

Transcription details:

Host: Bill Coppel, First Clearing Chief Client Growth Officer

Transcription results:

Intro Welcome to the Next Frontier where we examine what the role of the financial advisor will be in a world where we are living longer, more tech-reliant, and bombarded with information 24/7 as we navigate constant uncertainty and accelerating change. Our mission is to spark new conversations that explore the future of advice by rethinking the value we deliver. Join us as we look at the evolving advice business and explore the opportunities that lie ahead for an industry in transition. It's time for a new conversation. Are you ready to weigh in?

BILL COPPEL Hi. This is Bill Coppel, and welcome to The Next Frontier. Here's a simple question. What is your source for reliable information today? The reason I ask is because it feels like we're experiencing an unprecedented amount of conflicting information, especially with the introduction of things like alternative facts and fake news. And much of the information we receive can be delivered in a way that aligns with our beliefs, which may not accurately reflect the facts. Recently, the Pew Research Center reported on this phenomenon in an article titled "The Future of Truth and Misinformation Online." It quotes Kevin Kelly, co-founder of Wired magazine, as saying, and I quote, "The major new challenge in reporting the news is the new shape of truth. Truth is no longer dictated by authorities, but is networked by peers. For every fact, there's a counter fact, and all those counter facts and facts look identical online, which is confusing to most people." So then, how do we separate fact from fiction?

BILL COPPEL When making important decisions on our life journey, we often find ourselves relying on an age-old analog tool, thoughtful, expert advice delivered with empathetic understanding and authenticity. Perhaps we can apply what we've learned with the approach taken by the science and medical community in combating the COVID-19 pandemic. They began by breaking down the virus so they could map it and figure out how to mitigate it. We need to take a similar approach to combat misinformation. That's what advice is all about. Advice can be the vaccine for misinformation. Let me share three examples of what I'm talking about.

BILL COPPEL First, in a 24/7 world, there's no shortage of information, and it can be difficult to manage the flow. We often find ourselves having to sort through large amounts of information in order to make the complex decisions we face as we transition and pivot through life. In some cases, that can lead us to falling for misinformation as we quickly try to assimilate the data. As humans, we tend to gravitate to finding the easy path. You wouldn't ask directions to get somewhere and say, "Give me the longest route to get there." You'd say, "Give me the shortest route to get there." Misinformation oftentimes is the shorter route and it can lead us to the wrong destination. On the other hand, advice delivered by a competent professional helps us process the details we need to understand, sort the facts from the fiction in a way that's digestible and, more importantly, relevant to what we're trying to get accomplished.

BILL COPPEL Let me give you an example from the travel industry. You may have seen a recent *New York Times* article titled "Make Way for the Travel Agents, Again," an article about the renewed relevancy of travel agents amid the ever-changing backdrop of COVID-related rules and restrictions. As the article points out, there isn't a singular voice dictating how we need to prepare ourselves for travel. The CDC says one thing,

the European Union version of the CDC says another. And it's very different in every other part of the world. Every state has its own protocol. The federal government has a different protocol, and there's virtually no limit to the comments and interpretations you can find on social media. So what information do you follow? While you could roll up your sleeves and sort through every protocol and social media review to figure out how you want to execute your trip. You've got to ask yourself the question: Should I do this on my own, or should I seek the advice of someone who does this for a living?

BILL COPPEL

My second example: Advice helps mitigate the impact of emotion on key decisions that we make. We go through life not in a straight line, but experiencing transitions and pivots that often present significant challenges we need to address. And we know from our behavioral finance training that the more important the decision, the more likely it is that emotion will influence how we interpret information and make decisions, which is not always productive. With the rise of social media, the impact of our emotions has become even greater. As trust expert Ethan Zuckerman said in a *Columbia Journalism Review* article titled "Building a More Honest Internet," "The key reason misinformation spreads so fast and far is that people like sharing it. The stories that offer the biggest opportunity for engagement and thus the stories that Facebook is built to direct our attention to are stories that reinforce existing prejudices and inspire emotional reactions, whether or not they're accurate."

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At its core, social media is really a form of entertainment, not a form of advice. Taking our own industry as an example, we know that advice has to be built on a basis of trust and authenticity before clients will be willing to accept our perspective as financial advisors. And that leads me to my third and final example. Advice helps individuals separate fact from fiction. It's not about telling clients what to do, but rather using questions to help them identify what matters most to them in life. This requires us to be authentic, have the emotional intelligence to connect with clients, and be able to walk in the client's shoes. When that connection exists, when that trust bond is present, clients are better able to process our advice. Because, ultimately, they still have to interpret our guidance against a backdrop of 24/7 information.

BILL COPPEL

Think about it in your personal life. Who do you turn to for advice? People that you know and trust. It's not uncommon for us to ask a friend or family member for a referral to a doctor. And unless your friend or family member is a medical professional, they're probably not equipped to judge the quality of the counsel the doctor provides other than to say, "I trust this person, I think they're doing the right thing, and I feel good." What they'll share with you is their personal experience. That connection and sense of trust between human beings forms the foundation for belief in the advice they're getting.

BILL COPPEL

More today than ever before, our success as advisors is anchored in trust, coupled with a deep understanding of what matters most to a client. With that as a backdrop, I want to share with you that our first guest when we return from break will be the trust expert I quoted earlier, Ethan Zuckerman. Ethan is a professor of public policy at the University of Massachusetts at Amherst and the author of *Mistrust: Why Losing Faith in Institutions Provides the Tools to Transform Them*. I hope you'll join the conversation as Ethan and I explore the rising tide of misinformation and its impact on the business of advice. Thanks for listening. And until next time, be well.

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