



Episode 74: "Applying BI to Financial Planning Challenges"

with Brett Cloutier, Senior Research Manager at ATB Financial

From the BI perspective, personal finance is a classic example of an intertemporal choice problem where spending tomorrow depends on planning and saving today. Brett Cloutier is a UX/CX researcher who has added this type of BI lens to his work exploring barriers and solutions for financial planning. We talk about the importance of financial plans, areas of opportunity for BI, and the value of using qualitative research to complement quantitative research.

Transcript:

KIRSTIN APPELT, HOST: Welcome to this edition of Calling DIBS. I'm your host, Kirstin Appelt, Research Director with UBC Decision Insights for Business and Society, or DIBS for short. Today, we're Calling DIBS on Brett Cloutier.

Brett is a Senior Research Manager with ATB Financial and a recent graduate of our Advanced Professional Certificate in Behavioural Insights. Brett has done a neat background in marketing and marketing research and has recently been layering on more behavioural insights expertise. He does really cool work around financial planning, which is a topic I love.

So I'm really looking forward to chatting a little bit about how BI can tackle financial planning challenges. So welcome to the podcast, Brett.

BRETT CLOUTIER, GUEST: Thank you so much and thanks for having me.

APPELT: Maybe we can start by just having you introduce yourself and tell us a little bit about you.

CLOUTIER: Yeah, of course. So, as you mentioned, my name is Brett. I currently live in Calgary and I work in UX and CX research for ATB Financial. And when I'm not doing research, I guess I can be found eating or cooking. I'm not doing as much right now after the holidays and when not working as well, spending time in the Rockies, which are so conveniently close to here.

APPELT: What a beautiful surrounding to be in. Well, as people know, who are regular listeners, I always like to hear a little bit about people's paths to BI because I find that we all have just very unique and different and often roundabout ways we end up in the BI space. How did you become interested in BI what was your journey like?

CLOUTIER: Yeah, so I have an undergrad in Business Marketing and after I think like many people that end up in this field, I read "Nudge" and I was really inspired of what the applications could be to what I already know, but also what I could potentially learn in the field. And that led to me applying to a Master's program in Marketing.

And I moved to Dublin, Ireland, where I studied at Trinity College and earned my Master's there. And my thesis was, I'm going to say behavioural insights adjacent. So I did research in social marketing, basically looking at the intention behaviour gap of texting and driving behaviour after participants were exposed to a fearful PSA. So that kind of led to my interest in behavioural insights overall and my continued interest in it.

APPELT: Wow, that's really interesting. I'd love to just dig in to that project because that's such an important topic and such a good example of the intention-action gap.

CLOUTIER: Definitely.

APPELT: But maybe today we'll focus on finance so we don't have a whole other podcast. Maybe we will save that one.

CLOUTIER: Next time.

APPELT: Yeah, so I'd love to, like I said, focus on BI in finance, but I thought maybe we should start with a little bit of context. You work with ATB Financial, which was not an organization I was familiar with before meeting you, so I thought maybe you could tell us a little bit about ATB.

CLOUTIER: Yeah, of course. I think ATB is a pretty interesting organization. We're a crown corp that has, I guess, historically only operated in Alberta. We started in the 1930s under the Government of Alberta. We just had our 85th anniversary actually, and we were really set up to provide lending to Albertans during a time where I guess financial institutions weren't operating that much in our area.

And although we don't work that closely with the government today, we are under the mandate of helping Albertans. So, I like to think there's some opportunity for us to do some social good in our work. And I say that we previously only operated in Alberta because the area that I work with, ATB Wealth, which is the investment division of the organization, actually just expanded to operate in the Okanagan as of this year. And then we also just recently opened an office in Saskatoon as well. So I guess expanding a little bit now.

APPELT: Nice, maybe eventually you can have a Vancouver office, you can come out and visit DIBS in person.

CLOUTIER: Yeah.

APPELT: And what I think is really cool is, like you said, it is a crown corp. So, there is that undergirding mission of helping Albertans. And I think that is where like a lot of this BI comes in. But again, before I go too far, maybe you can tell us a little bit about your role.

CLOUTIER: Yeah, so I'm a Senior Research Manager on our Client Experience and Product team, so I lead the team, as I mentioned that does any of the research for our Investment Division or ATB Wealth. And then I think it's important to mention too we are an advisor-first investment organization. So our primary offering is really providing advice to our clients through the team of financial advisors that we currently have.

And then the research that we conduct can be anything from market segmentation, trying to determine who would be interested in using our types of services, or how we can change our strategy for them. And then also things like how investors interact with technology as that's a very important issue in the industry right now.

APPELT: That's great. And actually, that's a perfect segue, because that advisor-first brings me back to one of my jumping-off points for BI, which was when I was doing an Econ undergrad, there was all this like, well, you

provide the information and then people make the best decisions possible at all times. And I was like, not really seeing that in my own life or elsewhere.

And I think that's where BI has so much to add, is like, sure, we provide information, but how and which and what time. And I think just financial planning in general has so many opportunities with saving, spending, investing, so many decisions and just so many opportunities for BI because those financial decisions we make can have huge consequences for us now, for us in the future, for our loved ones. So, I thought maybe we could dig into this in a few different examples.

So, I know one topic you work on a lot is getting people to create financial plans. Can you talk to us a little bit about what those are and why they're important?

CLOUTIER: Yeah, totally. So, in terms of what a financial plan is, it's really looking at a person's entire financial picture or their financial well-being. So, whether it's their income or what assets they hold or even what kind of debt they have. But it could also be their ambitions, like what someone wants their retirement to look like. Building a family looks different to everybody, or in some cases what they want their legacy to be.

So again, really specific person to person. But if I was to apply a BI lens, I might say it's more of an opportunity to increase the likelihood that someone's actually going to follow through with the plan because they've actually set out to make one. And I guess there's some underlying BI principles there.

APPELT: I love that answer because I think it's starting to make that connection to BI already. And for me, it's starting to bring up things like, oh, we're often in System 1 and maybe a plan would put us in System 2. So what are the BI principles that you think are coming up for financial plans and why they're important?

CLOUTIER: Yeah, so what I've seen in the research is a lot out there that highlights that there's positive long-term outcomes associated with those that participate in financial planning. And I think this really stems from what we learned in the course around implementation intention. And really that just comes down to the fact that when people make plans they're more likely to stick to them.

And then the second point with us being an advisor-first organization, trust is a really important aspect of the relationship as well, a consumer isn't going to want to work with someone that they think doesn't have their best interests. And the financial plan really facilitates an opportunity to build trust with someone that will be providing recommendations to you and then also be making decisions on your behalf of your finances in many cases.

APPELT: That makes perfect sense. And I like what you were saying about building trust, because I think that also is helpful on both sides of the equation, because if there's trust, the person is more forthcoming about what they need, which means you can better create a financial plan. So, I think both parties get more out of it when there's trust there.

So sounds like financial plans are important. You've sold me. So why aren't people making them? What are some of the barriers that are in the way?

CLOUTIER: That's a good question. When I think of this question, I think of the course again. So back to the RIDE model. I think we spend a lot of our time in 'R' space. So, researching the specific contexts that our consumers are dealing with. And it really comes down to the biases that we experience when dealing with a topic as complex as finances.

So unfortunately, when you're dealing with finances, especially in the context of investing, you don't see the benefits of your decisions today until much further in the future. And because of this, temporal discounting might take over and consumers will just stick with what they're doing today because it's working for them and they're not able to see that benefit in the future.

I do also think there's a lot of friction in the financial planning experience, and I think that the finance world is really ripe for disruption as it comes to friction because there's just so many processes that aren't very easy to approach. And in our research we find that a lot of the times that consumers just abandon the process altogether because it is too complicated.

APPELT: Yeah. As someone who recently tried to change my RRSP contribution, hit an error screen, and abandoned it, that totally resonates with me. So, spot on. So what ideas from BI do you think can help overcome some of these barriers?

CLOUTIER: Yeah. I'll borrow a couple concepts from the EAST framework, namely making things easier and more attractive. We could ideate a lot of different ways to make things easier, but I think we do a good job of leveraging our planning philosophy at ATB, where we can find out the client's financial situation and then have an advisor intervene and either reduce the amount of choices that are presented to them and soften that choice overload by tailoring solutions that are only specific to them.

But also, we are able to take some of that work off of their plate. So those are two aspects of the financial planning experience that we found that lead to better outcomes for the client. But I also think things could be more attractive. So like in the financial planning experience overall, super complicated, a lot of different aspects that can be put in that. And a lot of the times we like to borrow some concepts from goal setting theory, where transparency in the process can really help people understand how their actions today can help roll up into their larger ambitions, and especially when we're dealing with such a long time horizon.

So, I think it's important to communicate and show people how their behaviours are benefiting them instead of assuming it's resonating. So, whether that's just showing a progress of how you're tracking your financial goal in a way that is attractive to a customer or having conversations with them through their advisors.

APPELT: Yeah, that all makes a lot of sense. Just thinking, too, of when I came from the US to Canada, I kind of figured out one retirement system and set of jargon. And then coming to Canada where there were all these terms like RRSP and TFSA and people just throw them at you as if you know what they're talking about.

So, I think the idea that a financial planner accompanies a financial plan is also just already such a huge first step towards making it approachable and attractive. So early financial plans, which is kind of what we've been talking about, seem to be focused on us and our goals. But as people age, they often start to think about the next generation and how they want to use their wealth or estate after they're gone.

And I know that's another topic that you thought about. So why is that something that's important for people to think about when they're doing financial planning?

CLOUTIER: Yeah, I think with anything regarding investments and money, the longer runway that we can give ourselves, the more likely we're going to reach the outcomes that we want. And just given the current financial climate, I think it's even more important. In the banking world, we're constantly talking about this great wealth transfer that we're experiencing as baby boomers age and leave behind things like businesses, real estate, their money, and how much planning that's going to involve to make sure that everything's transferred responsibly.

But there's other factors too, such as the increased cost of living that we're hearing about every day. And that is provoking something called a "living transfer" too, where these conversations are actually happening sooner, where people might inherit assets while those giving them are still alive.

APPELT: Now, that makes a lot of sense. I think there's a lot of new ways that wealth is being transferred and it is quite complicated. So again, makes sense to have planning assistance. So thinking about the BI lens, how does BI relate here? How does it relate to why people struggle with estate planning? How does it relate to how we can help them follow through with their intentions? What's the BI story?

CLOUTIER: Yeah, I think it's a lot of the same reasons that people struggle with traditional financial planning. There's just so much friction in the process and maybe even more that stem from emotions in this case that cause people to avoid dealing with it. And I think people would benefit from BI principles, just like making things easier. Again, like we spoke about checklists earlier, is something that we found that would be important just because there's so much to tackle.

And then I guess the UX Researcher in me once said that these need to be pretty user-friendly checklists or whatever you might want to apply as well, not something that people just leave in their inbox and never use.

APPELT: Yeah, totally. Yeah. And I think also because the individual financial plans may be more individual, but the wealth estate, wealth transfer plans are more about interpersonal, so it often does require more conversations with other people. And that makes sense as another reason why it needs to be friendly and approachable and checklists so that people can interact with people as needed and not, like you said, leave it unread in the inbox because they don't want to talk about it right now.

Well, we've talked about the plan creation, but of course, that's just one part of the picture. There's also the sticking to the financial plan we have created. And I think that's something we've seen can be particularly tricky when markets are volatile and people want to react. So why does that matter and what issues are coming to the fore here?

CLOUTIER: Yeah, I think there can just be a lot of ambiguity when it comes to investments because the markets, like you said, can behave unpredictably. And the best advice that we know to give to investors is to think about the long term. But we know very well from the field of BI that people can behave differently when they're in these hot emotional states that might be fueled by fear, anxiety, that might be provoked by these volatile markets.

APPELT: Yeah, I don't remember much from my undergrad Econ degree at this point, but I'll always remember the idea of the random walk down Wall Street that, you know, any given day can be up or down, but over the long haul, things tend to increase.

So, if you look at the every day, it's going to be so, not only volatile in terms of prices, but also emotionally volatile, because you see gains and losses, and gains and losses. But when you look over the long term, then you can have that, like you said, going from that hot state, you can approach it from a little bit more of a cool lens.

CLOUTIER: Yeah, and I think that's something important that we find could be applied to BI as well in our work, is that people have more access to information than ever so they can be putting themselves in these hot states quite a bit too. So how can we best design to ensure that they're handling it well afterwards?

APPELT: Yeah. Oh yeah. We could have a whole UX conversation about how do we have that multiple timeline perspective present at one time? Well, I guess let's jump off from that point. So what ideas do you think from BI can help with this?

CLOUTIER: So people don't necessarily make the most rational decisions when they're in these agitated mindsets and when you're planning, you're more in that cool, calm and collected space and you're hoping to behave rationally.

But then like we were talking about, if you see that the markets aren't doing great, you might be pushed into that hot state. And I'm by no means an expert in the field, but I think awareness of behavioural finance is extremely important for executing financial plans and professionals being able to guide those through executing their plans.

And for those that aren't familiar, behavioural finance is adjacent to BI, is really just applying what we know about psychology and finances to help people make more rational decisions about their finances. And I think we have done a good job and we've done some randomized control trials of providing behavioural finance training to some of our clients, where we equip advisors with the skills to have these conversations and help people identify when they're in those hot states so they don't make decisions that will have, I guess, a poor impact on their long-term finances.

APPELT: I love the idea of training the financial advisors in behavioural finance, because I think that adds so much potential. So beyond tackling the immediate problem of helping customers, it potentially also offers an entry point for conversations about BI within the organization. So is that something that you're seeing? Is it giving BI a toehold in the organization and maybe serving as a launching point for growing the use of BI?

CLOUTIER: Yeah, I definitely think so, especially working at a financial institution, I think the traditional approach is very much show me the numbers. But these conversations help us realize the impact of irrational human behaviour in these fields that were probably considered more rational at the beginning.

And I find that folks are more open minded to discussing experimentation in the field or even just BI principles overall. In a way, I'm kind of getting to experience the classic Homo economicus to Homo sapiens that Thaler wrote about, and I'm just happy that I work in an organization that very much takes a human-centred approach to designing experiences. So it doesn't take a ton of convincing. But of course, I think everybody faces some sort of uphill battle in the field.

APPELT: Yeah, and it's also always tough because if you're designing something, you've taken your own experience into account, and so you're like, no, I did design it for Homo sapiens. And then they're like, well, not for other Homo sapiens, perspective taking. I'm also curious, since I've got you on the line, just to hear a little bit more about BI in the public sector in Alberta because, it's not something I've been able to get a good picture into. So what is it like being in the BI field, in the public sector, in Alberta?

CLOUTIER: Yeah, I think we're a smaller community than you would see in BC, but there's definitely opportunities in consulting or more so with government agencies in Alberta. And like, for example, if I think back to during COVID, there were definitely some publications on how those managing government communications were applying BI principles. And then I have some examples from our own organization.

Like, for example, we recently hired a Behavioural Science Practitioner that's setting up a behavioural design vertical. So they're really advocating to build these insights into the solutions that those teams are creating and really excited to work with them in the future.

APPELT: That is really exciting to hear. I love anytime I hear an organization bringing on a behavioural science vertical, I get very excited. So given that awareness of BI is growing and people are starting to understand the importance of testing the BI solutions, how does that impact the types of projects you're able to tackle? What's easier to start on? What's harder? What are you seeing?

CLOUTIER: Yeah, I think for me it's twofold. Like working in UX and CX research, it gives us some agency to describe what we know from the field of BI to our findings, even if the project wasn't set out to be a BI scoping. For example, if we're seeing a certain pattern in the data and then we're able to ideate like what are the barriers and benefits of the consumer might be facing based off of the data that we already have.

And then the second piece is, once we have this information, it really sets us up to do more of a qualitative scoping exercise to understand our client's context better. I don't think before BI was in our conversations that we would have approached studies in that way. What I think is more difficult is gaining the buy-in to complete the more rigorous randomized controlled trials or experimenting, once we've done that qualitative scoping. Just being a financial institution, there's of course some pretty large ethical considerations that we'd have to deal with because we are working with people's finances.

And then we also, of course, just like the time and resources that it'd take. I love sharing the D.A.R.E. example from the course where educators or executives, whatever it might have been, decided to set up the D.A.R.E. program, and then years later, they found that it wasn't effective. So I do like to tout that as a cautionary tale for not experimenting when we do have solutions that we want to bring to clients.

APPELT: Yeah, yeah. It's such a good example. One of the things I love about what you just said is, or two things, actually, is the idea that projects don't have to start as BI projects to be BI projects. The idea that you can be doing a project and then realize, "Oh wait, BI is relevant here" and it can come in at any point. It doesn't mean that you have to, you know, restart a project or you can't add BI because the project's already underway. If you realize behaviour is going on, then it's an entry point wherever it is in the project.

And similarly with qualitative research like you brought up, you might not have done any surveys or interviews upfront, but if you realize there's an opportunity, doing that at any point, and it kind of just brings back to me, the idea that we often talk about the RIDE model as if it's very linear, like we do our research, then we do our innovation, then our data collection, but a lot brings up all these questions that we're like, don't know if we should do another round of research and then tweak our intervention. So just the way the process is much more recursive and has lots of opportunities to add on BI and qualitative methods along the way.

Well, now that you're a few months out of the Certificate program and maybe you've had some free time and hobbies, like you said time for eating and enjoying the mountains, are there any particular concepts, lessons, experiences that have really stayed with you?

CLOUTIER: Yeah, I think there are many. The program was just so great. Coming into the program, I would have called myself a quant researcher and I think I would have always called myself that the previous couple of years working at ATB. But the course really solidified the magic of mixed methods and how the more that you build context, kind of like you were just saying, like you can iterate on research and then test afterwards to make sure that the theories that you've come up with are sound in the project that you're dealing with.

So I think the whole beginning of the course where we got to dig deeper into the qualitative side of behavioural science research, which I think is typically thought of as more quantitative, was really enlightening for me.

APPELT: Yeah, I think that's also just something that the field has been growing and improving on because I think since many of us did come out of Econ or just from more paternalistic pursuits, it was often the idea that, oh, we just need to do literature reviews. And then it's like, "Oh no wait, we should do some qualitative work". And it's just massively improved the ability of the solutions to target the barriers if you know what the barriers actually are, and don't just assume. So it is definitely a place where the field is massively improving. And it's really cool to hear that you're able to do that in your own work.

CLOUTIER: Totally. And I think it's even better in a business context because you, I guess in real life too, but you're dealing with so many limitations that customizing research in this way, or trying to understand consumers under these very specific contexts, I think it affords you some great opportunities.

APPELT: Absolutely. And so I'm curious, we've talked a little bit about different pockets of the work. Looking ahead, what are you most excited about? Which specific problems are you hoping to tackle or what ways are you hoping to integrate BI more into your work? What's on your agenda?

CLOUTIER: So I'm really excited about the work in the field just as we gain more understanding on how people interact with their finances, especially amongst young people who I think could use more help navigating all the challenges that are in the financial landscape right now and really just conducting more research to better understand how we can intervene to make sure that they follow through with those financial plans and have more prosperity in the future.

APPELT: Yeah, I think that's such a hopeful area to be working in. You know, there's a lot of things you hear like about, you know, market volatility and other things that are very here and now. But when you think about setting people up for success for a long-term future, that's a very hopeful space to be working in.

CLOUTIER: Definitely.

APPELT: Well, we have our traditional final question. So do you have a message for our new BI practitioners in training?

CLOUTIER: I would just say like, be very curious about everything that you come across. Like not everything is going to relate exactly to the project at hand, but there might be pieces that are relatable and honestly, there's something that you can learn from every reading, every conversation, or even every data point that you might come across. So I would say, don't discount anything.

APPELT: That's a really great message and I think might even qualify as a pun, since we were talking about intertemporal discounting before and now we're talking about not discounting different types of information coming in. I think that's a really, really good point because a lot of times you're getting so many different end points. It can be easy to just focus on the ones that seem immediately relevant.

But often, the other pieces coming in are going to be as relevant if not now, later. And the different types of information, talking a little bit before about how you talked about qualitative and quantitative being different parts of the picture that you've started to embrace together. And I think that is consistent with this advice around not discounting anything you're hearing.

Well, thank you, Brett. I've been so eager to chat about behavioural insights and financial decision making with you, and this did not disappoint. There's so many opportunities in this space, and I'm thrilled that people

like you are working to help people make the best financial decisions that they can. So I'm looking forward to hearing about what you and your colleagues accomplish. And thank you for sitting down today.

CLOUTIER: I really appreciate this conversation today. And again, the course was so well put together and I learned so much from it so I appreciate all your leadership and that as well.

APPELT: Aw, thank you. And thanks to our listeners for joining another episode of Calling DIBS.
