

# THE NEXT GENERATION OF TRUST

## 8 Steps to Increasing Credibility and Professionalism at Your Firm

The investment industry is competitive and changing quickly, but investor trust remains a foundational element for success. The good news is that there are ways to increase trust. In turn, these actions will create a more professional industry, one that is worthy of greater trust from current and future investors—and has the capacity to build greater wealth and well-being as a result.



## CREDIBILITY

- 1 Maintain strong brand identity and follow through on brand promises

Brand is becoming a more important method of establishing credibility, and is increasingly becoming a proxy for trust.

THE IMPORTANCE OF BRAND TO INVESTORS

IN 2016: **33%** IN 2018: **46%**

- 2 Employ professionals with credentials from respected industry organizations

INVESTORS THAT BELIEVE IT IS IMPORTANT FOR INVESTMENT PROFESSIONALS TO HAVE CREDENTIALS



- 3 Stay focused on building a long-term track record to demonstrate competence and deliver value for money

**74%** **RETAIL INVESTORS** feel strongly that fees should reflect the value they get from their relationship with their investment adviser, but only **41%** are currently satisfied.

**73%** **INSTITUTIONAL INVESTORS** indicate that it is important that firms set fee arrangements so everyone's financial interests are aligned, and **69%** report being satisfied in this regard.



- 4 Adopt a code of conduct to reinforce your firm's commitment to ethics

TRUST OF A POTENTIAL INVESTMENT ADVISER OR FIRM IN COMMITMENT TO ETHICAL CONDUCT

**70%**

of global institutional investors say an investment firm that adheres to a voluntary code of conduct for the industry would increase trust.

## PROFESSIONALISM

### 5 Improve transparency and clarity regarding fees, security, and conflicts of interest

RETAIL

84%

INSTITUTIONAL

79%

Investors worldwide indicate that having fees and other costs fully disclosed to them is important in their relationships with investment professionals.

### 6 Use clear language to demonstrate that client interests come first

An overwhelming **80%** of retail investors agree on the importance of providing investment reports that are easy to understand, though only **51%** of retail investors surveyed are satisfied.

80%

51%

### 7 Showcase your ongoing professional development to improve investment knowledge

RETAIL

79%

INSTITUTIONAL

86%

Investors worldwide agreed they would trust their adviser more if the investment staff performed continuing professional development.



### 8 Demonstrate your dedication to the values that clients hold dear

RETAIL

1/3

INSTITUTIONAL

1/4

Given the importance that investors place on aligning interests, it is concerning that approximately **ONE-THIRD** of retail investors and **ONE-FOURTH** of institutional investors think their investment adviser or firm consistently puts their interests first.

#### ABOUT THE SURVEY

The Next Generation of Trust data collection was conducted by research firm Greenwich Associates and consisted of a 15-minute, online survey conducted in November and December 2017. Learn more about the survey and read the full report at [nextgentrust.cfainstitute.org](http://nextgentrust.cfainstitute.org).

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