COACHING APPROACH TO SUPPORT CLIENTS FROM FINANCIAL ANXIETY TO FINANCIAL WONDER

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You can't always control what goes on outside. But you can always control what goes on inside." – Wayne Dyer

INTRODUCTION

We are living through troubled times – times of crisis, Covid and chaos. Businesses collapse, and unemployment rises. We see the panic in many of the faces that we meet. In 2020 only 8% of South Africans indicated that they were not experiencing any financial stress. 58% indicated that they are either overwhelmed or experiencing high levels of stress. We could argue that when the research was done, this was due to the pandemic. If we look back at the same study that Old Mutual did, 2018 was when our Financial Stress Levels were the lowest. With 35% of clients indicated that they are either overwhelmed or experiencing high-stress levels, with 12% not experiencing any financial stress.

Extensive research has been done over the years around Financial Anxiety, focusing on what factors influence specific client behaviour and correlate directly with levels of financial anxiety. In this article, we will explore this research in-depth.

No segment is immune. If we look at the research. 63% of clients earning between R 5000 and R 20 000, and 48% of clients earning in excess of R 20 000 indicated that they are either overwhelmed or experiencing high levels of financial stress (Old Mutual, 2020, p. 16)

We will also explore the factors that cause Financial Anxiety, such as Financial Disorders, Financial Abuse, and the impact of potential and actual life transitions. Lastly, we will examine how we can support our clients through financial coaching to experience less or no anxiety and live-in wonder, exploring a life of meaning now and in the future.

FINANCIAL ANXIETY

Financial anxiety has been defined as a psychosocial syndrome manifested by an unhealthy attitude towards engaging with and managing personal finances effectively (Shapiro & Burchell, 2012). Literature also indicates a relationship between financial anxiety and financial behaviour (Grable, et al., 2020). It was further found that financial satisfaction was the biggest driver of financial anxiety. This significant association makes sense; the higher one's financial satisfaction, the lower one's financial anxiety (Archuleta, et al., 2013). As financial coaches, it can be helpful for us to understand what factors influence behaviour that ultimately contributes to financial satisfaction.

As Ontological Financial Coaches, we know that we do not observe the world as it is. We observe the world through our own way of being. The way we observe the world, and our finances in this case, is formed through our moods which is a predisposition for the action we will take, through our language that includes our realities and through our physiology with which we experience the world and take action.

From an ontological coaching perspective, anxiety finds its origin in not accepting change and/or uncertainty. When in an anxious mood, we assess the world (external environment) as unsafe and become concerned that we will be harmed. The second assessment is grounded in our negative self-assessment. We are afraid that when things we are worried about happen, we will be unable to cope.

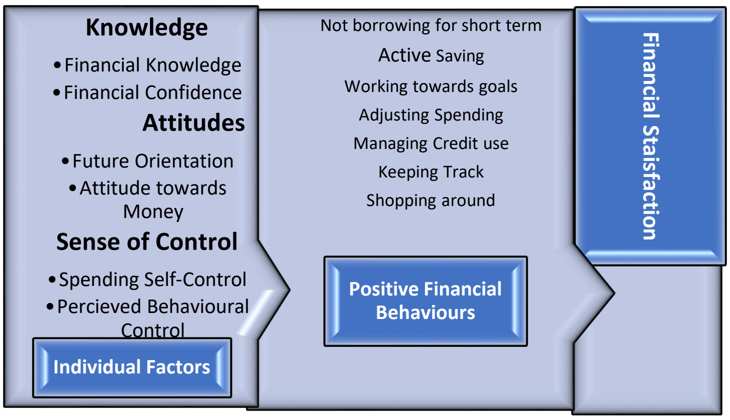
"Anxiety was born in the very same moment as mankind. And since we will never be able to master it, we will have to learn to live with it, just as we have learned to live with storms." – Paulo Coelho

"It's OKAY to be scared. Being scared means, you're about to do something really, really brave." – Mandy Hale

FINANCIAL SATISFACTION

As financial coaching practitioners, let us explore the drivers behind financial satisfaction. This will enable us to be aware of what moods and language to observe. This could significantly impact our client's financial satisfaction and ultimately help them to move to a life of less suffering and financial prosperity.

In a research paper to determine what leads to financial satisfaction, using data from a Financial Capability Study in 2018, the team explored the factors that have the most significant impact on our Financial Satisfaction. They adapted the Financial Satisfaction Framework that Joo and Grable developed in 2004. The figure illustrates the model (Dare, et al., 2020, p. 7):



The framework based on research indicates that individual factors influence financial behaviour, which leads to financial satisfaction. Their findings revealed that Financial Confidence had the most significant impact on Financial Behaviour and then on Financial Satisfaction, followed by Future Orientation and Perceived Behaviour Control. This and other studies could not determine if the attitude towards money directly impacted financial satisfaction or via Positive Financial Behaviour (Dare, et al., 2020, p. 1).

Let's briefly explore the definitions of these individual factors as defined in the study:

Financial knowledge, also referred to as objective financial knowledge, refers to understanding different areas and concepts regarding financial matters, like financial markets, products, and services.

Financial Confidence[1], also referred to as subjective financial knowledge, refers to having the self-confidence in managing financial matters and assessing the risk and opportunities associated with this.

To measure Financial Confidence, the respondents were asked how confident they felt about the following five items. They had to rate their confidence on a scale where (1 = not at all confident and 11 = very confident):

- Managing money[2]
- Making decisions about financial products and services
- Working with numbers when they need to in everyday life
- Planning their financial future[3]
- Protecting themselves from financial scams[4]

Future Orientation [5]indicates a positive attitude towards planning for the future. The ability to have a long-term view tends to control daily spending in a more productive way. It also increases the capability to save for the future. To measure future orientation, respondents

[1] Money EQ Users can refer to the clients biases to guide what some of the natural behaviour of the client will be under stress.
[2] Money EQ users can use the Financial planning management score to have a conversation with clients regarding how they think and act around saving, following budgets and the detail with which they manage their finances.
[3] Money EQ users can use the Wealth building motivation score to engage in conversation around how client engage in setting goals and working towards achieving these.
[4] Clients with herd following biases could be more prone to follow the next best thing.
[5] Future orientation bring together a conversation of managing finances today to enable a secure future.

were asked how they relate to the following statement: (1= does not sound like me at all to 11 = sounds a lot like me.)

When it comes to money, I focus on the long-term.

Attitude towards money [6]is the frame of reference for how one observes financial matters, makes decisions and ultimately takes action.

To measure attitude towards money, respondents were asked how they think, in terms of importance as part of their household spending of the following five items (1=very important and 5 = unimportant.)

- Save money for a rainy day
- Keep track of income and expenditure
- Put aside money for their retirement
- Shop around to make their money go further

Spending Self-Control [7]frames spending, also defined as the ability to curb spending while shopping for the best deals.

To measure Spending Self-Control, respondents were asked how they relate to the following four statements: (1= does not sound like me at all to 11 = sounds a lot like me).

- Often bought things on impulse
- Felt under pressure to spend like their friends even when they could not afford it
- Ran short of money because they overspent
- Tended to buy things even when they could not afford them

Perceived Behavioural Control [8]refers to whether we believe that we have control over our finances, decisions, and actions. Perceived control can be observed in behaviours like sound borrowing, achieving financial goals and managing money wisely.

Perceived behavioural control was assessed using the following statement: (1=strongly agree and 5=strongly disagree). Nothing I do will make much of a difference to my financial situation. A higher score indicates more perceived behavioural control (Dare, et al., 2020, pp. 2-6).

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[6] Money EQ users attitude towards money, also bring together Financial planning management and wealth building motivation. The last question on shop around to make money go further, could also nicly link to a conversation around Financial emotional intelligence.

[7] Money EQ users, Spending and Self-Control and the research questions could support a conversation regarding Financial emotional intelligence.

[8] Perceived behaviour control is a great conversation starter, to question a clients locus of control around their attitude towards money and to integrate with how client mange their finances, attitude towards wealth building and emotional impules not only around spending, however also regarding general financial decisions.

Positive Financial behaviour. [9]Researchers assessed the following five behaviours, Not borrowing for the short-term, Active saving, Working towards goals, Adjusting spending, Managing credit use, Keeping track, and Shopping around.

The following questions were used for each of the areas:

- Not borrowing for the short-term: How often do you, (1 very often to 5 = never):
    - Borrow money to pay off debts?
    - Borrow money from family or friends when you run out of money?
    - Overdraw on your current account?
    - Use a credit card, overdraft or borrowed money to buy food or pay bills because you have run short of money?

- Active Saving: Which of these best describes how often you save money? (1 = every month, 2 = most months, 3 = some months, 4 = rarely or never.)

- Working towards a goal was assessed using two questions:

    - Do you have a plan for your goals for the next five years? (1 = clear plan, 2= rough plan, 3=not much of a plan, 4 = no plan at all, 5 = no financial goals)
    - What have you done to achieve your goals in the next five years? (1= great deal, 2=fair amount, 3=not very much, 4=nothing at all, 5 = no financial goals.)

- Adjusting spending was assessed using three items: How do you relate to the following statements? (on a scale of 1=Does sound like me to 11 that sounds like me)

    - You plan your spending to cover months where you expect money to be tighter
    - You adjust the amount you spend on non-essentials when your life changes
    - You change your spending as a result of keeping track of your (household) income and expenditure

    - Managing credit use was assessed using the following question. How do you generally handle paying your bills each month from your credit card(s) or store card(s)? (1= always pay only the minimum and 5 = always pay in full)

[9] The research questions, is great questions to engage a client into a discussion around how they practicaly, manage their money. The conversation shifts from text book answers, to actual behaviour and the impact of the behaviour.

- Keeping track was assessed through the following question. How often do you normally check how much money is in your account? (1=every day to 6=never)

- Shopping around was assessed by asking respondents whether they looked for better deals when buying any of the following items.e (1 = not at all, 2 = not very much, 3=fair amount and 4=great deal)

    - Phone, internet, or streaming package
    - Utilities
    - Bank or Savings Account
    - Credit Cards
    - Car or Home Insurance (Dare, et al., 2020)

What about the wealthy who still worry?

You might ask, "My client is wealthy, has enough money, yet experiences high anxiety levels." Research has shown that some of these factors cause concerns for wealthy clients:

- Chasing more and bigger wealth. Also, fear of losing status in a wealthy society.
- Concern about losing their current income
- A whopping 87% indicated that they are unfulfilled as they are not engaged in their passion. However, they cannot follow their passion and give meaning to their lives as that will put their wealth at risk
- Fear of losing what they have built over the years in terms of wealth and business
- Fear of not being able to sustain their lifestyle
- Concern around how they can hand over the legacy to their children (UBS, 2015)

On reflection, it seems that when in a mood of anxiety, an Individual will assess the world as an unsafe place. They feel they are not mature or skilled enough to deal with the uncertainty they are facing. Looking at the six factors supporting Financial Satisfaction and the Major Concerns of the Wealthy, we can help our clients build their capacity by assisting them to change the way they observe the world.

The paradox is that when our client is experiencing financial anxiety, they will not be open to financial advice. They experience a form of learned helplessness. They would, in most cases, rather than dealing with the causes of the financial anxiety, dismiss it totally (Grable, et al., 2015).

Later in this article, we explore how we can, as coaches, decrease anxiety and increase physiological arousal to enable our clients to explore alternatives.

MONEY DISORDERS

Research indicates that our clients can have the best intention to achieve specific goals and outcomes. However, their worldview towards money derails these good intentions due to their financial beliefs and biases. There is a proverb, "The road to hell is paved with good intentions",

Our client's Psychology has a substantial impact on our financial behaviour and decision making. If this forms patterns of constant self-destructive financial behaviour, they may be exhibiting symptoms of money disorder (Horwittz, et al., 2018, p. 271)

Ethically, as a financial coach, it is vital to assess the money disorder, and based on your skills and qualifications, refer the client to a registered phycologist. Just as you would bring in an estate specialist to deal with a complicated estate planning matter. Where the client seeks support from a psychologist or therapist, the ideal is to work as a team and support each other.

Should you assess that you can assist the client based on your qualification, skills, and experience, it is essential to state to the client that any work done will not be therapy but coaching. As a coach, you can provide support based on your specific model. From an Ontological Coaching perspective, this will support the client to explore new language, moods, and physiology to move to a more optimistic state of mind. Clearly state that this approach is not superior to other methods. Lastly, it is crucial to have humility. Where you see that the coaching intervention is not adding any value, refer the client to another practitioner. Humility is a form of wisdom.

Research has found that money disorders are associated with stress, financial difficulties, income, net worth, credit card debt, job performance, and financial health (Horwittz, et al., 2018, p. 274). There is a direct relationship between money disorders and the factors that influence financial satisfaction.

For the scope of this article, we will explore each of these disorders, defining them so we can create awareness:

- **Compulsive Buying Disorder:** characterised by obsessive, irresistible, out of control buying urges that lead to financial difficulties, feelings of guilt and/or shame, and interference with our work or close relationships.

- **Gambling Disorder:** persistent and recurring problematic gambling behaviour leading to clinically significant impairment and distress.

- **Hoarding Disorder:** accumulation and having great difficulty discarding objects that most other people would consider useless or of limited value; having clutter so severe that it prevents or seriously limits the use of living spaces for which space was intended; and cluttering, acquiring, or difficulty discarding causing significant impairment or distress. From a money perspective, research suggests that parents often model hoarding disorder. It is a primary object of hoarding for some money, leading to them not enjoying the fruits of their labour.

- **Workaholism:** an addiction where the workaholic is highly involved in work, feels driven to work because of inner pressures that make the person feel guilty or depressed when not working, and in which the person has low levels of work enjoyment.

- **Financial Dependence:** the reliance on others for non-work income creates fear or anxiety of being cut-off, feelings of anger or resentment related to non-work income, a stifling of our motivation, passion, and/or drive to achieve.

- **Financial Enabling:** the inability to say "no" when someone, such as a family member, continues to ask for money. It was found that this often involves sacrificing our financial well-being to help others, leaving the person often with a feeling of resentment or anger after giving money to others.

  In a South-African construct, it is essential to be aware of the role cultural expectation plays in clients' assertion and beliefs around Financial Dependence and Enabling. It is also important to note that 42% of clients taking part in the Old Mutual Saving Monitor 2020 indicated that they, in some way, were supporting not only children but also parents and/or other older dependants, the so-called Sandwich Generation.

- **Financial Denial:** an attempt to cope by simply not thinking about money or trying not to deal with it, generally described as a natural defence mechanism used to avoid feeling stress.

- **Financial Enmeshment:** an inappropriate relationship between two or more people. Financial enmeshment is when family systems operate in a state of increased fluidity where boundaries and roles are no longer clear or appropriate, resulting in the inducement of stress (Horwittz, et al., 2018, pp. 274-277).

FINANCIAL ABUSE

Financial abuse is behaviour that seeks to control a person's ability to acquire, use, or maintain economic resources and threatens their self-sufficiency and financial autonomy.

Financial abuse can take on forms like:

- Borrowing money and not paying it back
- Taking income (salary and pension payments as examples) from someone and controlling them
- Influencing someone to sell assets or doing it without their consent
- Influencing someone to make changes to a will
- Delaying salary or assignment payments while making empty promises

Signs we as financial coaches can be on the look-out for:

- Unexplained withdrawals from investments
- Although somebody is earning an income that should cover their commitments, they are behind on essential services like rent, water and light bills, as examples
- Debt levels are increasing with no specific explanation as to where money is going
- Lack of things and general enjoyment of life that somebody with their income should be able to afford

Abusers can range from employers, spouses, friends, family, neighbours, caretakers, to name a few (Miller, 2018).

LIFE TRANSITIONS

Client financial anxiety concerns can originate from concerns other than financial satisfaction and the factors we have explored. This stress can arise from possible personal life transitions and within families or extended family lifes. Life transitions, as an example, include getting married, becoming a parent, divorce, changing or losing a job, becoming disabled, moving house, retiring and the death of loved ones.

Financial anxiety can become a concern when our client is anticipating transition or is already entering such a phase in their life.

As financial coaches, we can add value by helping our clients plan for the transitions that have the highest probability of impacting their lives. This will help them find confidence and peace of mind around the transition. When entering a transition phase, they move through it in a more relaxed way.

OBSERVING FINANCIAL ANXIETY

Anxiety is an assessment that we observe the world as uncertain, where wonder is the counter mood where we are curious to explore uncertainty and what can unfold from it. So how can we help our clients to move from anxiety to wonder?

As financial coaches, the question arises of how we can observe if our clients are experiencing financial anxiety. We will explore this by looking at anxiety from an ontological perspective and then look at some of the research done around this aspect.

Language: Listening to the words our clients use, we hear them using language to:

- make assessments with an attitude of scarcity that there is not enough. They are displaying a view of limited possibility
- make assessments based on a sceptical view as they look for evidence of things that cause uncertainty and hold possible risk
- make self-assessments doubting themselves to cope with the concerns and challenges
- declare that they need to act to protect themselves from the worst that can happen

Body: Experiencing a mood of anxiety manifests in the body. We will observe a diminished posture, not wanting to be prominent and become a target, tightness across the chest, which is subtly concave, in an "already protective" body mode, shallow breathing, neck forward, and eyes downwards eyes and ears scanning the environment for threats.

Behaviour: When observing a client living in a mood of anxiety, we observe some of the following behaviours: They will either avoid the concern at hand, withdraw or lastly, protect themselves.

Here are some standard research questions used to determine the financial anxiety levels of clients.

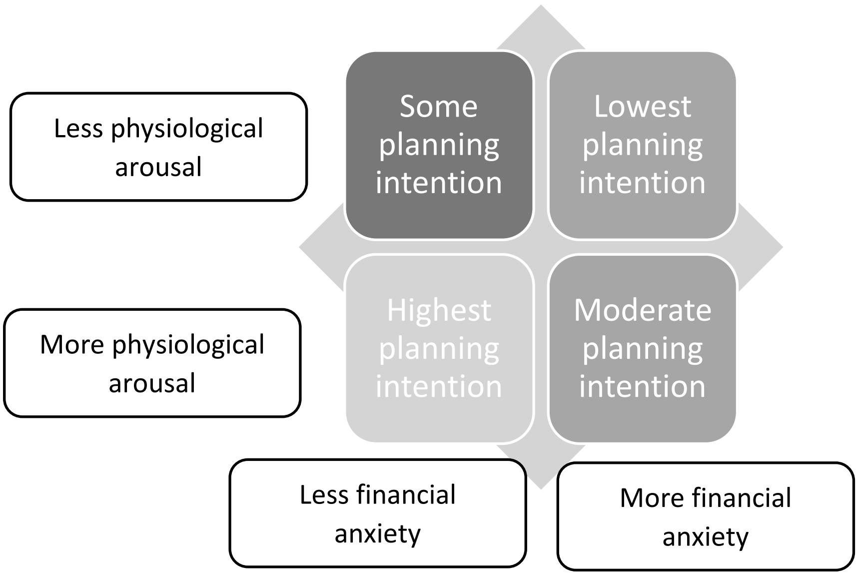
Please respond to the statements below. Indicate how often you experience the symptoms brought on by your financial situation (where 1 indicates always and 7 never):

- I feel anxious about my financial situation
- I have difficulty sleeping because of my financial situation
- I have difficulty focusing on my work due to my financial situation
- I am irritable due to my financial situation
- I have difficulty controlling worrying about my financial situation
- My muscles feel tense because of worries about my financial situation
- I feel fatigued due to my financial situation (Grable, et al., 2015, p. 10).

SUPPORTING MY CLIENT TO OVERCOME FINANCIAL ANXIETY

Before we can start coaching our clients, we first have to determine their emotional state. Depending on their level of anxiety, they could be experiencing a flight, fight or freeze state. Research indicates that anxiety levels often lead to a form of self-imposed helplessness. For financial coaches to move clients to more helpful states, they can simultaneously reduce financial anxiety and stimulate physiological arousal. Physiological arousal is the person precursor for action. Phases of arousal include being relaxed, the Intermediate phase and being excited (Grable, et al., 2015, pp. 1 -7). In ontology, we can ask what mood will be the most resourceful for the client to take action?

Planning intention, taking into account clients anxiety levels and physiological arousal, can be mapped across these four quadrants:



Firstly, it is important to note our own arousal levels to create a calm and non-threatening environment for our clients. Research shows that you can create a calming environment in physical office space by removing items like screens that show the news and economic newsletters. Instead, replace this with educational literature, plants, live style magazines that can stimulate wonder and novelty. Client interview offices designed like a sitting-room with low tables and soft chairs created the least threatening and most conducive environments to encourage planning intention (Grable, et al., 2015, p. 4).

Points to take into account when engaging with clients with financial anxiety:

- The longer the client has experienced financial anxiety, the lower the client's intention will be to engage in a financial planning discussion and make changes

- Physiological arousal can further be stimulated through conversations depending on the particular client's underlying reasons for experiencing financial anxiety:
    - Addressing a client's concerns through expanding their knowledge and building their experience
    - Exploring what assertions, beliefs, and assessments are not serving them so they can experience financial satisfaction
    - Exploring a client's risk tolerance and how the current investment portfolio structure can cause financial anxiety

    - Exploring a client's legacy, values and what creates meaning in their life
    - Getting the client to align their values with their goals and dreams. It will help to structure the goals and actions over the short, medium and long term

- Continually adapt your approach based on your client's anxiety and arousal levels (Grable, et al., 2015, pp. 15-16)

Coaching a client from anxiety to wonder:

As we do not easily accept uncertainty when in an anxious mood, we live with a constant background fear that the world is terrible, sometimes threatening. Things will happen that we will not be able to deal with. Here are a few responses. We can:

- draw on our courage to face our fear and anxiety. The courage will defy our concerns that are often anchored in facticity
- explore our own stories that are making assessments about the future. Learning from these stories can be helpful to build better opportunities for that future.
- explore what resources we can draw on to support us, counter our fears or sometimes hold ourselves accountable to have the courage to move beyond our fears
- draw on success stories of the past, where we displayed the courage to move beyond our fear of uncertainty
- focus on the courage and skills we have to move us to be successful
- be firm in our purpose. Slowly and steadfastly, be aware of small successes and celebrate these (Sieler, 2007, pp. 266-286).

COACHING CONVERSATION

Here is a framework that you can use for a coaching conversation with a client:

1. What is the client's agenda, and what critical issues do you need to explore in the coaching conversation?

- Have a conversation for clarity to ensure you have a shared understanding of the issue the coachee wants to explore

- What is the critical issue for you?

2. Listening for concerns in conversation about clarity

- What is missing for you in this issue?
- What is at stake for you here?

3. To date, how did the client try to address the issue?

- How have you been trying to deal with this issue in the past?
- What are you not doing?
- What is keeping you from making progress on the issue?

4. Exploring the stories (assessments) clients are telling themselves

- Identify the primary assessments the client have around the issue through questioning
- Explore with the client questioning if the stories (assessments) can be grounded and how the current assessments serve them

5. Exploring emotional spaces associated with the issue

- What mood and emotions do you experience around this issue?
- How well are these serving you?
- What moods/emotions will better serve you for making progress with this issue (dealing with the breakdown?)
- What do you want to do to shift into a more helpful emotional space?

6. Who can you ask to support you with the issue?

- What requests have you not made?
- Who have you asked for help, and what has been the response?
- Who will you ask to support you? What will you ask for?

7. What action will you take?

- What declarations are you not making?
- What declarations are you prepared to make now?

8. Closing questions

- Ensure there is permission to finish the conversation. For example, "Is it OK with you if we bring the conversation to a close?"
- What has been the most important learning for you in our conversation?
- What will you be doing differently as a result of your learning?

CONCLUSION

To help facilitate the change in our clients, we first need to create awareness through questioning. By listening to the assessments and assertions, our clients are making, we will be able to explore further how these beliefs are serving them either for the better or, the worse. Observing our clients moods, we can understand what is influencing their predisposition for action. So working with language, moods, and body, we will support our clients moving from a mood of anxiety to wonder.

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