, understanding, detailed understanding, and expert.

Out of 283 technical skills listed by FP Canada (2019), they consider that financial planners must have an awareness of 19 (7%), an understanding of 106 (37%), a detailed understanding of 131 (46%) and be an expert for 27 (10%). When we look more closely at specific areas of expertise, we can see that the distribution between the four levels of mastery greatly varies. For example, planners need to be an expert for 17 out of 47 (36%) technical skills in *Retirement, Savings and Income Programs* or five out of 11 (45%) technical skills in *Financial Analysis*, but do not need to be an expert for more than one technical skill in *Taxation* (1 out of 76), *Insurance* (0 out of 15), *Investments* (0 out of 35), and *Law* (0 out of 36).

Considering that FP Canada (2019) states that planners must have an understanding or a detailed understanding of 83% of all technical skills, it is reasonable to conceive that certified financial planners possess a vast array of general knowledge in the seven PFP areas, with limitations in some areas since they are only required to be experts in 10% of all technical skills. Since expertise is specific, financial planners cannot be experts in all areas of personal financial planning and must therefore decide between becoming specialists or continuing as generalists (Kornegay & Kornegay, 2018). The positioning of accreditation bodies, the requirements planners must meet to be certified, and the presence of a lot of different financial certifications should push planners toward a generalist status, which we aim to verify through this essay first research question: How do certified financial planners perceive themselves in the PFP environment?

3.3.5. Seeking Specialists' Input

If certified financial planners work as generalists in the multidisciplinary environment of personal financial planning, it is therefore essential that specialists exist and that planners be able to seek their input.

Although the distinction between generalist and specialist is not overly covered in the financial planning literature, it is a key feature in the medical field and the accounting field. This distinction is so prevalent that in Québec, 11 000 physician specialists have their own association: Fédération des médecins spécialistes du Québec (FMSQ).[33] Harrold et *al.* (1999) and Janson and Weiss (2004) argue that specialists possess more knowledge related to their field of expertise, which translates into superior outcomes (Harrold et *al.*, 1999). Majumdar et *al.* (2001) also demonstrate that specialists are more likely to adopt the right solution for their patient than generalists in a specific field. Stone et *al.* (2001) argue that doctors' specializations affect the treatment decision made in a hypothetical situation. They also point out that general practitioners mention that they would tend to refer the hypothetical case to a specialist, given the problems involved such as the level of required knowledge. Reyna and Lloyd (2006), in the medical field, and Hershey et *al.* (1990), in the financial field, argue that experts, possessing more knowledge, use a highly structured

[33] Retrieved from: https://fmsq.org/en/about-us/who-we-are (accessed on November 6, 2024).

sequence of mental steps when solving problems, enabling them to achieve better results (Hershey et *al.*, 1990).

In the accounting field, Hux (2017) notes that five factors lead to more specialist involvement: need for skills or expertise, complexity, risk, budget, and firm guidance. Focusing on auditing, Boritz et *al.* (2020) argue that audit quality is highly impacted by auditors' use of specialists. Boritz et *al.* (2015) had previously shown that fraud specialists do not differ significantly from auditors relative to the number of audit procedures chosen. Jenkins et *al.* (2018) also argue that auditors seek specialists' input mostly in risky situations. In an experiment with tax professionals and tax students to study tax information seeking, three distinct studies conclude that individuals with more knowledge perform better by finding more information (Barrick & Spilker, 2003; Cloyd 1995; Spilker, 1995). In addition, such individuals find more relevant information (Cloyd, 1995, 1997) and rely on a better information-seeking strategy (Barrick & Spilker, 2003; Cloyd, 1995). Finally, regarding professionals in the financial field, prior research indicates that more knowledge in a specific field leads to better results such as fewer mistakes and a more direct path to a solution (Hershey & Walsh, 2000; Hershey et *al.*, 1990).

Although accounting and personal financial planning share many similarities, for our purposes there is an important distinction that means we cannot directly apply the results obtained in accounting to financial planning. Indeed, in accounting, and more specifically in auditing, we find an auditing standard in relation to the work carried out by specialists. To the best of our knowledge, no such standard exists in personal financial planning. When CPAs use the services of specialists, they must, both in Canada under Canadian Auditing Standards (CAS) 620[34] and in the United States under AU-C Section 620,[35] evaluate specialists' knowledge, competencies, and objectivity. The absence of such a standard in financial planning leaves the door wide open to behaviors in line with agency theory, trust theory, and the concept of knowledge.

The possibility for financial planners to seek specialists' input is the first part of this essay second research question: How does the mobilization of two resources, i.e., financial planning software and specialists, by a certified financial planner affects clients' financial outcomes?

3.3.6. Software Usage

The second part of this essay second research question is associated with the other resource available to planners, the financial planning software.

Many definitions of decision support system (DSS) have been proposed through the years (Ali et *al.*, 2020; Shim et *al.*, 2002; Siciliani et *al.*, 2023), but they mostly state something similar to the one of Liu et *al.* (2010): "A decision support system (DSS) is defined as an interactive computer-based information system that is designed to support solutions on decision problems." Power (2013) notes that DSS can take many forms, but always have three major characteristics: they aim

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[34] CPA Canada, CAS 620 *Using the Work of an Auditor's Expert*. Retrieved through CPA Canada Standards and Guidance Collection (accessed on January 13, 2025).

[35] American Institute of Certified Public Accountants (AICPA), Auditing Standards AU-C-00620 *Using the Work of an Auditor's Specialist*. https://us.aicpa.org/content/dam/aicpa/research/standards/auditattest/downloadabledocuments/au-c-00620.pdf (accessed on January 13, 2025).

to facilitate decision-making, they support the decision-maker without supplanting them, and they adapt to the decision-maker's needs. DSS can range from a very simple system, such as a budget tracking system, to a very complex system, such as an integrated financial planning software.

Used by most financial planners, financial planning software can be considered as DSS based on the definition provided by the *McGraw-Hill Dictionary of Scientific & Technical Terms* (2003): "a DSS that allows the financial planner or manager to examine and evaluate many alternatives before making final decisions." Financial planning software display the three main characteristics of DSS: they lighten planners' task, do not override planners' decision-making role, and offer multiple possibilities while allowing parameters to be modified as required. Essentially, financial planning software brings together several functions that support planners, mainly at the gathering information, analyzing the situation, and providing recommendations steps of the financial advising process (see Figure 6).

To the best of our knowledge, the literature on DSS in PFP focuses mainly on the design of DSS, rather than on the impact of the software on clients' outcomes (Gao et *al.*, 2007; Kundisch & Dzoienziol, 2008; McCabe & Boinske, 2000; Palma-dos-Reis & Zahedi, 1999). Outside the field of financial planning, most authors (see Kempkes et *al.*, 2023) concur in stating that the use of a DSS leads to superior decision outcomes compared with those obtained without the use of such a system. Furthermore, Ireland and Dempster (1988) argue that superior decision outcomes associated with using a DSS are linked to the integrated knowledge of the DSS. The importance of integrated knowledge still stands as Zopounidis et *al.* (2018) suggest that modern DSS in financial decisions combines characteristics of both expert systems and DSS. Power (2013) proposes a definition of a "knowledge-driven DSS," which emphasizes the software's expertise in a specific domain:

> Knowledge-driven DSS suggest or recommend actions to managers. These DSS are person–computer systems with specialized problem-solving expertise. These systems store and apply knowledge for a variety of specific business problems. These problems include classification and configuration tasks such as loan approval, help desk support, risk management, and application of company policies. A knowledge-driven DSS uses artificial intelligence and statistical technologies. Knowledge storage and processing technologies are the dominant component in the architecture for these systems. (Power, 2013, pp. 35–36)

That being said, users' knowledge remains critical, since one of the characteristics of DSS is that they do not supplant users' decision-making power (Power, 2013). Thus, financial planners ultimately make decisions or make recommendations to their clients.

3.4. Theoretical underpinnings

This research is mainly based on the same theoretical premises as the previous essay, i.e., the concept of knowledge, agency theory, and trust theory. Added to these is the opposition between the professional and commercial logics in the financial environment.

Following a literature review, the previous essay proposed a theoretical model using the six steps of the financial advisory process to explaining the impact that financial advisors have on their clients' financial outcomes. Figure 7 presents a detailed picture of advisors' impact during each step of the financial advisory process, while Figure 8 shows how the final outcome of the process will be impacted depending on whether or not advisors are involved in the process.

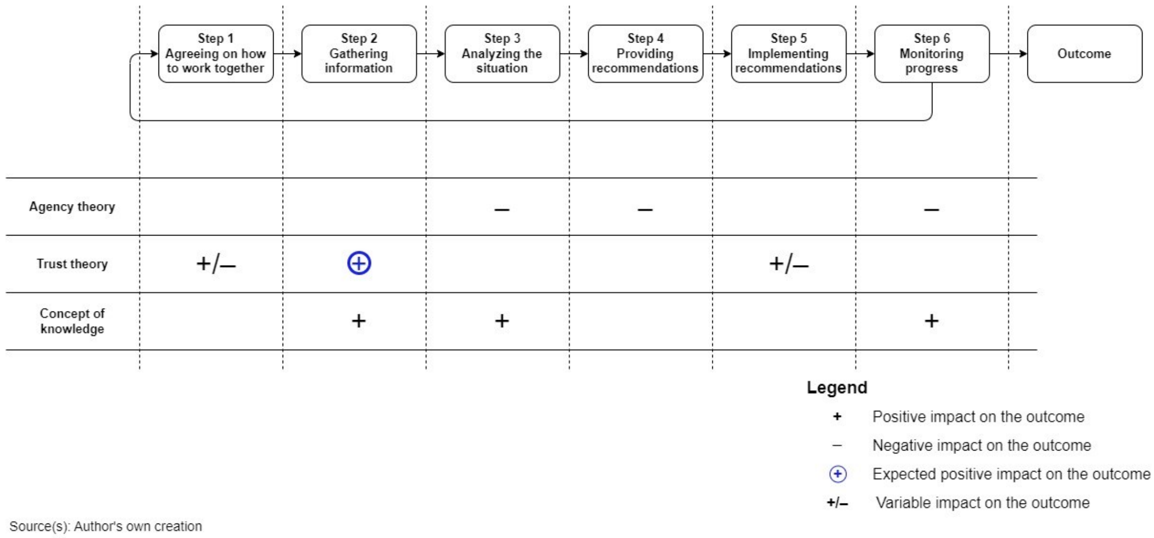


Figure 7. Summary of the Impacts of the Financial Advisor on Their Clients' Financial Outcomes

According to agency theory (first row of Figure 7), financial advisors will be in a position to promote their own interests to the detriment of their clients' interests at the steps of analyzing the situation (step 3), providing recommendations (step 4), and monitoring progress (step 6). By maximizing their own personal interests, advisors negatively affect their clients' financial outcome.

In relation to trust theory (second row of Figure 7), financial advisors will have a positive impact on their clients' financial outcomes if their clients trust them and share relevant information during information gathering (step 2), so that the advisors can personalize their recommendations. The trust placed in advisors by their clients will also have an indirect effect on the outcome, because if clients decide not to trust their advisor at step 1 (agreement on how to work together) and step 5 (implementation of recommendations), this will cancel out the positive or negative impact the advisor is having.

Finally, with regard to the concept of knowledge (third row of Figure 7), financial advisors will be able to positively influence their clients' financial outcomes by leveraging their superior financial knowledge at the information gathering (step 2), analysis (step 3), and monitoring progress (step 6) steps.

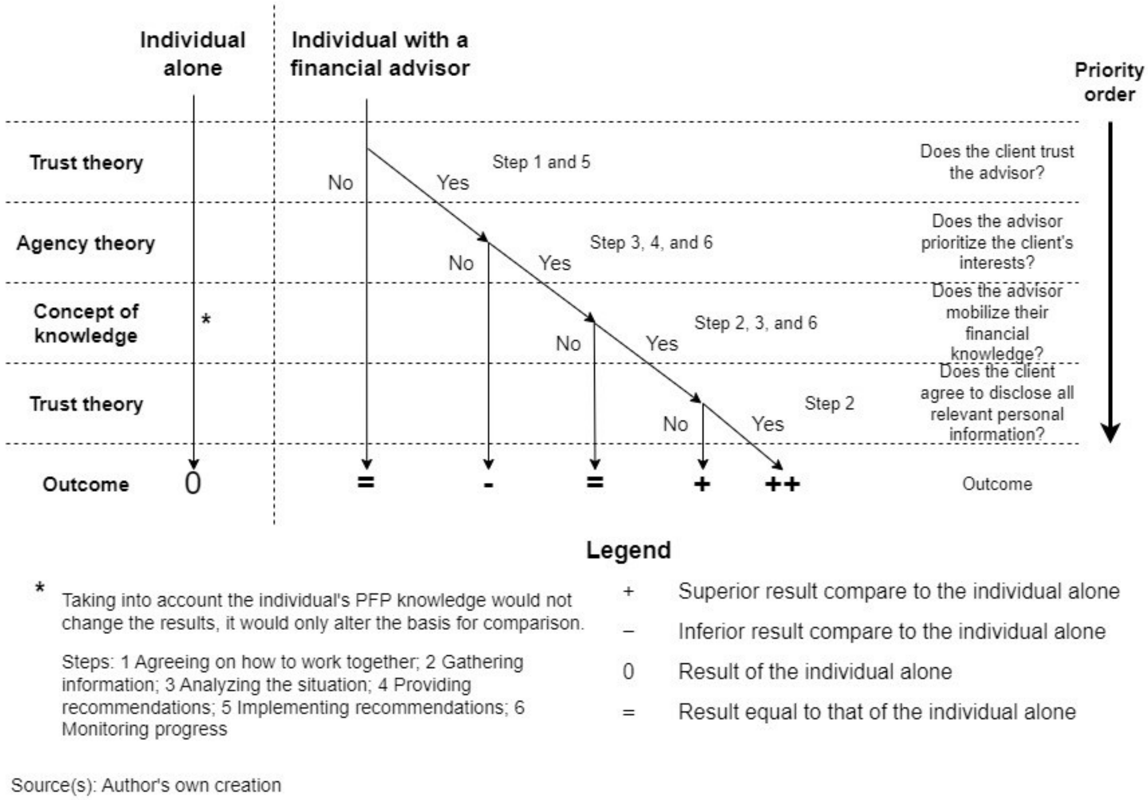


Figure 8. Integrative Model of the Impact of Financial Advisors on Their Clients' Financial Outcomes

Based on four questions following a priority order, Figure 8 enables us to determine whether advisors' services, a credence good, will have a positive or negative impact on their clients' financial outcomes. The first question ("Does the client trust the advisor?") draws on trust theory at steps 1 and 5, and can completely negate advisors' impact. The second question ("Does the advisor prioritize the clients' interests?") involves agency theory at steps 3, 4, and 6, and is the point where it is possible for advisors to have a negative impact on their clients' financial outcomes. The third question ("Does the advisor mobilize their financial knowledge?") involves the concept of knowledge at steps 2, 3, and 6, and is the main reason why advisors can have a positive impact on their clients' financial outcomes. The fourth and final question ("Does the client agree to disclose all relevant personal information?") brings trust theory into play again at step 2, and allows advisors to achieve "optimal" financial outcomes for the clients, as advisors are able to personalize their advice according to the information provided by the clients.

Finally, we would like to point out that holding a professional designation (e.g., CFP) nuances the impact that certified planners have on their clients' financial outcome compared to advisors who don't have a designation, without contradicting the model. Certified financial planners earn their clients' trust more easily (Agnew et *al.*, 2018; Dean, 2017; Guillemette & Jurgenson, 2017; James, 2013), have more financial knowledge (Arman & Shackman, 2012; Blanchett, 2019; Kim et *al.*, 2018; Lei, 2019), and favor their clients' interests more (Finke et *al.*, 2009). Taken together, it could therefore be argued that holding a professional designation is associated with better expectations of financial outcomes for clients.

3.4.1. Concept of Knowledge

Anderson (1982, 1983), Paris et *al.* (1983) and Tardif (1992) maintain that knowledge is a whole, but they distinguish between three main categories of knowledge: declarative knowledge (knowing what), procedural knowledge (knowing how). and conditional knowledge (knowing when and why).[36] The concept of knowledge, by encompassing the "what," "how," "when," and "why," is purposefully large and must not be considered as merely facts. The concept of knowledge thus includes the concepts, facts, rules, laws, and principles (declarative knowledge), the steps and procedures to follow (procedural knowledge), and the conditions and context surrounding the actions and strategies (conditional knowledge) (Tardif, 1992).

By including declarative, procedural, and conditional knowledge, the concept of knowledge is sometimes seen as "competencies," notably in accounting (Boulianne, 2016; Lawson et *al.*, 2014). This use of competency instead of knowledge is also seen through accreditation bodies' publications as they offer competency guides to their certified professionals (FP Canada, 2019; Institute of Financial Planning, 2023). The use of competencies in place of knowledge generally relegates the term knowledge to being perceived solely as declarative knowledge. For example, Lawson et *al.* (2014) define competencies as:

> *Competencies* are the set of knowledge, skills, and abilities required for professional success in accounting. *Knowledge* is the intellectual content to be learned, *skills* are the capacity to apply the knowledge to achieve specific goals and objectives, and *abilities* are the application of knowledge and skills in a professional work environment. (Lawson et *al.*, 2014, p. 296)

Knowledge may also be viewed as domain-specific or general (Perkins & Salomon, 1989; Schunk, 2012; Tardif, 1992). Specific knowledge applies to explicit domains and is of more limited use, while general knowledge refers to skills like reading and writing, transcending disciplinary fields and extending to many domains and situations (Perkins & Salomon, 1989; Schunk, 2012). They agree that both general and specific knowledge are required to solve a given problem. However, Lajoie (2003) and Schunk (2012) assert that it is by their level of specific knowledge that an individual can distinguish themself as being an expert in a specific domain.

Financial planners therefore rely on both specific and general knowledge (composed of declarative, procedural, and conditional knowledge) to solve problems inherent to their clients' PFP planning. Considering that expertise depends on specific knowledge (Lajoie, 2003) and that the seven areas of financial planning are governed by a mosaic of laws, regulations, and standards, it is impossible to ask financial planners to master all areas at once. Therefore, it is normal and expected that planners occasionally encounter cases that exceed their level of knowledge in one or more areas of financial planning.

[36] Anderson (1982, 1983) does not mention conditional knowledge in his writings, but he considers that knowledge is a whole formed by declarative and procedural knowledge.

3.4.2. Agency Theory

Agency theory posits that an individual will seek to maximize their own interests (Jensen & Meckling, 1976). The theory highlights the possible discrepancy between the objectives of the principal (here the clients) and those of the agent (here the financial planners) when the principal delegates part of their decision-making power to the agent in a context of information asymmetry favoring the agent (Jensen & Meckling, 1976; Wright et *al.*, 2001).

The two main ways of counteracting this conflict of interest are to control the agent or to offer them an incentive to promote the principal's interests. However, regarding financial services, as these qualify as credence goods (Bruhn & Miller, 2014; Winchester & Huston, 2017), clients are mostly unable to monitor planners' actions and have very limited control over the incentives offered to planners. As illustrated by Angelova and Regner (2013) and Kingston and Weng (2014), clients therefore find themselves in a situation where advisors can maximize their own interests (if they so desire).

3.4.3. Trust Theory

As stated by Mayer et *al.* (1995), trust theory is "the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party" (1995, p. 712). Other slightly different definitions of trust do exist; see, for example, Moorman et *al.* (1992), Rousseau et *al.* (1998), or Sniezek and Van Swol (2001). All do, however, seem to agree that for a trust relationship to exist, there must be one person who trusts, i.e., the trustor, one person who is trusted, i.e., the trustee, and that the trustor assumes risk by trusting the trustee. In the PFP world, the trustor is the client and the trustee is the planner.

Mayer et *al.* (1995) also propose three factors, the "factors of perceived trustworthiness," upon which the trustor will base their decision to trust the trustee, i.e., their ability, benevolence, and integrity. They define ability as "that group of skills, competencies, and characteristics that enable a party to have influence within some specific domain" (p. 717), benevolence as "the extent to which a trustee is believed to want to do good for the trustor, aside from an egocentric profit motive" (p. 718), and integrity as "the trustor's perception that the trustee adheres to a set of principles that the trustor finds acceptable" (p. 719).

Regarding personal financial planning research, Cull and Sloan (2016) find that clients rely on as many as seven factors, i.e., vulnerability, risk, honesty, faith, best interest, accountability, and competence, to determine if they trust their financial planners. Sunikka et *al.* (2010) make a direct link to Mayer et *al.* (1995) by pointing out that clients mainly base their decision to trust their planner on the perceived trustworthiness of the planner, i.e., the planner's ability, benevolence, and integrity.

3.4.4. Professionalism versus Commercialism Logics

At first glance, it would be easy to assume that commercialism is bad and professionalism is good. One of the most notable cases of commercialism in accounting is the Arthur Andersen auditing firm. Its desire for profit compromised its professionalism and led to its downfall. However, according to Allsop (2010):

> One needs to be careful with terminology and language: "professionalism—good; commercialism—bad." Such a mantra is not only misleading, but it is dangerous. The practice of law and an acute appreciation of commercial enterprise have always been intimately related. (2019, p. 769).

Thus, the opposition between professionalism and commercialism must be observed with care.

Freidson (2001) presents the ideal of professionalism while explaining that reality may differ from the theoretical ideal. Freidson (2001) defines professionalism as "a set of institutions which permit the members of an occupation to make a living while controlling their own work" (2001, p. 17).

MacTavish (2023) argues that commercialism is a profit-driven vision. MacTavish (2023) points out that, by offering non-audit services, accounting firms are setting the table for the clash between professionalism and commercialism. Also in accounting, Suddaby et *al.* (2009) concur by pointing out that the problem arises in part from the fact that professionals, auditors, and in our case financial planners, work in an environment that allows them to perform non-professional tasks. The context in which financial planners operate is highly reminiscent of auditing. For example, building a financial plan would constitute a professional activity, but selling insurance, accompanied by a commission, would not constitute a professional activity for a certified financial planner.

Finally, Barrett and Gendron (2006) point out that the commercialism of accounting firms has come to affect their professionalism. Even more problematically, Broberg et *al.* (2018) stress that commercialism even influences auditors' professional identity. When considering how auditing and financial planning share similarities as credence goods in the financial world, it is logical to believe that the same problems of opposition between commercialism and professionalism might arise in financial planning. Due to financial institutions' pressures, priority is given to commercial logic over the promotion of public interest and the clients. The emphasis on producing practice-ready, employable financial advisors may lead to the prevalence of commercial logics in their education program, as noted by Pimentel and Boulianne (2022) with regard to accounting.

3.5. Method

With the objective of anchoring our research in practice, we contacted the IPF[37] so it could be included in our research process. Throughout our various meetings, the IPF provides expertise to ground our research in practice, which helps to validate our research questions, the field of study, and the situations to explore; they also provide help in data collection.

The IPF provides contacts, which leads to the interview of 25 certified financial planners. Those planners are all members in good standing of the IPF. All interviewees possess a similar

[37] We gratefully acknowledge the support of the management team of the Institute of Financial Planning (IPF) in our research. They were generous with their time, helped put us in touch with financial planners who could answer our questions, and didn't hesitate to give us access to the information we needed to carry out this research.

professional background compared to financial advisors, the latter coming from a more eclectic array of backgrounds. The certified financial planners interviewed, mostly perceived as generalists in a heterogenous field of practice (Black et *al.*, 2002; FP Canada, 2019), allow us to investigate our two research questions: 1) How do certified financial planners perceive themselves in the PFP environment? and 2) How does the mobilization of two resources, i.e., financial planning software and specialists, by a certified financial planner affects clients' financial outcomes?

Given the vast range of services offered by certified financial planners, we made the choice to focus on retirement planning. Discussions held with the IPF, PFP researchers, and financial planners confirm that retirement planning is probably the most suitable situation to observe the contribution of specialists' input and the utilization of PFP software. According to the IPF, retirement planning is one of the situations in which planners have the most latitude. Planners can draw on a PFP software to analyze their clients' situation. They can also consult specialists if they feel the situation requires it. Even if we built our interview's questions around retirement planning, we do not force planners to only discuss retirement planning. Most of them expand the discussion to talk about estate planning, investment, and taxation, to name a few.

The choice of tax professionals as specialists mostly relies on feedback from the IPF, PFP researchers, and financial planners, as they mentioned that tax professionals are the most often called upon specialists during retirement planning. Other factors also support this choice. First, consulting a tax specialist remains a choice for certified financial planners. For other services, the choice of specialists may become an obligation. For example, for a will, planners must deal with a notary as a specialist, as only notaries may legally produce a notarial will. Second, taxation is perceived as a complex field, which implies a possible contribution from a specialist. Taxation is seen as an area of obvious complexity by both the public (Christensen et *al.*, 1994; Saad, 2014) and practitioners (Borrego et *al.*, 2015). This complexity is further amplified by the multiple legal sources on which tax systems are built, as well as ongoing tax laws updates. Third, FP Canada (2019) mentions that Certified Financial Planners (CFP) do not need to be experts in all areas of PFP. Regarding taxation, FP Canada (2019) lists 76 technical tax skills and maintains that CFPs must be aware of eight of them (11%), have an understanding of 36 (47%), have a detailed understanding for 31 (41%) and be an expert for 1 (1%). Smith et *al.* (2008) point out that CFP consider their training from a tax standpoint to be at a level of 2.5/4 on a scale where 4 is extremely well trained and 1 is not trained at all.

Accordingly, as for retirement planning, our question list for interviewees mostly focuses on tax specialists, but we do not force planners to only talk about tax specialists. Financial planners give us examples of a vast array of specialists, including notaries, lawyers, investments specialists, insurance experts, and accountants.

3.5.1. Data Collection

We used the snowball method (Patton, 2002) to find respondents to conduct interviews. The IPF was instrumental in identifying the first six respondents. To open the prospect of future referrals to other certified planners, the IPF put us in touch with three certified planners working in the Greater Montréal area, as well as three others working outside of Montréal. Next, the respondents referred us to other certified financial planners (Pl. Fin). The initial approach to each respondent was made by the IPF or a former respondent. The IPF or former respondent then put the new respondent in touch with us via email. Email exchanges between us and the respondent allowed us to set a date for the interview and to share the consent form and the interview guide, including sharing the question list in advance. The consent form was signed by each interviewee. This research was undertaken in accordance with Concordia University Human Research Ethics Committee.

Our semi-structured interviews are based on an "interview guide approach" (Patton, 2002), as this creates a similar collection framework for all interviews without being too rigid. This approach gives respondents the opportunity to elaborate on topics they consider important, while remaining aligned with the research questions underlying the interviews. The interviews also include a section on the interviewee's background. Complementary information about each respondent was collected, with their consent, through their companies' websites and LinkedIn. Complementary information makes it possible to corroborate the information obtained directly from planners (Patton, 2002).

Of the 25 interviews, six were conducted in person and 19 were conducted remotely via the Zoom or Teams video conferencing platforms. Interviews were conducted between April and September 2024. In compliance with the ethics certificate, we ensured that participants' confidentiality was respected. This allowed them to express themselves freely during our meeting. Of the 25 participants, 24 agreed to be recorded. For the unrecorded interview, notes were taken. The interviews were then transcribed in verbatim form.

The transcription of each interview was done in three steps. First, we use the "transcribe" function from Microsoft Word to generate, through AI, a first draft of the transcription based on the audio recording. Two research assistants then listen to the full audio recording and make adjustments to the transcription. Finally, we went over the research assistants' comments for each transcription. We also took notes during the interviews. The average length of the interviews was 58 minutes.

All interviewees (25) hold a certified financial planner designation, 18 are actively working with clients, four are working with advisors who have clients, and three hold a management position. Most of the 25 interviewees have at least a part of their remuneration link to incentives, commissions or sales. However, to get different perspectives, we make sure that our sample includes (6) planners without incentive-based remuneration. Of the 25 respondents, seven currently work in large financial institutions (mostly banks or investment companies), 11 work in medium-sized firms (mostly investment companies), and seven work for small offices (often affiliated with a larger institution) or are self-employed. Table 1 presents information on the respondents and the interviews conducted.

Regarding the characteristics of our sample, we compare it to the statistics of the CPF Board, which are published online. In the United States, the CFP Board[38] reports that there are 101,708 CFPs as of November 1, 2024. Of this number, 76.2% are men and 23.8% are women, 81.9% are white and the vast majority of American CFPs are aged between 30 and 39 (23.1%), 40 and 49 (26.0%), and 50 and 59 (21.9%). In comparison, our sample is more balanced in terms of gender (44% female),

[38] Retrieved from: https://www.cfp.net/knowledge/reports-and-statistics/professional-demographics (accessed on November 6, 2024).

is very similar in terms of ethnicity (84% white) and is slightly younger (48% between 30 and 39, 40% between 40 and 49). In recent years in Canada, IPF and FP Canada have made significant diversity, equity, and inclusion efforts. For instance, FP Canada committed to attaining gender parity and have at least 30% minority representation on its board (FP Canada, 2024b).

Table 1. Information on Respondents and Interviews Conducted

#	Position[39]	Firm Characteristics	Date	Length	Format
1	Financial Planner	Medium investment firm	2024-04-18	68 minutes	Zoom
2	Senior Advisor	Medium investment firm	2024-04-19	49 minutes	Zoom
3	Advisor	Small office	2024-04-24	72 minutes	In person
4	Wealth Manager	Small office affiliated with a large financial institution	2024-04-25	82 minutes	In person
5	Advisor	Small office	2024-04-26	66 minutes	In person
6	Financial Planner	Medium investment firm	2024-04-29	59 minutes	Zoom
7	Wealth Management Advisor	Medium investment firm	2024-06-04	40 minutes	In person
8	Wealth Management Advisor	Medium investment firm	2024-06-07	57 minutes	Teams
9	Regional Vice-President	Large investment firm	2024-06-11	52 minutes	Teams
10	Financial Planner	Small office affiliated with a large investment firm	2024-06-12	59 minutes	Teams
11	Regional Vice-President	Medium investment firm	2024-06-14	45 minutes	Teams
12	Financial Planner	Small office affiliated with a large investment firm	2024-06-17	46 minutes	In person
13	Wealth Management Advisor	Small office affiliated with a large investment firm	2024-06-27	75 minutes	In person
14	Division Manager	Large investment firm	2024-07-02	59 minutes	Teams
15	Financial Planner	Medium investment firm	2024-07-03	55 minutes	Zoom
16	Senior Tax and Financial Planning Advisor	Large financial institution	2024-07-12	53 minutes	Teams
17	Senior Principal Financial Planning Advisor	Large financial institution	2024-07-16	60 minutes	Teams
18	Tax Specialist and Financial Planner	Large financial institution	2024-07-16	57 minutes	Teams

[39] Even if they assume various positions, all 25 interviewees hold the certified financial planner's designation Pl. Fin.

19	Financial Planner	Large investment firm	2024-07-17	52 minutes	Teams
20	Senior Financial Planning Advisor	Large financial institution	2024-07-18	50 minutes	Teams
21	Financial Planner	Medium investment firm	2024-07-19	73 minutes	Zoom
22	Financial Planner	Medium investment firm	2024-07-31	55 minutes	Teams
23	Financial Planner	Medium investment firm	2024-08-06	51 minutes	Teams
24	Associate Estate Planning Specialist	Small office affiliated with a large financial institution	2024-08-13	45 minutes	Teams
25	Financial Planner	Medium investment firm	2024-09-05	58 minutes	Teams

3.5.2. Data Analysis

Following the approach of Gioia et *al.* (2013), who propose a first order of concepts, a second order of themes, and finally aggregate dimensions, the coding process is divided into three distinct phases. The entire analysis was carried out by a skilled coder (Campbell et *al.*, 2013). Although presented linearly in this section, the coding process was not linear. Data analysis, which is an inductive process, generated constant movement between data, literature, and theoretical underpinnings. Each phase of coding led us to review and reflect on previous coding phases. Coding was carried out with the help of NVivo 14 software. Figure 9 shows the coding structure.

The first coding phase includes mainly descriptive and very precise codes and does not aim to create links between codes or to establish a structure. As such, all codes are considered on the same level for this first phase. By casting a very wide net during the first coding phase, we knew it would be highly disparate, but we didn't want to miss out on any elements that might prove important. Despite this desire to include as many elements as possible in the initial coding, we are aware that it is impossible to include all, so we apply the recommendations of Grodal et *al.* (2021), who suggest focusing on the most "surprising or salient" elements.

The second coding phase seeks a higher level of abstraction, but still includes some descriptive elements. The codes listed in the first coding phase are generally grouped into second-level codes with broader scopes. With its higher level of abstraction than the first phase, the second phase includes more sourcing to the literature to explore certain concepts related to the codes.

The third coding phase presents the highest level of abstraction. Strongly linked to the literature, it builds a structure that includes the codes from the second phase and ensures a direct link with the PFP literature. This third phase focuses mainly on first and second order codes and includes a return to interview transcripts when necessary.

Figure 9 may show the coding phases in a linear fashion, but the coding as a whole was iterative and circular, with constant revisiting of prior steps.

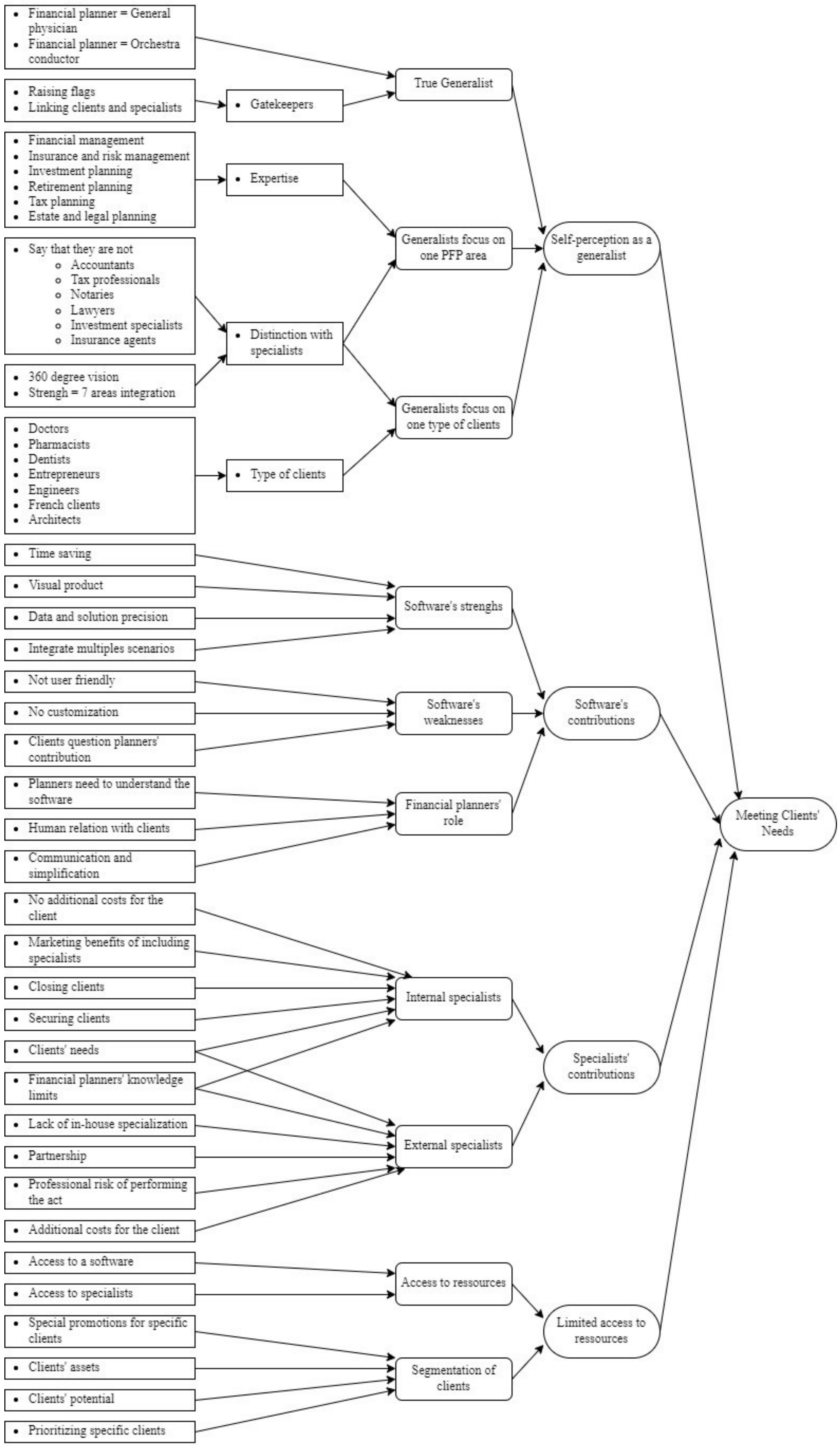


Figure 9. Coding Structure

3.6. Findings

The results section is divided into three subsections. The first subsection focuses on this essay first research question: "How do certified financial planners perceive themselves in the PFP environment?" The second subsection covers this essay second research question: "How does the mobilization of two resources, i.e., financial planning software and specialists, by a certified financial planner affects clients' financial outcomes?" The third subsection addresses an element that was not initially included in our research questions, but has emerged over the course of our analysis: meeting clients' needs.

3.6.1. Financial Planner: A True Generalist?

Our findings concerning financial planners' self-perception are in line with the view found in the financial planning literature (Black et *al.*, 2002; Smith et *al.*, 2008), namely that financial planners perceive themselves as generalists. This distinction between generalist and specialist is also present in other fields, such as medicine (Harrold et *al.*, 1999; Janson & Weiss, 2004) and accounting (Boritz et *al.*, 2020). Financial planners readily accept this positioning as generalists, which they compare to the role of a general physician or an orchestra conductor. More than half a dozen planners see themselves similarly as the views stated by these three planners:

> "As a financial planner, we are like an orchestra conductor, or a general physician. We make sure that all the aspects are carried out." (Interviewee 9)
> "I often tell my clients that I compare us, financial planners, to general physicians. We know a lot of things, but we don't specialize in anything." (Interviewee 10)
> "I'm a physician, I'm going to do tests on your financial anatomy, I'm going to make punctures where I think it's necessary, and then I'm going to give you a diagnosis with a prescription. That's what integrated financial planning is all about." (Interviewee 1)

Although all the certified financial planners we met perceived themselves as generalists, we have been able to identify three profiles: the true generalist, the generalist focusing on one of the seven PFP areas of expertise, and the generalist focusing on one type of client. Our results thus bring a major nuance to the perception of financial planners as generalists, which, to the best of our knowledge, has not yet been covered in the literature. Table 2 presents respondents' profiles and shows that each profile is present in all firm sizes. Eleven planners are included in the profile of the true generalist (two from small offices, five from medium offices, four from large offices), seven planners are included in the profile of the generalist focusing on one area (three from small offices, two from medium offices, two from large offices), and seven planners are included in the profile of the generalist focusing on one type of client (two from small offices, four from medium offices, one from a large office).

Table 2. Generalists' Profiles

Firm Characteristics	Position	Interviewee #
True generalist		
Small office	Advisor	3
Small office	Advisor	5
Medium investment firm	Financial Planner	1
Medium investment firm	Wealth Management Advisor	7
Medium investment firm	Financial Planner	22
Medium investment firm	Financial Planner	23
Medium investment firm	Financial Planner	25
Large investment firm	Regional Vice-President	9
Large investment firm	Division Manager	14
Large financial institution	Senior Principal Financial Planning Advisor	17
Large financial institution	Senior Financial Planning Advisor	20
Generalist focusing on one of the seven PFP areas of expertise		
Small office affiliated with a large financial institution	Wealth Manager	4
Small office affiliated with a large financial institution	Associate Estate Planning Specialist	24
Small office affiliated with a large investment firm	Financial Planner	12
Medium investment firm	Financial Planner	15
Medium investment firm	Financial Planner	21
Large financial institution	Senior Tax and Financial Planning Advisor	16
Large financial institution	Tax Specialist and Financial Planner	18
Generalist focusing on one type of client		
Small office affiliated with a large investment firm	Financial Planner	10
Small office affiliated with a large investment firm	Wealth Management Advisor	13
Medium investment firm	Senior Advisor	2
Medium investment firm	Financial Planner	6
Medium investment firm	Wealth Management Advisor	8
Medium investment firm	Regional Vice-President	11
Large investment firm	Financial Planner	19

The first profile, true generalist, comes as no surprise, since it is the profile that the literature put forward years ago for financial planners (Black et *al.*, 2002). Our analysis confirms the case for financial planners possessing the profile of the true generalist.

Financial planners who see themselves as true generalists generally try to include all seven areas of expertise in their answers, without emphasizing one specific area of PFP. Although other profiles also do this, true generalists have a marked tendency to try to "raise flags," to warn their clients about certain elements that may require the involvement of a specialist:

> "After 24 years in personal financial planning, let's just say knowledge is very advanced in most of the seven PFP areas." (Interviewee 7)
>
> "I would say that I no longer have any specialization, because for some time now, in fact, I would say that integration has really become my specialty." (Interviewee 5)

Financial planners with the second profile, generalists focusing on one of the seven PFP areas of expertise, are aware that they are first generalists, but know how to recognize their expertise in one PFP area. They do not, however, consider themselves as specialists. This type of profile emphasizes their expertise in their answers, but frequently switches back to an overview. They also accentuate the differences between themselves and specialists:

> "I would say that my area of specialization is taxation. Maybe we don't talk about it as much, but I really have a 360 approach." (Interviewee 16, who holds a Master of Taxation)
>
> "At the same time, I don't act as a tax specialist, I just have the skills to understand taxation." (Interviewee 15, who holds a Master of Taxation)
>
> "It is obvious, it is finance, it is investments. But you know, I have all the required knowledge in wealth management." (Interviewee 4, who holds their Chartered Financial Analyst [CFA] designation and a Master of Finance)

The third profile, generalists focusing on one type of client, also states that they are generalists, but diverge from the two other profiles during their interviews. Generalists focusing on one type of client are more centric, often providing answers that apply solely to their clients. Some even go so far as to mention a type of client as their area of expertise, rather than one of the seven areas of personal financial planning established by accreditation bodies:

> "Area of specialization in terms of the seven areas of PFP or a specialized market like us, we specialize in healthcare professionals." (Interviewee 11)
>
> "Certainly, with my French background, we get to meet a lot of European customers by word of mouth, there is a lot of people who say, 'I'd like you to help my friend because he has a house in France.'" (Interviewee 13)

Some financial planners who have extensive expertise in one PFP area, for example by holding a specialized graduate degree, may even perceive themselves as focused on one type of client rather than on the area in which they have in-depth expertise or education:

> "We work exclusively with business owners and some healthcare professionals as well, but they are businesses. We have over 270 business owners that we work with." (Interviewee 19, who holds a Master of Taxation)

3.6.2. PFP Software and Specialists: Their impacts

3.6.2.1. PFP Software Impact

Certified financial planners place far more emphasis on the advantages than on the disadvantages of using a financial planning software. While some software is more sophisticated than others, the advantages remain similar, but may have different scopes. The source of the PFP software, whether developed in-house or acquired externally, does not create a significant difference in planners' responses regarding its advantages. Advantages include time savings, the precision of proposed solutions, the multitude of scenarios proposed, and the impressive visual output for clients:

> "It takes three clicks, everything is calculated. In reality, the software probably saves us 25 to 30 hours of planning work a week." (Interviewee 14)
>
> "The use of the software and the tables I see in my tool, it's great, it's precise, I can see it for the couple, I can see it for each person, and then when I present it, the client sees all the details and it's easy to understand." (Interviewee 2)

All the advantages mentioned above can be associated with the strengths of a DSS. Without necessarily speaking explicitly about knowledge, planners emphasize the software-integrated knowledge that supports them when dealing with their clients' situations.

> "We are all human, so it's clear that anything that's software related allows us to eliminate errors, it saves time, and even more so, it allows us to find strategies that we would not think of on our own." (Interviewee 10)
>
> "It does all the retirement projections, all the disbursements. And I wouldn't be able, I really wouldn't be able, by eye, to try to see the result. We're projecting to an age of 96. These are super-powerful calculations…We're not capable of calculating that by hand." (Interviewee 18)

As for disadvantages, planners point to the difficulty of operating the software, some software not being user-friendly, the impossibility of customizing the output for each client, and the possibility that clients will question whether the planner is really doing anything or whether it is only the software:

> "It just so happens that a client has a trust or has income properties or whatever that the advisor is not able to take into account. There's no checkbox in the software for them to take that data into account." (Interviewee 3)
>
> "At one point, we tried out a version, but there was so much data you could put in that even I, who works there, thought: the learning curve is so, so long." (Interviewee 6)
>
> "The clients are probably saying, 'Are they still working on my file? Do they just press a button and then it's automatic?'" (Interviewee 10)

In line with Power (2013), who states that a DSS should not replace the user's decision-making, planners emphasize that the software is only a tool, and that planners must understand what the tool does.

> "It is a software that will model and project forward, so we as planners, we have to understand what we put in, we have to understand what comes out." (Interviewee 6)
> "The software is capable of suggesting, but in the end, I have to do some manipulations to make sure it is really a tax-optimal withdrawal for the client. So, it requires my intervention. The system does some things, but in the end, I still have to fine-tune the rest to present it to the client." (Interviewee 2)
> "The tool is used to enter all the data, and then the more the financial planner asks the right questions, integrates the right data into the tool, the better it will reflect the client's situation based on their objectives." (Interviewee 9)

Planners also argue that they are the main actors in the relationship with their clients, as it is a human relationship that requires great communication and simplification skills:

> "Technology is going to make financial planning easier, but human beings are going to be at the heart of it, because it's all well and good to have tools, but if we do not know how to bring value and show what they are used for, the client is going to get lost, even if he does his own financial planning." (Interviewee 11)
> "Our services go really far, even meeting my clients' nephews to talk to them about university… That is a part of the extra-financial." (Interviewee 4)
> "I am always trying to get out of the numbers. It was really about understanding what he really wanted for his children, et cetera, and not just about taxation." (Interviewee 12)

If we return to the three characteristics of DSS proposed by Power (2013), namely: 1. they aim to facilitate decision-making, 2. they support the decision-maker without supplanting them, and 3. they adapt to the decision-maker's needs, we find that respondents, without necessarily knowing it, present their financial planning software to us as DSS. In their view, PFP software offers a host of advantages that facilitate their work, adapt to each client's unique situation, and never override them when it comes to making decisions or recommendations.

This classification of financial planning software as a DSS by practitioners, which, to the best of our knowledge, had not been formally established with practitioners, corroborates the approach of several authors (Gao et *al.*, 2007; Kundisch & Dzoienziol, 2008; McCabe & Boinske, 2000; Palma-dos-Reis & Zahedi, 1999) who have proposed various types of DSS in financial planning.

Finally, we can be even more specific about financial planning software and argue that they are in fact knowledge-driven DSS according to Power's (2013) classification. Planners point to the software's analytical power, the amount of information stored inside the software on the seven areas of PFP expertise, and their perception that the software, which can integrate AI, may suggest possible solutions that the planners had not considered. This is also in line with Zopounidis et *al.* (2018), who position financial planning software as a combination of an expert system and a classic DSS. Thus, in line with the concept of knowledge, the strong presence of knowledge embedded within PFP software would enable financial planners to offer better services to their clients.

3.6.2.2. Specialists' Impact

As with PFP software, certified financial planners point out that specialists bring far more advantages than disadvantages. However, contrary to what we found for software, the origin of specialists, whether in-house or external to the firm, affects the reasons leading to the decision to seek specialists' input. This decision to involve or refer to specialists is under-explored in the financial planning literature (Topper, 2021), but has been the subject of several studies in medicine (Evans, 1993; Forrest et *al.*, 2002; Forrest et *al.*, 2006; Javalgi et *al.*, 1993; Ludke, 1982; Mehrotra et *al.*, 2011; O'Donnell, 2000; Shumsky & Pinker, 2003).

First, in line with the concept of knowledge, specialists mobilize their specialized knowledge to positively contribute to their clients' PFP process. The importance placed by planners on specialists' knowledge echoes research in medicine, which cites specialists' medical knowledge as one of the underlying reasons for seeking them (Javalgi et *al.*, 1993).

> "I seek out a tax specialist and a notary for opinions when the situations are a little more complex and I need their help." (Interviewee 8)
> "I had a tax memo that I wanted to have checked because I am specialized in tax, but I am not necessarily in the field, and I do not have the same skills." (Interviewee 19, who holds a Master of Taxation)
> "[Talking about tax specialists] I rely on their tax competence; obviously, they have invested in taxation. They are supposed to have the knowledge and know the tax laws like the back of their hand." (Interviewee 7)

Planners cite their own knowledge and their clients' needs as key factors in the decision to use the services of specialists, both in-house and externally to their institution. Planners' positioning on the need to involve or refer to specialists is in line with Spurr (1988), who argues that a referral puts clients in touch with the expert who can meet their needs.

> "The client who comes to me and says *Name of the respondent*, I have a particular need because I have a question… Yes, automatically we will refer because we have to solve the client's problem, that's normal." (Interviewee 13)
> "Of course, if we go see the client's specialist, this is because there is a transaction to be made… There is an action to be taken. We are no longer just looking for an opportunity. [We have] got a move to make." (Interviewee 16)
> "It's going to be something outside my field of expertise. Often these are more complex cases." (Interviewee 6)

In addition to the above-mentioned contribution in terms of knowledge, in-house specialists appear to have an important marketing contribution for planners dealing with wealthy clients. They mention the following benefits when highlighting the contributions of specialists:

- No direct cost,
- Reassuring clients,
- Closing clients, and
- The presence of the specialist at the meeting with the client.

All of these benefits could be associated with agency theory (Jensen & Meckling, 1976), as they seem to focus on the planner's interests, i.e., acquiring new clients and retaining existing ones, rather than on clients' needs. This may also be referred to a commercial logic over a professional logic. This aligns with the fact that financial services are credence goods, meaning that clients are, in most cases, not able to truly understand the services they are paying for.

> "In the meeting, the tax specialist could not say a word and his mere presence would make the client happy." (Interviewee 22)
> "In the last few years, it was by default as soon as I had a new client. I wanted to do it because in private management there is always a nice smoke show going on. So even if I did not need him, and it happened to me several times, I even did the PowerPoint for him. I look at my tax specialist, you are going to present for 10 minutes, here is what you have to say, this is the client, everything just so the client can see that you are there… It is designed to increase the smoke show." (Interviewee 19)

Regarding external specialists, planners mention that the following reasons affect the decision to seek or refer to external specialists:

- The absence of in-house expertise,
- The professional risks associated with certain actions or decisions, and
- The presence of partnerships with external specialists.

As much as the acknowledgement of the absence of in-house expertise can be seen as a willingness on the part of planners to put clients' interests first, the presence of an external partnership can be seen as a willingness to promote their own interests, according to agency theory. However, since our respondents also mention situations where they prioritized their clients' interests, we only partially align ourselves with Garicano and Santos (2004), who argue that advisors do not tend to refer to another professional when it maximizes their personal interests.

> "We need a tax specialist with an international specialization, because our in-house tax specialists are good, but they do not have that specialization." (Interviewee 7)
> "We do not even want insurance; our planners do not even have their insurance license. Our firm has two partners who do insurance… and it is mandatory, automatically, if they see that the client has an insurance need, they refer." (Interviewee 11)

By stating that they do not want to take professional risks by performing certain actions and decisions that are associated with specific expertise, such as notarial acts or tax opinions, which are sometimes required by law, planners are keen to protect themselves and their clients. This desire to protect their clients, while at the same time protecting themselves, can be associated with the benevolence aspect of trust theory (Mayer et *al.*, 1995). According to trust theory (Mayer et *al.*, 1995), by putting their clients first, planners exhibit one of the three factors of perceived trustworthiness, benevolence, which is wanting to do good by the client without personal motivation. By appearing more trustworthy, planners may cause their clients to trust them more. This also seems to create a balance between the commercial and professional logic.

> "Our tax specialists are really advisory focused, they are not going to do reports, they are not going to create businesses, et cetera." (Interviewee 10)
>
> "The in-house [specialists] will give advice, on the other hand, there will be no execution,… we won't make a will… I go with the client to the notary to put the situation in context, so that it is as turnkey as possible." (Interviewee 12)

Compared to seeking in-house specialists, whose costs are generally included in the financial planning firm's service offering, referrals to external specialists can incur significant costs. Thus, this willingness to help clients by referring them to external specialists when necessary could be questioned when we consider the (exorbitant) cost associated with a consultation with an external specialist. However, planners assure us that this is not even a question. All seem to agree that the benefits of consulting a specialist far outweigh the associated costs. For example:

> "How expensive it is to deal with a tax specialist. Except that, at the end of the day, what is the point of paying $500 or $800 an hour for a 10-hour block of time if it saves you hundreds of thousands of dollars on a transaction?" (Interviewee 1)

However, as much as they feel they must protect themselves and their clients, planners confess that they are convinced that many of their peers, excluding themselves, of course, exceed the radius of action within which financial planners should remain and sometimes improvise themselves as specialists. Acting as specialists is generally to maximize their own personal interests.

> "Planners who improvise themselves as specialists do so because, at the end of the day, they want to potentially generate a sale, or they want to demonstrate their expertise… to get the client to trust them with the aim of generating a sale of financial products." (Interviewee 1)
>
> "We are in an industry where we are salaried, but with bonuses, where some are commission-based, so, of course, there are some who want to demonstrate skills to make sales, who want to close sales, and who might want to demonstrate greater expertise than they actually have." (Interviewee 6)

This desire to generate sales may be linked with the concepts of professionalism and commercialism. Clients who do business with certified financial planners do expect that the financial planners will act as professionals. The profit motive, however, seems to bring the commercial logic to the forefront. This is consistent with the findings in auditing research showing that the commercial aspect seems to take precedence when it is possible for a professional to perform tasks that are not associated with their professional practice.

3.6.3. Meeting Clients' Needs

Financial planners, as generalists, recognize that they have limits in terms of the knowledge they possess in the seven PFP areas of expertise. This recognition of their limitations is in line with the position desired by the accreditation bodies, which states that a planner must know when to consult or refer (FP Canada, 2019). The following quotes report on the importance of knowing their own limits:

> “So, yes, very advanced knowledge in all seven areas, but I will never say that I am a tax specialist or an estate planning specialist. No, I am not a notary. No, I am not an insurance agent.” (Interviewee 7)
>
> “I always feel like a bit of an imposter. In other words, when I question myself, I am always questioning myself. Financial planning is so vast that I do not think that you can know everything.” (Interviewee 5)
>
> “I am in a very good position to say that you cannot know everything in life. Even though I have my CFA, I have my master’s degree, I am no longer following just one particular sector in the industry.” (Interviewee 4)

When we explore the question of knowledge and meeting clients’ needs, planners state that it is possible for them to handle more complex situations than they could on their own when they have resources, such as financial planning software and specialists. Planners see a gradation of the situations they can manage depending on the clients’ needs and the resources they have access to. They mention that they can handle the clients’ needs as follows:

- Client’s complexity level X by themselves,
- Client’s complexity X+1 with the support of a PFP software, and
- Client’s complexity X+2 with the support of both a PFP software and a specialist.

Figure 10 illustrates the range of manageable clients’ needs for planners equipped with resources.

> “If I really have a complex situation where the software will not necessarily be able to help me, because, as I say, it has limitations, I will go to the tax specialist, because they can really make plans that are a little more complex with all the details.” (Interviewee 8)
>
> “I will tell you honestly, our role is much more to understand the broad outlines. Then the software takes care of 90% of the actual planning.” (Interviewee 14)
>
> “For those plans that are too complex, that have trusts with 50 to 60 companies or whatever, we have a team of financial planners who are dedicated to these cases in our firm. So, I refer them. But you know, otherwise I would say that the software can do a lot of what I want, but there are certain limitations.” (Interviewee 4)

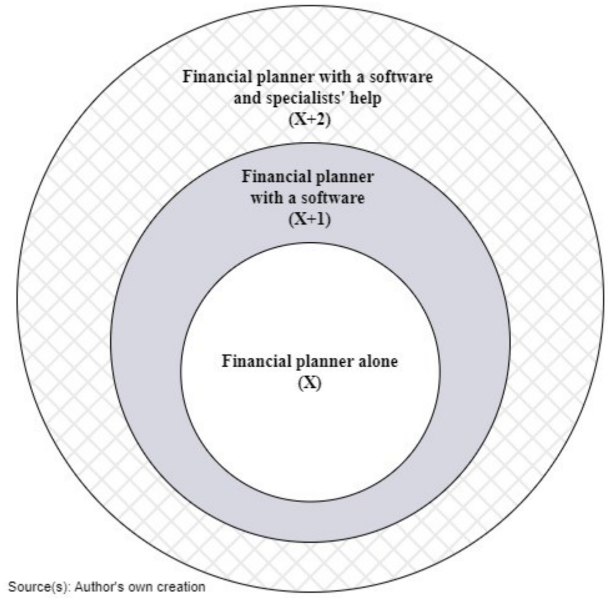


Figure 10. Range of Manageable Clients' Situations for Planners

In practice, the range of manageable situations generally starts at X+1, as almost all planners have access to a financial planning software.[40] The PFP software does contribute positively to the financial planning process, as it possesses integrated knowledge:

> "I need my software… I can do the basic calculations, but incorporate inflation, taxes, dividends, interest, capital gains, and all that? Forget it. I need my software." (Interviewee 7)
>
> "The software is very powerful, and there is built-in artificial intelligence. So, the software will recommend scenarios if, for example, we are not at 100% of our retirement goal, it will tell us what we need to do or offer different scenarios we can do to get to 100%." (Interviewee 9)
>
> "The fact that the tool allows for several scenarios also challenges the advisor, in terms of his expertise, to ask questions that he might not have thought by himself. So, of course, it's necessary to have this type of tool, because without it, there are options that you might not have considered that would be interesting for the client." (Interviewee 11)

Planners state that they have access to PFP software, but that they may not have access to all of the software's features if they do not serve a sufficiently affluent clientele.

> "[Speaking of the software] Of course it is an option if you use a tax specialist, they have this optionality where they can integrate the estate [in their software], they can integrate all that. But for us, we do not have that option." (Interviewee 8)
>
> "Previously, as an employee of another firm, I did not have access to a great software because I was not a financial planner at the time, so I did not have the right to a software license." (Interviewee 13)

[40] Retrieved from: https://www.financial-planning.com/list/tech-survey-results-tools-financial-advisors-use (accessed on September 12, 2024).

When a specialist is included, planners consider that they can handle situations with a complexity level of X+2. In line with the concept of knowledge, the specialist contributes to the PFP process by drawing on their specialized knowledge.

> "If I really have a complex situation where the software will not necessarily be able to help me, because, as I say, it has limitations, I will go to the tax specialist, because they can really make plans that are a little more complex with all the details." (Interviewee 8)

Much more frequently than with software, planners point out that many clients, normally those with lower levels of assets, do not have the privilege of having one or more specialists working on their cases.

> "We have planners for clients with between $350,000 and $750,000. Then we have planners for those with $750,000 or more. I work for the division for clients with assets between $350,000 and $750,000, and I do not have access to the services of specialists, so I cannot refer my clients to these specialists." (Interviewee 2)
>
> "With a portfolio of less than 1 million, I am the one who is going to do more. I am the one who's going to look at the file, ask the questions, and the tax specialist will be able to answer my questions… For clients worth a million or more, we give the documents to the tax specialist, then he does a complete evaluation, and then he comes up with strategies and solutions tailored to the client." (Interviewee 10)
>
> "To have access to specialists, normally you either have to have good potential, or have a high level of current savings, or have a certain level of assets." (Interviewee 14)

Whether there are limits on access to specialists or software features based on the clients served, the decision to withhold access to those resources that could support planners and help clients does not come directly from the planners, but from the financial institutions the planners work for. Financial institutions limit access to certain resources through the introduction of tiers based on clients' assets.

> "Clients start with us at $250,000… Then, as soon as the client has $1.5 million, the portfolio manager enters into the rotation. The financial planner stays and adds an investment expert… At $2,500,000 to $3,000,000, we bring another specialist into the relationship." (Interviewee 11)
>
> "Then you have $250,000 to $500,000, $500,000 to $1,000,000, $1,000,000 to $3,000,000, $5,000,000, $10,000,000, then $10,000,000 and up." (Interviewee 14)
>
> "We have channels to be able to segment clients. Our company gives us a lot of tools so we can focus on high-value clients." (Interviewee 19).

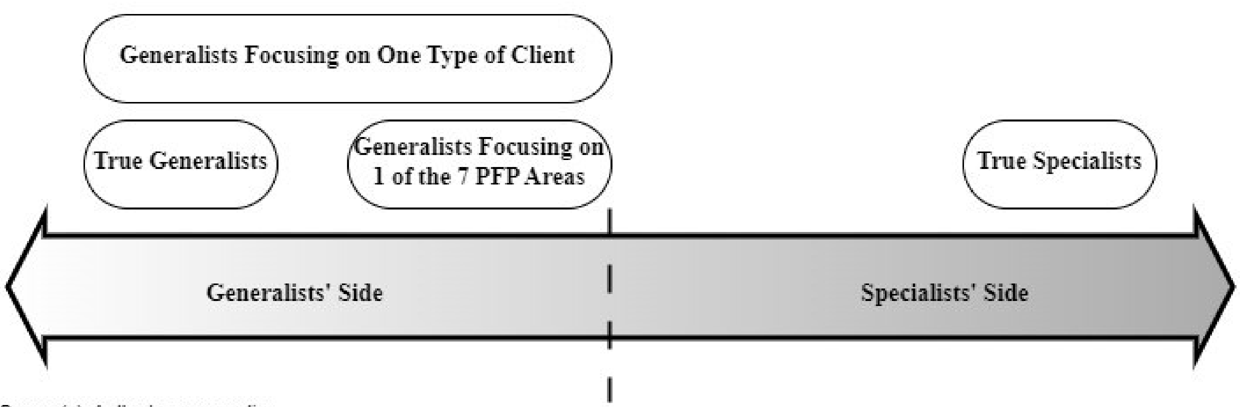
Here, we see from these findings that, with categorization by clients' assets corresponding to levels of privileged services, a commercial logic prevails over a professional logic for financial institutions.

3.7. Discussion

While the results speak for themselves, we take the reflection a step further in our discussion. First, we redefine what it means to be a certified financial planner, i.e., a personal financial planning generalist. Then, we show, drawing on agency theory, trust theory, and the concept of knowledge, how planners' decisions to seek specialists' input from within or outside the financial institution for which they work affect their clients' financial outcomes. Finally, and this is probably our most significant contribution, we propose a model explaining whether clients' needs will be met depending on the arrangement they have with their financial institution.

3.7.1. A Redefinition of Generalists' Profiles

By seeing themselves as orchestra conductors or physicians, financial planners are generalists who seem to connect their clients with specialists, following the Black et *al.* (2002) model of planners as coordinators. An important nuance is necessary, however, regarding the classification of planners as generalists. Although we observe the presence of a true generalist profile, which echoes the literature (Black et *al.*, 2002; Smith et *al.*, 2008), we note that there are two other profiles: generalists focusing on one of the seven PFP areas of expertise, and generalists focusing on one type of client. We use a continuum (see Figure 11) ranging from a generalist of the seven PFP areas to a specialist of only one PFP area to illustrate how the three profiles can all exist simultaneously. These two extremes' only purpose is to create a continuum along which we could place the three profiles. Finally, we are aware that true specialists are not part of our research and may not even be a profile, but we have nevertheless positioned them on the continuum to better illustrate the positioning of the three generalist profiles. We wish to emphasize that our analysis does not concern specialists, only generalists. Far be it from us to explain the specialists' side of the continuum.



Source(s): Author's own creation

Figure 11. Generalists–Specialists Continuum

On the generalists' side, the first profile, true generalists, is probably the easiest to place. Considering that planners of this profile are the closest to what might be considered a generalist, true generalists are the furthest removed from the specialist, and thus on the opposite end of the continuum to the true specialists.

Planners associated with the profile of a generalist focusing on one PFP area of expertise, and who constantly reiterate that they are not specialists, are also relatively easy to position, as they move along the same continuum. Depending on their degree of specialization in a given area, planners can be more or less closely aligned with specialists. Nevertheless, planners maintain that they are first generalists, which would always lead us to position them closer to true generalists than to specialists on the continuum. They are the closest to the threshold between the generalists and the specialists' side, but remain on the generalists' side.

While the first two profiles seemed easy to position on the continuum, this is not the case for planners associated with the profile of a generalist focusing on one type of client. In this profile, we find planners with education and experience that would have led us to categorize them as true generalists, as well as planners with a specific specialization that would have led us to categorize them as generalists focusing on one PFP area of expertise. This profile thus covers the whole generalist side of the continuum. For this reason, the profile of generalists focusing on one type of client is probably the most interesting, as the focus on clients seems to supersede any consideration of the 7 areas of expertise evoked by the certified financial planners' accreditation bodies.

This preference for client type over an area of financial planning in one's self-perception is, in our view, a unique aspect of our research into the PFP area. This willingness to define oneself by one type of client, often referred to as a "professional niche," seems to be deeply rooted in the financial planning community. In fact, the IPF, which trains certified financial planners in Québec, now offers a specialization program on a particular type of client, namely entrepreneurs.[41] This program is designed to equip certified financial planners with tools to effectively identify entrepreneurs' needs in terms of integrated personal financial planning and support them as they implement PFP plans. Furthermore, several professional publications[42] (Grote, 2010; Kornegay & Kornegay, 2018; Wood-Wentz, 2021) seem to put forward the importance of establishing a "professional niche" in order to have a practice that persists over time.

3.7.2. In-House and External Specialists: Similar Expertise, Different Purpose

To identify the impacts of in-house and external specialists, we need to return to the six steps of the personal financial planning (PFP) process, as well as to the three theories included in the model presented in the first essay: agency theory, trust theory, and the concept of knowledge. Figure 12 shows the effects on clients' financial outcomes.

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[41] Retrieved from: https://institutpf.org/en/our-training-courses/coaching-advising-entrepreneurs-integrated-personal-financial-planning (accessed on January 10, 2025).
[42] Retrieved from: https://www.finance-investissement.com/zone-experts_/lassociation-de-la-releve-des-services-financiers/la-clientele-niche/ (accessed on September 22, 2024).

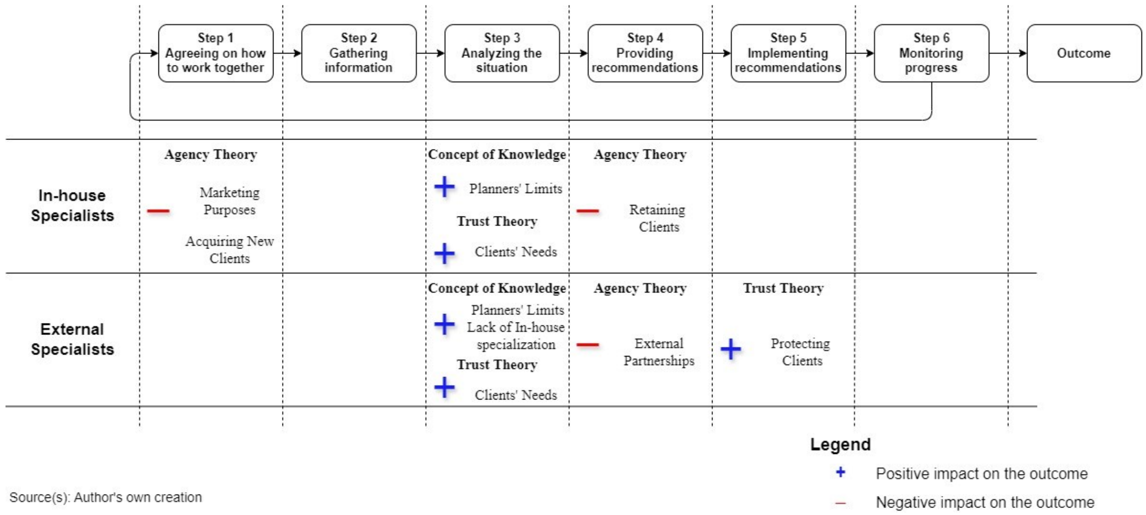

Figure 12. Impacts of Seeking In-house and External Specialists on Clients' Financial Outcomes

When we look at the inclusion of a specialist, whether in-house or external, from the perspective of the concept of knowledge, we conclude that specialists will have a positive impact regardless of whether they are in-house or external to the firm for which planners work. Financial planners, who recognize that the client's situation requires additional knowledge, emphasize the input of knowledge that comes from including a specialist in their client's case during the third step (analyzing the situation). In line with the concept of knowledge, specialists possess more knowledge specific to their area of expertise, which they can bring to bear on solving the client's situation (Hershey et *al.*, 1990). This influx of knowledge, although associated with an additional cost, potentially already covered for in-house specialists as indirect cost, could be perceived as a negative point that reduces the positive contribution associated with the involvement of a specialist. However, respondents state that this is not the case by pointing out that the costs associated with the involvement of a specialist are generally negligible in comparison with the benefits that the client will gain from the involvement of a specialist.

Another positive impact common to both in-house and external specialists is linked to trust theory. By demonstrating benevolence, one of the three factors of perceived trustworthiness proposed by Mayer et *al.* (1995), financial planners want the best for their clients in the situation, i.e., to see a specialist, regardless of their own profits. This willingness to want the best for their clients is found at step 3 of the PFP process (analyzing the situation).

Another positive impact is also associated with trust theory, but only when it comes to external specialists. Certain situations may require the involvement of a specialist to come and protect the clients, for example the writing of a will or the incorporation of an entity. These two situations could be handled by the clients themselves, but planners, in a spirit of benevolence, put their clients in touch with an external specialist who can carry out the necessary actions. This desire to protect the clients is apparent at the implementing recommendations step (step 5), as it is usually at this point in the PFP process that actions need to be taken. This positive aspect could also be linked to a professional logic, as certified financial planners prioritize the professional aspect of financial planning.

Financial planners' decisions to seek the services of specialists, whether in-house or external, could also be associated with agency theory. Financial planners could prioritize their own interests differently when they seek in-house or external specialists. Both instances would consequently negatively impact clients' financial outcomes, mostly through unnecessary fees.

First, regarding the involvement of in-house specialists, and in line with agency theory, our findings demonstrate that planners can, in step 1 (agreeing on how to work together) and step 4 (providing recommendations), prioritize their own interests to the detriment of those of their clients (if they so wish). Planners may include a specialist when not required for marketing purposes, either to sign a new client (step 1) or to retain an existing client (step 4), thus potentially adding unnecessary fees.

Second, for external specialists, it is the existence of paid partnerships that brings the possibility of a negative impact associated with agency theory for clients. If, during step 4 (providing recommendations), planners have the opportunity to refer their clients to an external specialist with whom they have a paid partnership, they may be tempted to put their personal interests ahead of those of their clients. This would make it possible for planners to refer their clients to an external specialist without the clients really needing to be referred, thus potentially paying fees for nothing.

In summary, if planners seek specialists for internal marketing purposes or in connection with a paid external partnership, this would depart from the referral objective, which, according to Spurr (1988), is to put clients in touch with experts who can meet their needs. Such an action by planners would be consistent with their self-interest, or the self-interest of their organization, and consistent with an agency theory perspective. Here, financial planners do seem to put commercial logic before professional logic.

However, it is necessary to nuance the negative impacts that appear consistent with agency theory for two reasons. First, in our research, all financial planners seeking the help of specialists hold a professional designation associated with a code of ethics. The existence of a code of ethics, to which planners are bound, has a positive influence on putting the interests of clients first in PFP (Finke et *al.*, 2009). Regarding the matter of holding a professional designation, Camarda (2017) observes that individuals holding a professional designation are associated with less financial misconduct and Camarda et *al.* (2018) find that women holding a professional designation are less likely to be involved in misconduct. However, Camarda et *al.* (2020) note that holding a professional designation might not have as strong an effect as expected regarding reducing the amount of financial misconduct. Second, in Québec, the financial services sector is highly regulated, including by the Autorité des Marchés Financiers (AMF)[43] and the Chambre de la Sécurité Financière (CSF).[44] According to their mandates, they can inspect, sanction, fine, or even deregister people offering financial services who breach codes of ethics and discipline. These controls by the AMF and CSF should encourage planners to offer professional services of the highest integrity to their clients.

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[43] Retrieved from: https://lautorite.qc.ca/en/professionals/inspection/general-information (accessed on January 13, 2025).

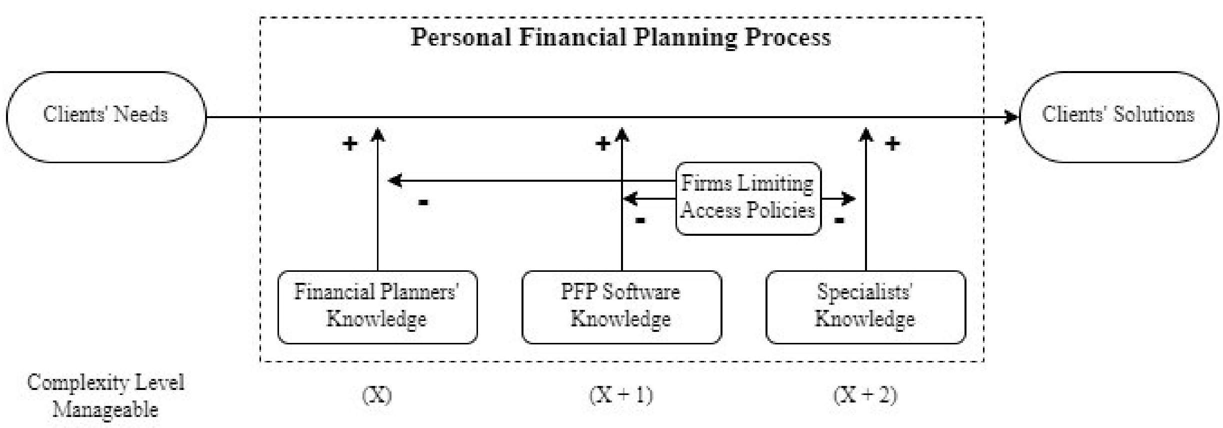
[44] Retrieved from: https://www.chambresf.com/en/protection-public/ethical-conduct-discipline (accessed on January 13, 2025).

Although Figure 12 shows each impact separately, we would also like to point out that the different impacts are not mutually exclusive. It is therefore possible that the inclusion of a specialist may satisfy more than one motive. For example, following agency theory, in-house specialists could have a negative impact if they are included in the initial meeting with the client, even though they were not required, in order to sign this new client, and they could still have a positive impact when the client's situation is analyzed, if it requires their intervention.

The final element we wish to discuss concerns planners who go further than their knowledge allows, by sometime improvising themselves as specialists. This element is not included in Figure 12, as we consider that more research on the subject is needed. Nonetheless, this propensity to exceed one's radius of action can have negative consequences for clients, since it negates the positive impact associated with the concept of knowledge when planners seek specialists' input. Again, according to Spurr (1988), this would prevent clients from being connected with experts who can meet their needs. This willingness to exceed one's radius of action could also be associated with agency theory, since, according to Garicano and Santos (2004), advisors may want to maximize their own personal interests by deciding against referring to specialists. The financial planners' compensation scheme (i.e., salary, commission, bonus) could drive planners' behaviors and potentially push planners toward a commercial logic.

3.7.3. Meeting Clients' Needs: A Model

The three elements mobilized to meet clients' needs are 1. planners' knowledge, 2. PFP software-integrated knowledge, and 3. specialists' knowledge (see Figure 13). In line with the concept of knowledge, planners report that their knowledge (X) is the primary element in meeting their clients' needs. By possessing more knowledge in their field than their clients do, planners are able to achieve better results (Hershey & Walsh, 2000; Hershey et *al.*, 1990). The second element is the use of PFP software, a DSS with integrated knowledge (Power, 2013), which enables planners to solve more complex situations (X+1). The third element is the help of specialists with specialized knowledge in a field (Lajoie, 2003), coupled with PFP software, which takes problem-solving even further (X+2).



Source(s): Author's own creation

Figure 13. Meeting Clients' Needs Model

These three elements' contribution is, however, modulated by their accessibility, depending on the framework put in place by the firms for which planners work. These constraints on access to resources are generally linked to clients' characteristics, mainly their level of assets under management and wealth. By limiting access to certain resources through the introduction of tiers, the financial institutions appear to be prioritizing their own financial interests over those of their clients. This desire on the part of the financial institutions to limit access to resources to the wealthiest clients directly affects planners' practices, as they feel constant pressure to always go for the most financially well-off clients, even to the detriment of less affluent long-standing clients.

> "It is true that clients with fewer assets may be contacted less often than those who bring us more income if we launch a different service or a new standard service." (Interviewee 3)
>
> "We have to go after high-value clients because otherwise it is no longer as profitable, unfortunately, to do our work." (Interviewee 10)
>
> "Let's say I do not want to serve a client anymore because I have too many clients, or I want to bring in new clients. I transfer them to a planner if they have $100,000 or more or I have the firm's general service department if they have $100,000 or less." (Interviewee 10)

This pressure to seek the most financially well-off clients places planners in a precarious position, as on one side they are bound by their code of ethics, which states that planners must put their clients' interests first (CFP Board, 2018; FP Canada, 2024a) and on the other side are forced to focus on the wealthiest clients to keep meeting firm requirements. More affluent clients do mean higher profits, but that does not mean that the clients that are offloaded were not profitable. This is perfectly linked to the opposition between professionalism and commercialism. This conflicting position is well documented in accounting (Barrett & Gendron, 2006; Broberg et *al.*, 2018; Suddaby et *al.*, 2009) and law (Allsop, 2010) as the duality between professionalism and commercialism and does seem to extend to certified financial planners, being recognized by the public as a profession.

Since financial institutions emphasize their profit before everything else, they place commercialism before professionalism in the same way that accounting firms do (Barrett & Gendron, 2006). This trickles down to financial planners, as their professional identity ends up being linked to commercialism just as auditors' professional identity is linked to commercialism (Broberg et *al.*, 2018). Not all employees working in PFP in financial institutions are certified financial planners, so the latter are under pressure to behave with professionalism.

Furthermore, firms' approaches even clash with the financial industry governing bodies' missions,[45] which promote financial literacy education, access to a planner for all, and the general intention of helping individuals. As a result, firms promote the creation of a system based on clients' wealth, corresponding to certain levels of access to expertise, which penalizes less affluent individuals.

Figure 14 illustrates the meeting clients' needs model based solely on Yes or No questions. The figure, which presents clients' needs and access to resources in relation to their wealth and the

[45] For example, FP Canada, IPF, and l'AMF.

complexity of their situation, establishes whether clients' needs will be met in their current situation with their financial institution. In other words, Figure 14 helps determine whether clients' needs related to PFP (the starting point of Figure 13) will be met with a solution (the endpoint of Figure 13) through their financial institution (the PFP process in Figure 13).

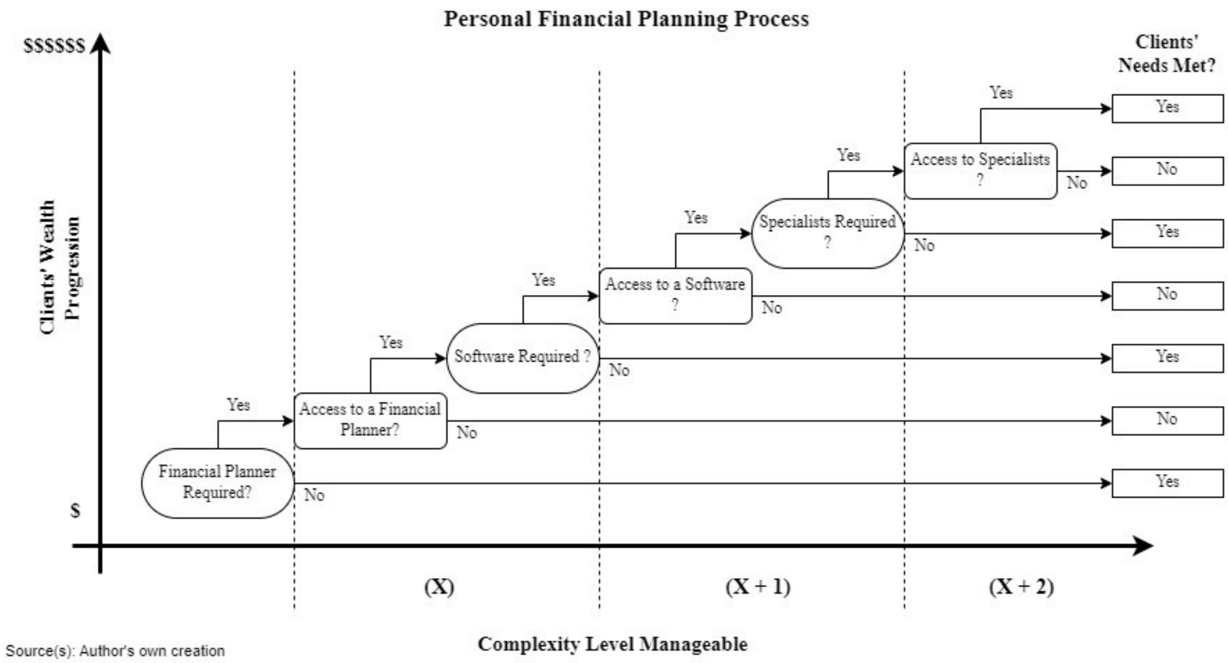


Figure 14. Meeting Clients' Needs with Clients' Wealth and Complexity Level

Figure 14 shows a sequence of questions, alternating between a question focusing on clients' needs, followed by a question focusing on the availability of resources within the financial institution. There are thus three questions on "needs" and three questions on "resources." All these questions evolve on a (vertical) axis presenting the progression of clients' wealth, and on a (horizontal) axis presenting the complexity of manageable situations.

The first question, "Is a financial planner required?" implies that some clients' situations are so simple that there is no need to involve a professional.

As soon as the situation requires the involvement of a financial planner, the level of manageable complexity increases by a factor of some importance. This means that the second question, "Does the client have access to a financial planner?" takes rank. If the client's situation requires the involvement of a planner, but this is not possible as the financial institution does not offer this possibility at the client's level of wealth, the client's needs will not be met. Conversely, if the client has access to a financial planner, and therefore to the possibility of managing situations of increasing complexity, this leads to the third question, "Is the input of a PFP software required?" If the answer is no, the planner by themself is sufficient to meet the client's needs as, following Figure 10's categories, this represents a complexity level of X.

If it is necessary to use a PFP software, then we fall into a higher level of complexity, which leads to the fourth question, "Does the planner have access to a PFP software?" If the answer is no, the client's needs will not be met, because their situation required greater knowledge, and they only have access to the planner alone according to their financial institution's offer. Conversely, if the planner can use a software, the planner can handle situations of a higher complexity. Which leads to the fifth question that determines whether it is necessary to be able to handle the highest level of complexity: "Is the input of a specialist required?" If no specialist involvement is required, then the planner, aided by the PFP software, will be able to meet the client's needs as, Figure 10's categories, this represents a complexity level of X+1.

If a specialist involvement is required, we reach the highest level of complexity, which leads to the sixth and final question: "Does the planner have access to specialists?" If the answer is no, the client's needs will not be met, because the financial institution does not offer the services of a specialist for their level of wealth. Conversely, if the answer is yes, the involvement of a specialist will make it possible to meet the client's needs as, following Figure 10's categories, this represents a complexity level of X+2.

3.8. Conclusion

Our research, based on 25 semi-structured interviews with certified financial planners, aims to answer the following research questions: 1) How do certified financial planners perceive themselves in the PFP environment? and 2) How does the mobilization of two resources, i.e., financial planning software and specialists, by a certified financial planner affects clients' financial outcomes? As a result of the interviews and our subsequent analysis, an element not initially included in our research questions, but arising from them, emerged: meeting clients' needs. Without being stated as a research question, this unofficially became this essay third research question, which could be verbalized as follows: 3) Are clients' needs being met, and how?

First, all planners, without exception, see themselves as generalists, regardless of their experience, education, or professional designation. Behind this perception, however, lie nuances that our analysis brings to light. Indeed, it is possible to distinguish three distinct profiles: the true generalists, the generalists focusing on one of the seven PFP areas of expertise, and the generalists focusing on one type of client. Second, PFP software, whether developed in-house or purchased externally, shows the same contribution and has the same function: to support the planner, who remains the key player in the relationship with the client. Third, our analysis highlights the differences between the reasons for seeking in-house and external specialists. All these reasons for seeking in-house and external specialists are linked to agency theory, trust theory, and the concept of knowledge. Fourth, our results show that clients' situations require varying levels of knowledge, depending on their complexity. At the same time, the situations that financial planners can handle vary according to their level of knowledge and the resources at their disposal, i.e., the PFP software and specialists. The level of access to these resources, however, seems to be at the discretion of financial institutions.

Our main research contributions are as follows. First, our findings concerning financial planners' perception of themselves as generalists support previous research. However, we add a major nuance to this perception, namely that there are three distinct profiles: the true generalist, the generalist focusing on one of the seven PFP areas of expertise, and the generalist focusing on one type of client. We draw a generalist–specialist continuum to illustrate how each of these profiles positions itself in relation to the others. Second, we confirm that the PFP software has the characteristics of a DSS, notably by not supplanting the financial planner in the relationship with the client, and that PFP software is more precisely a knowledge-driven DSS. Third, we demonstrate how the inclusion of specialists, whether in-house or external, positively or negatively impacts clients' financial outcomes. To this end, we use the six steps of the PFP process, as well as agency theory, trust theory, and the concept of knowledge. Fourth, we propose a model explaining how financial planners, their resources, i.e., the PFP software and specialists, in combination with the limited access to resources imposed by financial institutions enable or prevent financial planners from meeting their clients' needs.

This research raises issues that could be of interest to financial planners, financial planning professional associations, financial regulators, and the financial industry. The frantic race between financial institutions, as highlighted by planners, with the objective of always trying to capture the most financially well-off clients, seems to force planners to make choices that could be contrary to their professional code of ethics. Considering that these choices are driven by directives issued by financial institutions, it might be appropriate for the financial regulators, and the industry as a whole, to consider the fate of clients who are not among the wealthiest. The regulators cannot control all behaviors. The financial industry will have to self-discipline to avoid undesirable behaviors. Financial scandals and reputation risks should drive financial institutions to lead the way to code of ethics and code of conduct enforcement. As well, if certified financial planners aim to be recognized by society as professionals, on the same ground as CPAs or lawyers, they will have to behave accordingly.

Even though our findings suggest that more than just regulators need to be part of the solution, our findings lead to two practical contributions that we can associate with opportunities for direct regulator action. First, in a financial environment where individuals are unable to establish which professionals offer which services, or to determine what professionals with whom they do business actually do, the role played by regulators is critical. Individuals need to be able to better discern who plays what role, as there are too many players involved and the line between who can offer which services is too thin. Thus, our research suggests that there is an opportunity for regulators to establish more clearly who can offer which services, such as building a financial plan, selling insurance, or trading stocks. With the considerable number of players in the financial sector, one drastic way of making things easier for individuals, as suggested by more than one respondent, would be to reduce the number of professional designations, licenses to practice, and so on. Second, the current financial model, dictated by financial institutions, jeopardizes the ability to meet clients' needs, especially for those with fewer financial assets. With the aim of protecting less affluent individuals, regulators should want to ensure that their needs are also met. A reflection on this matter could even open new opportunities for the industry to respond to this demand.

As with all research, this study has its limitations. We focus here on the perception of certified financial planners, which to our knowledge is under-explored. This also means that we do not have the perspective of other players in the industry. In order to be as representative as possible of the population of certified financial planners in the province of Québec, we met with planners from various regions, working at different hierarchical levels, for companies ranging from individual practices to very large financial institutions. Using a semi-structured interview approach, we also gave our respondents the opportunity to freely express themselves on the various topics covered, which leads to the discovery of unexpected findings.

As for future research, one of the options would be to integrate the perspective of other key actors, such as non-certified financial advisors, financial institutions, financial planning professional associations, and financial regulators. Future research could also look at clients' views on the contribution of planners, software, and specialists, or even attempt to quantify the contribution of PFP software and specialists on clients' financial outcomes. Finally, some planners express professional skepticism toward the PFP software, but others do seem to blindly trust the software. Future research could investigate professional skepticism in PFP software usage, similar to what has been done with accounting software usage (see Nelson, 2009).

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Chapter 4 – Conclusion

4.1. Conclusion

Taken as a whole, the aim of this thesis is to better understand the impact of the financial advisor, the financial planner, and the resources at their disposal, i.e., the PFP software and the specialists, on their clients' financial outcomes. This thesis takes place in a multidisciplinary financial environment involving a considerable number of players, ranging from financial institutions to individuals. This thesis therefore focuses on the three following research questions:

1) What is the impact of the financial advisor on clients' financial outcomes?
2) How do certified financial planners perceive themselves in the PFP environment?
3) How does the mobilization of two resources, i.e., financial planning software and specialists, by a certified financial planner affects clients' financial outcomes?

In the second chapter, we propose an integrative multi-theory model that reconciles prior findings based on agency theory, trust theory, and the concept of knowledge. Furthermore, the model illustrates how financial advisors impact their clients' outcomes at each step within the financial advising process. Practice-grounded, the model also provides a causal mechanism clarifying the opaque and complex services provided by the financial advisor, i.e., credence good.

The third chapter is based on 25 interviews with certified financial planners. Our findings illustrate how planners position themselves, in three distinct generalist profiles, on a continuum from generalists to specialists. We demonstrate that PFP software does act as a decision support system (DSS) for planners. Drawing from agency theory, trust theory, and the concept of knowledge, we show, through the six steps of the PFP process, how seeking in-house and external specialists' input positively and negatively impacts clients' financial outcomes. We also make connections with the concept of professional versus commercial logics. We then develop a model explaining how the help of resources, i.e., software and specialists, and the limited access to these resources enable or prevent planners from meeting their clients' needs.

4.1.1. Research Contributions

From a research perspective, this thesis contributes to several research areas, including personal financial planning as a whole, the role of financial advisors and financial planners, and the ultimate impact on clients' financial outcomes.

By using agency theory, trust theory, and the concept of knowledge to propose a model, arising from a literature review, that explains the impact of the financial advisor on their clients' financial outcomes, we account for all the divergent results found in previous research. By associating these impacts with the six steps in the financial advisory process, we specifically establish at which steps in the process the three theoretical approaches have an impact on clients' financial outcomes. We also shed some light on the concept of credence good in financial planning. Using four questions we specifically developed and taking an individual navigating their personal finance alone as a basis for comparison, we establish whether the services offered by the financial advisor will have a positive or negative impact on clients' financial outcomes.

These same three theories and the six steps of the PFP process (CFP Board, 2017) are also used to establish how the involvement of a specialist, whether in-house or external to the firm for which the planner works, will impact clients' financial outcomes. Our results also confirm the perception of planners as generalists (Black et *al.*, 2002), but bring the important nuance that there are three generalist profiles. We propose a generalist–specialist continuum to illustrate the positioning of true generalists, generalists focusing on one of the seven PFP areas of expertise, and generalists focusing on one type of client. In line with the three characteristics proposed by Power (2013), we confirm that financial planning software serves as a DSS, and more specifically as a knowledge-driven DSS. Finally, we propose a model that demonstrates whether clients' needs will be met by doing business with their financial institution, involving the input of financial planners, PFP software, specialists, and the limited access to resources imposed by financial institutions.

4.1.2. Practical Contributions

From a practical perspective, this thesis should be of interest not only to practitioners, but also to PFP associations and financial regulators.

We used the six steps of the financial planning process (CFP Board, 2017) in both chapters. This bridged the gap between academic research and the practical environment. In chapter 2, the six steps are used to establish precisely when the financial advisor will have an impact on their clients' financial outcomes. In chapter 3, the same six steps are used to determine the precise point at which the involvement of a specialist, in-house or external to the firm for which the financial planner works, will have a positive or negative impact on clients' financial outcomes.

A practical contribution is linked to the positioning of certified financial planners on the chessboard that is the world of personal finance. By showing that there are three generalist profiles among financial planners, this thesis demystifies the role of financial planners. Certified financial planners are indeed generalists at heart, but we need to delve deeper. At the same time, we note the impressive number of players involved in the PFP industry. This brings us to the point that the large number of recognize professional designations could benefit from some examination by regulatory bodies, as it seems to confuse clients more than anything else.

Another practical contribution of this thesis, which we believe deserves more attention from regulators, is the gap between clients' needs and what they are potentially offered in terms of financial services. We are witnessing a frantic race, led by financial institutions, to always have the most affluent clients, to the detriment of less affluent clients. This means that some clients, generally those less wealthy, may find themselves with unsuitable services or even no services at all. We believe that the entire personal financial planning community would benefit from a reflection centered around the priority of achieving clients' objectives, thus benefitting society.

4.1.3. Limitations

This thesis has its limitations. Considering that financial services are credence goods (Bruhn & Miller, 2014; Winchester & Huston, 2017), it is difficult to properly identify their extent. Thus, while personal financial planning is a topic of importance to everyone, research on the subject is difficult and therefore limited. We note that there are few academic journals specializing in PFP—an issue we feel should be addressed—which means that many quality articles on the subject must find their way into journals normally associated with other disciplines. For both chapter 2 and chapter 3, we are aware that our models offer a partial picture of an extremely complex issue. This is even more apparent in chapter 3, as it focuses on the perception of certified financial planners. This unique financial planner perspective can be seen as a strength of our chapter 3, as the topic is clearly under-explored, but it can also be seen as a weakness, as our model does not include the perspective of other players in the world of personal financial planning. Nevertheless, we firmly believe that the limitations associated with this thesis do not diminish its many contributions.

4.1.4. Future Research Avenues

One of the beauties of personal financial planning research is that it is still young, so the amount of research possibilities is overwhelming. In relation to this thesis, it is obvious that field research to test the proposed models would be in order. Integrating multiple viewpoints, including regulators, accreditation bodies, and financial institutions, would also provide a better understanding of the forces at play. Finally, we must conclude by talking about clients. From a societal point of view, individuals need to have a better understanding of their financial planning and the services they receive from financial institutions. In this regard, we believe it would be appropriate to explore clients' perspectives on the entire personal financial planning process.

4.1.5. Concluding Remarks

In conclusion, I am confident that my thesis contributes to a better understanding of the importance of the players (i.e., financial advisors, certified financial planners, PFP software developers, and specialists) involved in personal financial planning, and the impacts they have on their clients' financial outcomes. My thesis contributes to an exponentially growing interest in the world of personal finance, as, in the end, it is a world that impacts us all as individuals.

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