

**(1) Name, Position, Contact Details for each applicant**

Dr Scott Niblock

Lecturer

School of Business & Tourism

Southern Cross University

T: 07 5589 3098

E: [scott.niblock@scu.edu.au](mailto:scott.niblock@scu.edu.au)

Dr Jennifer Harrison

Senior Lecturer

School of Business & Tourism

Southern Cross University

T: 07 5589 3064

E: [jennifer.harrison@scu.edu.au](mailto:jennifer.harrison@scu.edu.au)

Dr Michael Kortt

Associate Professor

School of Business & Tourism

Southern Cross University

T: 07 5589 3212

E: [michael.kortt@scu.edu.au](mailto:michael.kortt@scu.edu.au)

**(2) Project Title**

Barriers to Seeking Financial Advice and Wellbeing: Theory, Evidence and Policy Implications

**(3) Updated Project Summary (500 words) including any variations between the project undertaken and the original application**

Australians are expected to possess an adequate level of financial literacy that will allow them to make informed financial decisions and increase their financial wellbeing. Financial wellbeing expands on simple wealth measures and encapsulates an individual's preparedness for the future (ASIC, 2012; CFPB, 2017; Kempson et al., 2017). Contemporary frameworks see financial wellbeing as a function of financial literacy, psychological factors, attitudes and behaviours (CFPB, 2017; Kempson et al., 2017). Yet, even financially literate individuals are found to not fully engage with their finances or make ill-informed/costly financial decisions (ASIC, 2010; Benartzi & Thaler, 2007). For example, only one in five Australians actually consult a professional financial adviser (ANZ, 2015; Gerrans & Hershey, 2017), suggesting that most individuals do not require or see the benefits of seeking

financial advice, although it might, objectively, be in their best interests to do so (Gerrans & Hershey, 2017). The core idea driving this research is to identify and examine the impact of psychological factors on financial advice seeking and wellbeing in Australia.

Variables that influence advice seeking range from demographics and socioeconomics (Hackethal et al., 2012; Hanna, 2011), subjective financial stress and financial self-efficacy (Letkiewicz et al., 2016) through to financial literacy (Bhattacharya et al., 2012; Calcagno & Monticone, 2015; Collins, 2012), trust (Calcagno & Monticone, 2015; Lachance & Ning, 2012; Monti et al., 2014) and financial adviser anxiety (Gerrans & Hershey, 2017; Van Dalen et al., 2017). Notably, to provide quality advice, advisers need to understand their client's situation, characteristics, needs and objectives. Financial advisers who know and understand their clients beyond demographic/socioeconomic characteristics are better placed to offer quality products and services (Jacobs-Lawson & Hershey, 2005). This assumes, however, that clients do not hold back on providing relevant personal and financial information because of a lack of trust and/or anxiety towards financial advisers.

To carry out this research, a sample of 1,000 Australian adults aged 18 years and above will be recruited through PureProfile to complete an online survey. To ensure sample representativeness, the panel provider will apply and report appropriate weightings (e.g., gender mix, age profile, location etc.). The sample will be oversampled using a 50/50 split (currently seeking/not currently seeking advice) to guarantee recruitment of a sufficient number of advice seekers (see attached 'Research Overview: Barriers to Seeking Financial Advice and Wellbeing in Australia' for further details).

#### **(4) Funds Granted**

\$5,000 plus GST

#### **(5) Detailed Report on Expenditure of Funds against Budget Items, with variations explained**

##### Proposed Budget Item

Completion of the online survey for Phase II of the project will entitle respondents to a payment of less than five dollars from a commercial panel provider. The estimated cost to employ the services of a commercial panel provider is: 2,000 respondents @ \$4 per survey plus GST. Amount required is \$8,800 (inclusive of GST).

##### Actual Budget Item and Expenditure of Funds

\$12,100 of SCU research funds were expended on an online survey for Phase II of the project. This figure consists the \$5,500 (inc. GST) AFAANZ grant noted above and \$6,600 of SCU research initiatives (RI) funds. As per AFAANZ's requirements, the grant funding noted above was spent by 30 June 2019 (see invoices attached), with the funds being used to pre-purchase a nationally representative sample on 2<sup>nd</sup> May 2019 from the following Australian commercial panel provider: PureProfile - <https://business.pureprofile.com/researchers/>

PureProfile has a panel of approximately 250,000 members and has been previously recommended by leading academics/researchers in the field of study, in terms of data quality, service and pricing. The data collected (see table below) will be used to administer the survey of our SCU PhD candidate's (Mr Steffen Westermann) research.

Project Target Audience	Option	Number of Respondents (N=)	Length of Survey	Incidence Rate	Cost per Respondent	Scripting, Hosting, Data Processing	Admin Fee	Total
Australians who have sought financial advice 50/50 split between those who have/haven't	3A	1000	25-30 mins	50%	\$10.60	Nil	\$400	\$11,000 (+ GST)

PureProfile offered a significant discount (included in the cost per respondent price specified above and invoices attached) for PhD candidates and pre-payments, making the funding strategy proposed for the research both economically feasible and practical.

#### Proposed Budget Item

Employ the services of a postdoctoral research assistant (Dr Elisabeth Sinnewe, Southern Cross University - HEW 5.1 @ 90hrs) to carry out work associated with the narrative analysis, survey instrument and co-design workshops. Amount required is \$5,500 (inclusive of GST). This amount will be funded by an internal seed grant (School of Business and Tourism, Southern Cross University) (see Other Sources of Income below).

#### Actual Budget Item and Expenditure of Funds

\$0

See point 8 below.

#### **(6) Outcomes, for example, working papers, presentations and publications (give full details, including abstracts)**

The candidate has produced the following outputs from the research project:

Westermann, S. (2019). Research Overview: Barriers to Seeking Financial Advice and Wellbeing in Australia. PhD research presentation at the 2019 AFAANZ Doctoral Symposium, Brisbane, Australia (see attached).

Westermann, S., SJ. Niblock, J. Harrison, and MA. Kortt. (2019). Barriers to financial advice seeking and wellbeing: a review. 2019 AFAANZ Conference, Brisbane, Australia (see attached).

Preliminary Phase II survey questions (see attached).

#### **(7) Future Intentions for this Project (give full details)**

##### *a. Conference submissions*

Westermann, S., SJ. Niblock, J. Harrison, and MA. Kortt. (2019). Do behavioural factors influence financial advice seeking and subjective financial wellbeing in Australia? Part II (Online Survey). 2020 AFAANZ Conference, Melbourne, Australia. In progress. To be submitted by February 2020.

Westermann, S., SJ. Niblock, J. Harrison, and MA. Kortt. (2019). Do behavioural factors influence financial advice seeking and subjective financial wellbeing in Australia? Part III (Focus Groups). 2021 AFAANZ Conference, Location TBA. In progress. To be submitted by February 2021.

#### *b. Journal submissions*

Westermann, S., SJ. Niblock, J. Harrison, and MA. Kortt. (2019). Do behavioural factors influence financial advice seeking and subjective financial wellbeing in Australia? Part I (Narrative Analyses) *Journal of Financial Services Research*. In progress. To be submitted by December 2020.

Westermann, S., SJ. Niblock, J. Harrison, and MA. Kortt. (2019). Do behavioural factors influence financial advice seeking and subjective financial wellbeing in Australia? Part II (Online Survey). *Accounting & Finance*. In progress. To be submitted by August 2020.

Westermann, S., SJ. Niblock, J. Harrison, and MA. Kortt. (2019). Do behavioural factors influence financial advice seeking and subjective financial wellbeing in Australia? Part III (Focus Groups). *Australian Journal of Management*. In progress. To be submitted by August 2021.

#### *c. Grant applications*

2020 AFAANZ grant funding application for:

Westermann, S., SJ. Niblock, J. Harrison, and MA. Kortt. (2019). Do behavioural factors influence financial advice seeking and subjective financial wellbeing in Australia? Part I (Narrative Analyses). \$5,000 plus GST. Applicants: Niblock, SJ., J. Harrison, and MA. Kortt. To be submitted by April 2020.

2021 AFAANZ grant funding application for:

Westermann, S., SJ. Niblock, J. Harrison, and MA. Kortt. (2019). Do behavioural factors influence financial advice seeking and subjective financial wellbeing in Australia? Part III (Focus Groups). \$5,000 plus GST. Applicants: Niblock, SJ., J. Harrison, and MA. Kortt. To be submitted by April 2021.

#### *d. Projects*

Westermann, S. (2019). *Barriers to Seeking Financial Advice and Wellbeing: Theory, Evidence and Policy Implications*. PhD thesis. School of Business and Tourism, Gold Coast, Australia. In progress. To be submitted by December 2021.

### **(8) Summary of Outcomes and Benefit**

This project forms a major component of our candidate's PhD research and is yet to be finalised. The project has encountered several setbacks however. Firstly, our PhD candidate encountered a four (4) month delay with his Phase I narrative analyses SCU ethics application. Ethics approval has since been achieved, but Phase I has been further delayed due to our industry partner not being able to commit to the data collection of the intended client-adviser initial meeting transcripts and ensuing narrative analyses. Also, the internal SCU grant proposed to fund this component of the research lapsed (see proposed budget item above), which has caused further delays. Note: the Phase I narrative analyses were originally intended to inform the Phase II online survey. The candidate has also had to relocate from the Gold Coast to Newcastle due to the declining health of a family member. Due to the collective time lost as a result of these issues, the PhD candidate has shelved Phase I for now and continues to work on the Phase II online survey.

As mentioned above, the commercial panel was pre-purchased from PureProfile for the Phase II online survey. The preliminary survey questions have been designed (see Preliminary Phase II survey questions attached) and is currently being piloted before sending to PureProfile for the administration of the survey. It is expected that expedited SCU ethics for the Phase II online survey will be obtained by December 2019 and that the survey will be completed by January 2020. The Phase II survey results will be obtained by January-February 2020. A conference paper highlighting the key results will be written up and submitted to the AFAANZ conference by February 2020. A journal paper will then be written up after receiving feedback from the AFAANZ conference and submitted to *Accounting & Finance* by August 2020.

The perceived benefits of this project are that it will provide Australian financial advisers and policy makers with new insights on the behavioural determinants of financial advice seeking and wellbeing. It is envisaged that this research will assist stakeholders to better understand and overcome the inherent behavioural barriers facing clients who seek (or do not seek) financial advice, create financial awareness, reduce client anxiety levels, promote rational and informed decision-making, improve the adviser-client relationship, and enrich financial wellbeing. This project will also be helpful for tailoring products and services to client needs, improving adviser engagement, and enhancing the initial client consultation/profiling process.

# **Research Overview: Barriers to Seeking Financial Advice and Wellbeing in Australia**

**Author:** Steffen Westermann, PhD Candidate, School of Business & Tourism, Southern Cross University

**Prepared for:** 2019 AFAANZ Doctoral Symposium

## **Research Question**

*Do behavioural factors influence financial advice seeking and subjective financial wellbeing in Australia?*

## **Research Motivation & Idea**

Australians are expected to possess an adequate level of financial literacy (FL) that will allow them to make informed financial decisions and increase their financial wellbeing. Financial wellbeing expands on simple wealth measures and encapsulates an individual's preparedness for the future (ASIC, 2012; CFPB, 2017; Kempson et al., 2017). Contemporary frameworks see financial wellbeing as a function of FL, psychological factors, attitudes and behaviours (CFPB, 2017; Kempson et al., 2017). Yet, even financially literate individuals are found to not fully engage with their finances or make ill-informed/costly financial decisions (ASIC, 2010; Benartzi & Thaler, 2007). For example, only one in five Australians actually consult a professional financial adviser (ANZ, 2015; Gerrans & Hershey, 2017), suggesting that most individuals do not require or see the benefits of seeking financial advice, although it might, objectively, be in their best interests to do so (Gerrans & Hershey, 2017). The core idea driving this research is to identify and examine the impact of psychological factors on financial advice seeking and wellbeing in Australia. Variables that influence advice seeking range from demographics and socioeconomics (Hackethal et al., 2012; Hanna, 2011), subjective financial stress and financial self-efficacy (Letkiewicz et al., 2016) through to FL (Bhattacharya et al., 2012; Calcagno & Monticone, 2015; Collins, 2012), trust (Calcagno & Monticone, 2015; Lachance & Ning, 2012; Monti et al., 2014) and financial adviser anxiety (Gerrans & Hershey, 2017; Van Dalen et al., 2017). Notably, to provide quality advice, advisers need to understand their client's situation, characteristics, needs and objectives. Financial advisers who know and understand their clients beyond demographic/socioeconomic characteristics are better placed to offer quality products and services (Jacobs-Lawson & Hershey, 2005). This assumes, however, that clients do not hold back on providing relevant personal and financial information because of a lack of trust and/or anxiety towards financial advisers.

## **Research Problem & Objectives**

No study to date has collectively examined the impact of psychological factors (e.g., FL, narrow-scope trust (NST) and financial adviser anxiety (FAA)) on financial advice seeking and subjective financial wellbeing (SFWB). Most

studies on the drivers of financial advice seeking have looked only at FL (Allgood & Walstad, 2016; Collins, 2012; Robb et al., 2012) or a combination of FL and NST (Calcagno & Monticone, 2015; Lachance & Ning, 2012; Monti et al., 2014). However, trust only partly explains why individuals do or do not seek financial advice (Van Dalen et al., 2017). Gerrans and Hershey (2017) demonstrated that their newly developed FAA scale, alongside FL and common socioeconomic/demographic control variables, provides additional power in explaining and predicting financial advice seeking. Van Dalen et al. (2017) showed that, in addition to FL, trust/distrust in the adviser also explains Gerrans and Hershey's (2017) FAA scale. Hence, it appears that the literature has omitted an important variable. That is, existing studies on financial advice seeking which have used FL and NST as explanatory or predictive variables of advice seeking have not included the FAA scale.

Given that FAA and NST impact one another, they should not be viewed in isolation. Thus, to be able to address the primary research question, it is important to establish the nature of this relationship. In noting the limitations regarding any causal interpretation, Van Dalen et al. (2017) indicated that NST explains FAA. Consulting the finance, marketing, management, psychology, social science and medical literature on this relationship revealed sparse coverage of the relationship between NST and FAA. Research within the financial advice context does not provide a clear indication on whether anxiety is an antecedent of trust or vice-versa, which could be due to the context-specific nature of the constructs. For instance, as mentioned above, Van Dalen et al. (2017) found that trust in a financial adviser is a predictor of FAA, whereas, in Gennaioli et al.'s (2015) model, trust in the adviser reduces anxiety. Particularly, in the former study, anxiety relates to being anxious about consulting a financial adviser, whereas the latter conceptualises anxiety as feeling nervous about financial risk-taking. Nonetheless, the relationship between FAA and NST remains unclear.

Another limitation of Van Dalen et al.'s (2017) study is the use of a single-item trust measure, which did not differentiate between generalised and individualised trust. Assessments of complex constructs, such as financial adviser trust, are better measured with multiple indicators, given that low content validity, fewer points of discrimination (sensitivity) and lack of reliability are common concerns associated with single-item measures (de Vaus, 2014; Singleton & Straits, 2010). It is, therefore, plausible that Van Dalen et al.'s (2017) trust measure partially captures broad-scope trust (BST) and that future research should distinguish this and NST<sup>1</sup>. To address these identified gaps, this study will include both BST and NST measures (see Grayson et al., 2008) and Trait

---

<sup>1</sup> BST encapsulates system trust (trust in the government and institutions that regulate and govern the financial advice industry) and generalised trust (a personality trait) and NST refers to trust in the financial adviser.

Anxiety and FAA<sup>2</sup> in addressing RO1 and the remaining research objectives. Therefore, the first research objective aims to study the nature of this relationship using two contrasting theoretical views (e.g., avoidance model of embarrassment and emotions theory described in the Research Hypotheses section), stated formally as:

**RO1:** To explore the relationship between FAA and NST in Australia using an avoidance model of embarrassment and emotions theory.

Next, the research aims to fill the gap on the omitted variable (either NST or FAA, or both) in explaining financial advice seeking. Specifically, it will expand on the existing literature and the newly gained knowledge on the relationship between NST and FAA (as addressed by RO1) by predicting financial advice seeking as a function of FL, NST, BST, FAA and Trait Anxiety. This is an important contribution to the literature, particularly given the significance of NST for clients' financial wellbeing (Gennaioli et al., 2015) and that trust only partially explains financial advice seeking (Van Dalen et al., 2017). The second research objective is, therefore, stated formally as:

**RO2:** To investigate how behavioural factors influence financial advice seeking in Australia.

Finally, several studies (see Bergstresser et al., 2009; Hackethal et al., 2012; Kramer, 2012) compare the risk-return performance of advised versus non-advised portfolios, yet, these studies do not consider an individual's cost of acquiring appropriate FL and information, with such costs being arguably lower for advisers due to economies of scale (Hackethal et al., 2012). In other words, some studies may overstate the risk-return performance of non-advised portfolios and/or provide evidence that financial advice may be biased. Hence, such findings should be interpreted with caution. In addition, such research does not capture the 'peace of mind' financial advisers may provide to their clients, which could be addressed by using a SFWB measure. Thus, the third research objective attempts to examine the extent to which FL, NST, BST, FAA, Trait Anxiety and financial advice seeking impact SFWB, stated formally as:

**RO3:** To study how behavioural factors and financial advice seeking influences SFWB in Australia.

### **Research Hypotheses**

Considering RO1, there is a general consensus that uncertainty is a precondition of trust (see Moorman et al., 1992; Rousseau et al., 1998; Sharma & Patterson, 1999). Put differently, anxiety embodies a high degree of situational uncertainty (Kenworthy & Jones, 2009) and trust can be seen as a lubricant in interpersonal situations of

---

<sup>2</sup> Trait Anxiety refers to an individual's tendency to anxious feelings, whereas FAA is considered a state anxiety, which is a transitory emotion described by psychological arousal and consciously observed feelings of apprehension, fear and tension (Endler & Kocovski, 2001; Spielberger, 1966)



uncertainty (Delhey & Dragolov, 2013). It is therefore expected that anxiety is a determinant of trust. Specifically, Trait Anxiety is negatively associated with NST and BST. These expectations are consistent with empirical evidence within the psychology literature on the negative link between social anxiety (fear of being negatively judged in social situations) and trust (Kaplan et al., 2015). Moreover, advice understandability (Joiner et al., 2002) is essential to being able to assess whether the adviser is benevolent and honest. Accordingly, it is expected that:

**H1:** NST is positively related to FL and BST but negatively related to Trait Anxiety.

FAA only impacts on NST, as both constructs are specific to financial advice seeking. The effect of FAA on NST can be viewed through two competing theoretical views. Generally speaking, emotions, such as FAA (embarrassment and judgement concerns), are effective and adaptive reactions to physical and social survival problems (e.g., forming attachments, maintaining cooperative relationships or avoidance) (Keltner & Gross, 1999). Hence, this study's theoretical framework extends upon the work of Consedine et al. (2007), who established that anxiety within the medical advice context is generally a barrier to advice seeking (avoidance model of embarrassment), yet some of their findings suggest that such anxiety could also serve as a motivator to advice seeking (emotions theory).

On one hand, avoidance is a fundamental feature of anxiety (Kryptos et al., 2015; Mkrtchian et al., 2017), which can be adaptive; that is, avoidance seems reasonable if a situation is perceived to be stressful (Mkrtchian et al., 2017). Given that uncertainty and the willingness to accept vulnerability (both of which are known to be stressors) are fundamental to trust (Rousseau et al., 1998), this could imply that individuals may try to escape embarrassment linked to FAA by avoiding uncertainty and vulnerability associated with trusting the financial adviser. Such avoidance could mean that FAA has a negative impact on NST. For instance, borrowing from the social psychology literature, people experiencing intergroup anxiety are more likely to be less cooperative, open and trusting (Stephan, 2014). Thus, under an avoidance model of embarrassment, it is expected that:

**H2a:** NST is negatively related to FAA.

On the other hand, emotions such as embarrassment are often seen as problems for social interactions but they may, in fact, help to solve a problem in social interactions (Keltner & Anderson, 2000). For example, in social interactions with strangers (e.g., flirting), rather than hindering the interaction, embarrassment-like behaviour can result in social affiliation, trust or being trusted (Keltner & Anderson, 2000). This implies that embarrassment, in general (e.g., non-purposeful display of embarrassment), may also lead to similar results. Put another way, it could encourage an embarrassed client to trust their financial adviser. Consequently, an alternative model, built on

emotions theory, proposes that emotional states, such as FAA, can act as motivators (Consedine et al., 2007). Specifically, when avoidance of financial advice seeking is creating/maintaining FAA, seeking financial advice that acts to reduce FAA should become more appealing (Consedine et al., 2007); thus, making the client more likely to trust the financial adviser. Under an emotions theory model, it is expected that:

**H2b:** NST is positively related to FAA.

Next, RO2 builds upon the work of Gerrans and Hershey (2017), who did not include trust in their model. The hypotheses for RO2 are based on expectations that flow from Gerrans and Hershey's (2017) utilised theoretical framework, which sees the decision to seek advice as a trade-off between the costs (emphasising implicit costs of psychological factors, such as FAA) and benefits associated with advice, stated formally as:

**H3a:** Financial advice seeking is positively related to FL.

**H3b:** Financial advice seeking is negatively related to FAA and Trait Anxiety.

**H3c:** Financial advice seeking is positively related to NST and BST.

For RO3, the hypotheses are derived from a theoretical framework that is based on subjective wellbeing and Gennaioli et al.'s (2015) 'money doctors' model. This theoretical framework argues that a key function of financial advisers is the reduction of their clients' apprehension to risk, which allows their clients to earn returns that they may not have achieved otherwise. Diener et al. (1999, p. 277) described general subjective wellbeing as "[a construct] that includes people's emotional responses, domain satisfactions [e.g., work, family, leisure, health, self and finances], and global judgments of life satisfaction". Further, higher socioeconomics, education, health (both physical and psychological) and attitudes, such as trust in people, are known to positively influence general subjective wellbeing (Dolan et al., 2008). Accordingly, the theoretical framework adopted in this study considers FL as 'education', trust as an 'attitude' and FAA as 'psychological health'. It is, thus, hypothesised that FL and trust (both BST and NST) will positively impact SFWB and FAA and Trait Anxiety will negatively impact SFWB across different financial advice seeking utility groups<sup>3</sup>, stated formally as:

**H4a:** SFWB is positively related to FL, NST, BST and those who *currently seek* or have *previously sought* financial advice.

**H4b:** SFWB is negatively related to Trait Anxiety, FAA and those who have *never sought but intend to seek* and *never sought and never will*.

---

<sup>3</sup> Financial advice seeking utility groups are defined further in the Method section below.

## Data

A sample of 1,000 Australian adults aged 18 years and above<sup>4</sup> will be recruited through *PureProfile*<sup>5</sup> to complete an online survey. To ensure sample representativeness, the panel provider will apply and report appropriate weightings (e.g., gender mix, age profile, location etc.). The sample will be oversampled using a 50/50 split (currently seeking/not currently seeking advice) to guarantee recruitment of a sufficient number of advice seekers.<sup>6</sup>

## Method

To identify any issues in the survey design, a draft will be piloted with SCU staff and students, friends and family before the final survey is administered to the panel identified above. Also, three academic experts in the field will review the final draft survey. The proposed survey currently comprises 99 questions (available upon request from the Researcher), which are mostly closed-ended questions using Likert and frequency scales. Survey completion time is estimated to be about 25-30 minutes. SFWB and FAA will be measured using the validated scales developed by CFPB (2017) and Gerrans and Hershey (2017), respectively. At this stage, either a shortened or full-length version of Spielberg's State and Trait Anxiety Inventory form may be used to examine Trait Anxiety. Following Grayson et al. (2008), NST and BST will be measured using the validated scales developed by Kumar et al. (1995) and Couch and Jones (1997). FL will be assessed using Gerrans and Hershey's (2017) research on FAA and the developed by Gerrans and Hershey (2017) (attitudes towards money management), Jacobs-Lawson (2003) (financial risk-tolerance), Jacobs-Lawson and Hershey (2005) (future-time perspective), Kramer (2016) (self-assessed FL), Neukam (2002) (retirement savings adequacy) and OECD (2011) (financial knowledge, behaviour and product awareness). Financial circumstances (CFPB, 2017) and common demographics and socioeconomics will also be collected. Data analysis will be run using SEM in SPSS AMOS and participants will be grouped into four financial advice seeking utility groups: (1) *currently seeking*; (2) *previously sought*; (3) *never sought but intend to seek*; and (4) *never sought and never will*. SEM is used to account for any measurement errors of the behavioural constructs to improve robustness.

## Proposed Research Models

The first two models examine the relationship between FAA and NST using two competing theoretical views (RO1) on the *currently seeking* utility group. Testing two contrasting theories is consistent with Bollen and Long's

---

<sup>4</sup> While the required minimum sample size, based on a confidence level of 95% and a confidence interval of 5%, is 384, a larger sample of 1,000 participants will be used to increase sample robustness.

<sup>5</sup> This commercial panel provider has previously been used in similar studies within the finance literature and is also recommended by leading experts in the field.

<sup>6</sup> Only approximately one in five Australians consult a financial adviser (ANZ, 2015; Gerrans & Hershey, 2017).

(1992) suggestion and empirical studies (e.g., Grayson et al., 2008) demonstrating that incremental contribution is created by testing competing theory-based relationships among constructs within a study. Before the full structural models are estimated, a confirmatory factor analysis will assess construct validity. The second step then involves testing Equations 1 and 2 (see below) by estimating the hypothesised directional associations among latent variables (*H1*, *H2a* and *H2b*). These models will be used to test both competing theories – the avoidance model based on embarrassment (Equation 1) and emotions theory (Equation 2) – on the relationship between FAA and NST. The direction of the FL, BST and Trait Anxiety coefficients in Equation 1 and Equation 2 are based on *H1*, whereas, the direction of the FAA coefficient is either based on *H2a* (Equation 1) and *H2b* (Equation 2). Equations 1 and 2 are stated formally as:

$$NST = \alpha + \beta_1 FL - \beta_2 FAA + \beta_3 BST - \beta_4 Trait\ Anxiety + \beta_5 Control\ Variables + \varepsilon \quad (1)$$

$$NST = \alpha + \beta_1 FL + \beta_2 FAA + \beta_3 BST - \beta_4 Trait\ Anxiety + \beta_5 Control\ Variables + \varepsilon \quad (2)$$

where *NST* is narrow-scope trust,  $\alpha$  is the alpha,  $\beta_1$  is the beta of *FL* (financial literacy),  $\beta_2$  is the beta of *FAA* (financial adviser anxiety),  $\beta_3$  is the beta of *BST* (broad-scope trust),  $\beta_4$  is the beta of *Trait Anxiety*,  $\beta_5$  is the beta of the socioeconomic/demographic *Control Variables* (age, gender, relationship status, ethnicity, location, education, employment status, income, assets and debt) and  $\varepsilon$  is the error term.

To predict financial advice seeking (RO2), Equation 3 will be run across the entire sample (including all previously identified utility groups). Testing Equation 3 involves estimating the hypothesised directional associations among latent variables (*H3a*, *H3b* and *H3c*). The positive direction of the FL coefficient is based on *H3a* and the positive direction of the NST and BST coefficients are based on *H3c*, whereas the negative direction of the FAA and Trait Anxiety coefficients are based on *H3b*. The proposed model is formally stated as:

$$Type = \alpha + \beta_1 FL - \beta_2 FAA + \beta_3 NST + \beta_4 BST - \beta_5 Trait\ Anxiety + \beta_6 Control\ Variables + \varepsilon \quad (3)$$

where *Type* is an ordinal variable of the respective financial advice seeking utility group (1 = *currently seeking*, 2 = *previously sought*, 3 = *never sought but intend to seek*, and 4 = *never sought and never will*),  $\alpha$  is the alpha,  $\beta_1$  is the beta of *FL* (financial literacy),  $\beta_2$  is the beta of *FAA* (financial adviser anxiety),  $\beta_3$  is the beta of *NST* (narrow-scope trust),  $\beta_4$  is the beta of *BST* (broad-scope trust),  $\beta_5$  is the beta of *Trait Anxiety*,  $\beta_6$  is the beta of the socioeconomic/demographic *Control Variables* (age, gender, relationship status, ethnicity, location, education, employment status, income, assets and debt) and  $\varepsilon$  is the error term.

To examine SFWB as a function of the behavioural factors and financial advice seeking (RO3), Equation 4 will be run across the *currently seeking* and *previously sought* utility groups to estimate the hypothesised directional

associations among latent variables in *H4a*. To estimate the hypothesised directional associations among latent variables in *H4b*, Equation 4 will be run across the *never sought but intend to seek* and *never sought and never will* utility groups. Both models will then be compared. The positive direction of the FL and NST coefficients is based on *H4a*, whereas the negative direction of the FAA coefficient is based on *H4b*. Positive alpha loadings for the *currently seeking* and *previously sought* financial advice seeking utility groups are based on *H4a*, whereas the negative alpha loadings for the *never sought but intend to seek* and *never sought and never will* financial advice seeking utility groups are based on *H4b*,

$$SFWB = \alpha_1 + \alpha_2 Type + \beta_1 FL - \beta_2 FAA + \beta_3 NST + \beta_4 BST - \beta_5 Trait Anxiety + \beta_6 Control Variables + \varepsilon \quad (4)$$

where *SFWB* is subjective financial wellbeing,  $\alpha_1$  is the alpha,  $\alpha_2$  is the alpha of *Type* (1 = *currently seeking*, 2 = *previously sought*, 3 = *never sought but intend to seek* and 4 = *never sought and never will*),  $\beta_1$  is the beta of *FL* (financial literacy),  $\beta_2$  is the beta of *FAA* (financial adviser anxiety),  $\beta_3$  is the beta of *NST* (narrow-scope trust),  $\beta_4$  is the beta of *BST* (broad-scope trust),  $\beta_5$  is the beta of *Trait Anxiety*,  $\beta_6$  is the beta of the socioeconomic/demographic *Control Variables* (age, gender, relationship status, ethnicity, location, education, employment status, income, assets and debt) and  $\varepsilon$  is the error term.

### **Research Significance and Contribution**

This study expands the literature by collectively examining how behavioural factors (FL, FAA, NST, BST and Trait Anxiety) impact financial advice seeking, along with the combined effect of these factors on *SFWB* in Australia. Additionally, by contrasting two competing theoretical views (e.g., avoidance based on embarrassment and emotions theory), this research will also make a contribution in terms of knowledge on the relationship between NST and FAA. The findings of the research are anticipated to assist financial advisers and policy makers to better understand/overcome the inherent psychological factors facing clients who seek (or do not seek) financial advice. This may prove helpful for tailoring products/services to client needs and improving adviser engagement, the initial client profiling process, the adviser-client relationship and client financial wellbeing. Overall, this study will make significant theoretical and practical contributions to the financial advice, financial wellbeing and behavioural finance literature, policy makers, and the financial advice industry.

### **Areas for Constructive Feedback**

Feedback is appreciated on how the proposed methods could be refined and whether there are alternative approaches to address the research objectives. Suggestions on how to best approach regressions with an ordinal type variable as the outcome variable in SEM and ideas for a suitable Trait Anxiety measure are also welcome.

## References

- Allgood, S., & Walstad, W. B. (2016). The effects of perceived and actual financial literacy on financial behaviors. *Economic Inquiry*, 54(1), 675-697.
- ANZ. (2015). *ANZ survey of adult financial literacy in Australia*. Retrieved from <http://www.anz.com/resources/3/1/31cbc1fd-9491-4a22-91dc-4c803e4c34ab/adult-financial-literacy-survey-full-results.pdf>
- ASIC. (2010). *Access to financial advice in Australia* (Report No. 224). Retrieved from <http://download.asic.gov.au/media/1343546/rep224.pdf>
- ASIC. (2012). *Shadow shopping study of retirement advice* (Report No. 279). Retrieved from <http://download.asic.gov.au/media/1343876/rep279-published-27-March-2012.pdf>
- Benartzi, S., & Thaler, R. H. (2007). Heuristics and biases in retirement savings behavior. *Journal of Economic Perspectives*, 21(3), 81-104.
- Bergstresser, D., Chalmers, J. M. R., & Tufano, P. (2009). Assessing the costs and benefits of brokers in the mutual fund industry. *The Review of Financial Studies*, 22(10), 4129-4156.
- Bhattacharya, U., Hackethal, A., Kaesler, S., Loos, B., & Meyer, S. (2012). Is unbiased financial advice to retail investors sufficient? Answers from a large field study. *The Review of Financial Studies*, 25(4), 975-1032.
- Bollen, K. A., & Long, S. J. (1992). Tests for structural equation models: Introduction. *Sociological Methods and Research*, 21(2), 123-131.
- Calcagno, R., & Monticone, C. (2015). Financial literacy and the demand for financial advice. *Journal of Banking and Finance*, 50(Supplement C), 363-380.
- CFPB. (2017). *Financial well-being in America*. Retrieved from [http://www.consumerfinance.gov/documents/5606/201709\\_cfpb\\_financial-well-being-in-America.pdf](http://www.consumerfinance.gov/documents/5606/201709_cfpb_financial-well-being-in-America.pdf)
- Collins, M. J. (2012). Financial advice: A substitute for financial literacy? *Financial Services Review*, 21(4), 307-322.
- Consedine, N. S., Krivoshekova, Y. S., & Harris, C. R. (2007). Bodily embarrassment and judgment concern as separable factors in the measurement of medical embarrassment: Psychometric development and links to treatment-seeking outcomes. *British Journal of Health Psychology*, 12(3), 439-462.
- Couch, L. L., & Jones, W. H. (1997). Measuring levels of trust. *Journal of Research in Personality*, 31(3), 319-336.
- de Vaus, D. (2014). *Surveys in social research* (6th ed.). Crows Nest, Australia: Allen & Unwin.
- Delhey, J., & Dragolov, G. (2013). Why inequality makes Europeans less happy: The role of distrust, status anxiety, and perceived conflict. *European Sociological Review*, 30(2), 151-165.
- Diener, E., Suh, E. M., Lucas, R. E., & Smith, H. L. (1999). Subjective well-being: Three decades of progress. *Psychological Bulletin*, 125(2), 276-302.
- Dolan, P., Peasgood, T., & White, M. (2008). Do we really know what makes us happy? A review of the economic literature on the factors associated with subjective well-being. *Journal of Economic Psychology*, 29(1), 94-122.
- Endler, N. S., & Kocovski, N. L. (2001). State and trait anxiety revisited. *Journal of Anxiety Disorders*, 15(3), 231-245.
- Gennaioli, N., Shleifer, A., & Vishny, R. (2015). Money doctors. *Journal of Finance*, 70(1), 91-114.
- Gerrans, P., & Hershey, D. A. (2017). Financial adviser anxiety, financial literacy, and financial advice seeking. *Journal of Consumer Affairs*, 51(1), 54-90.
- Grayson, K., Johnson, D. S., & Chen, D.-F. R. (2008). Is firm trust essential in a trusted environment? How trust in the business context influences customers. *Journal of Marketing Research*, 45(2), 241-256.
- Hackethal, A., Haliassos, M., & Jappelli, T. (2012). Financial advisors: A case of babysitters? *Journal of Banking and Finance*, 36(2), 509-524.
- Hanna, S. D. (2011). The demand for financial planning services. *Journal of Personal Finance*, 10(1), 36-62.
- Jacobs-Lawson, J. M. (2003). *Influences of age and investor characteristics on women's retirement investment decisions* (PhD thesis). Retrieved from SHAREOK Repository <http://hdl.handle.net/11244/44688>
- Jacobs-Lawson, J. M., & Hershey, D. A. (2005). Influence of future time perspective, financial knowledge, and financial risk tolerance on retirement saving behaviors. *Financial Services Review*, 14(4), 331-344.

- Joiner, T. A., Leveson, L., & Langfield-Smith, K. (2002). Technical language, advice understandability, and perceptions of expertise and trustworthiness: The case of the financial planner. *Australian Journal of Management*, 27(1), 25-43.
- Kaplan, S. C., Levinson, C. A., Rodebaugh, T. L., Menatti, A., & Weeks, J. W. (2015). Social anxiety and the big five personality traits: The interactive relationship of trust and openness. *Cognitive Behaviour Therapy*, 44(3), 212-222.
- Keltner, D., & Anderson, C. (2000). Saving face for Darwin: The functions and uses of embarrassment. *Current Directions in Psychological Science*, 9(6), 187-192.
- Keltner, D., & Gross, J. J. (1999). Functional accounts of emotions. *Cognition and Emotion*, 13(5), 467-480.
- Kempson, E., Finney, A., & Poppe, C. (2017). *Financial wellbeing: A conceptual model and preliminary analysis. Final edition* (Project Note No. 3-2017). Retrieved from <http://www.bristol.ac.uk/geography/research/pfrc/themes/fincap/financial-wellbeing-conceptual-model/>
- Kenworthy, J. B., & Jones, J. (2009). The roles of group importance and anxiety in predicting depersonalized ingroup trust. *Group Processes and Intergroup Relations*, 12(2), 227-239.
- Kramer, M. M. (2012). Financial advice and individual investor portfolio performance. *Financial Management*, 41(2), 395-428.
- Kramer, M. M. (2016). Financial literacy, confidence and financial advice seeking. *Journal of Economic Behavior and Organization*, 131(Part A), 198-217.
- Kryptos, A.-M., Effting, M., Kindt, M., & Beckers, T. (2015). Avoidance learning: A review of theoretical models and recent developments. *Frontiers in Behavioral Neuroscience*, 9(1), 16.
- Kumar, N., Scheer, L. K., & Steenkamp, J.-B. E. (1995). The effects of perceived interdependence on dealer attitudes. *Journal of Marketing Research*, 32(3), 348-356.
- Lachance, M.-E., & Ning, T. (2012). Financial advice and trust. *Financial Services Review*, 21(3), 209-226.
- Lekiewicz, J., Robinson, C., & Domian, D. (2016). Behavioral and wealth considerations for seeking professional financial planning help. *Financial Services Review*, 25(2), 105-126.
- Mkrtchian, A., Aylward, J., Dayan, P., Roiser, J. P., & Robinson, O. J. (2017). Modeling avoidance in mood and anxiety disorders using reinforcement learning. *Biological Psychiatry*, 82(7), 532-539.
- Monti, M., Pelligra, V., Martignon, L., & Berg, N. (2014). Retail investors and financial advisors: New evidence on trust and advice taking heuristics. *Journal of Business Research*, 67(8), 1749-1757.
- Moorman, C., Zaltman, G., & Deshpandé, R. (1992). Relationships between providers and users of market research: The dynamics of trust within and between organizations. *Journal of Marketing Research*, 29(3), 314-328.
- Neukam, K. A. (2002). *Fear and goal-based planning motives: A psychological model of financial planning for retirement* (Master thesis). Retrieved from SHAREOK Repository <http://hdl.handle.net/11244/11321>
- OECD. (2011). *Measuring financial literacy: Questionnaire and guidance notes for conducting an internationally comparable survey of financial literacy*. Retrieved from <http://www.oecd.org/finance/financial-education/49319977.pdf>
- Robb, C. A., Babiarz, P., & Woodyard, A. (2012). The demand for financial professionals' advice: The role of financial knowledge, satisfaction, and confidence. *Financial Services Review*, 21(4), 291-305.
- Rousseau, D. M., Sitkin, S. B., Burt, R. S., & Camerer, C. (1998). Not so different after all: A cross-discipline view of trust. *Academy of Management Review*, 23(3), 393-404.
- Sharma, N., & Patterson, P. G. (1999). The impact of communication effectiveness and service quality on relationship commitment in consumer, professional services. *Journal of Services Marketing*, 13(2), 151-170.
- Singleton, R. A. J., & Straits, B. C. (2010). *Approaches to social research* (5th ed.). New York, NY: Oxford University Press.
- Spielberger, C. D. (1966). Theory and research on anxiety. In C. D. Spielberger (Ed.), *Anxiety and behavior*. New York, NY: Academic Press.
- Stephan, W. G. (2014). Intergroup anxiety: Theory, research, and practice. *Personality and Social Psychology Review*, 18(3), 239-255.
- Van Dalen, H. P., Henkens, K., & Hershey, D. A. (2017). Why do older adults avoid seeking financial advice? Adviser anxiety in the Netherlands. *Ageing and Society*, 37(6), 1268-1290.