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Perceptions of financial planning: a comparison between two age groups

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Abstract

The financial planning industry is in the process of transforming as new regulatory changes have been put into place in the industry. However, this process is implemented gradually and even the successful transformation of financial planning does not guarantee a reciprocal improvement of the public's perceptions of the industry and financial planners.

Therefore the purpose of this study was to gain a better understanding of the perceptions of young adults compared to adults, regarding financial planning, and how these perceptions can be changed in order to ultimately increase the use of financial planning services.

The results revealed that an increase in trust and the improved image of financial planners among young adults will reflect positive change in the perceptions of financial planning. Similarly an increase in the awareness of financial planning, positive financial planning experiences by family members and positive perceptions of financial planning will increase the use of financial planning services by young adults. Young adults compared to adults are more trusting of financial planners and more reliant on their family's perceptions when forming their own perceptions of financial planning. Therefore different strategies are required when engaging with young adults as current and potential clients within the industry.

Key phrases
financial planner, financial planning; financial planning perceptions; use of financial planning services

1. INTRODUCTION

Linklater, as cited by Stokes (2010:Internet), indicates that merely 3% of South Africans will be able to retire financially independent. In addition, a recent study established that few people are aware of financial planning qualifications and often do not know whether their financial planner is a Certified Financial Planner (CFP) (FA News 2011:Internet). The lack of financial planning can be further confirmed in that enquiries for assistance with debt by South African consumers have tripled, highlighting the urgency to ensure sound financial plans for citizens (Atkinson 2012:Internet; Came 2011:Internet). Less than one third of South Africa's youth have a retirement savings plan in place, hindering the ability of young South Africans to retire comfortably. Younger generations will almost definitely not be able to meet their retirement saving needs (Gobalsamy 2010:Internet). Evidently, the importance of using a financial planner is evident.

Murtuza and Brunsen (1988:54-55) stated that financial advice was initially offered by accountants and brokers. Financial planning was previously a variety of disjointed services from a number of professions and the sphere of regulation was not designed specifically for the holistic and fiduciary nature of financial planning. The conflicts of interest between advisors and clients, and the misuse of the commission earning structures contribute towards a negative view of financial planning (Botha, Rossini, Geach, Goodall, Du Preez & Rabenowitz 2014:15-17; Goldberg 2005:66-68).

2. BACKGROUND

Following the introduction of the FAIS Act in South Africa and the growing global recognition and strength of the CFP designation, financial planning is in the process of evolving as a profession. Financial planning involves a variety of services, most of which are advisory in nature and regarding the management of clients' financial resources. Such advice is based upon the analysis of each client's individual needs. Financial planning is an organised process identifying not only financial goals but also life goals and ensures the maintenance of a person's required standard of living. Financial planning also uses a number of mechanisms to enhance well-being from a psychological point of view and reflects the desire to predict or control the environment in which one lives to be prepared financially. It includes managing aspects such as risk, retirement, estates, investments, budgets and insurance (Botha *et al.* 2014:24-28; Gitman & Joehnk 2008:2; Irving 2012:50).

Both young adults and adults were chosen as forming part of the population for this study in order to establish the perceptions on and future of financial planning, by focusing on the emerging generation, young adults, and contrasting their views with that of an emerged generation. For the purpose of the study, a young adult was defined as a person between the ages of 20 to 30 years; where Levinson (1986), referenced by Craig and Baucum (2002:461) identifies the start of transition through young adulthood from the age of 17 and the ending of this period being around the age of 28. An adult was considered a person between the ages of 30 to 50 years. Although a slow decline in physical capabilities begins, cognitive functioning continues as normal, further building on the adult's knowledge, both factual and how-to based (Craig & Baucum 2002:5, 14, 442, 461, 513, 529). Therefore for the purpose of this study, a young adult is someone from age 19 to 29 and an adult is someone from the age of 30 to 50, and their perceptions concerning financial planning are to be identified.

3. PROBLEM STATEMENT

Based on the above, financial planning is still in the process of transforming from its previous disjointed offerings to a holistic approach, as new regulatory changes have been put into place ensuring that a client's needs are the priority of any financial service provided. However, this process is happening gradually and even the successful transformation of financial planning does not guarantee a mutual improvement of the public's perceptions thereof. The need for such change can be accredited to the history of financial planning and the informal manner in which the profession emerged.

To this point it is common to find relatively negative perceptions of financial planning worldwide, following the large amounts of finances people have lost in the past and the unethical nature enacted by some offering financial advice. As a result, professional bodies and financial planners need to recognise the factors influencing perceptions (e.g. current and potential clients' *financial education*, *awareness of financial planning*, the *intangibility* of financial planning services, *trust,* current and potential clients' *family background*, and *historical* financial planning experiences*)*. Once these factors are considered, professional body initiatives and financial planner approaches can be aimed at improving public perceptions; ultimately increasing the use of financial planning services.

Thus, the purpose of the study is to investigate the influence of these identified factors (independent variables), on adults' perceptions of financial planning (intervening variable), and on the *use of financial planning services* (dependent variable).

Following the findings, recommendations will be made to professional membership and regulatory bodies exercising control over financial planners, as well as financial planners themselves, on what the current perceptions of young adults and adults are towards financial planning, and how these perceptions can be improved. This is ultimately aimed at increasing the use of financial planning services in South Africa.

4. RESEARCH OBJECTIVES

The primary objective is to investigate the variables influencing young adults' perceptions on financial planning and the use of financial planning services, as well as how these perceptions differ to those of older generations, adults.

In order to attain the primary objective, the following secondary objectives were pursued:

- to conduct a literature review regarding the definition and history of financial planning, the importance of financial planning, and the factors that may contribute towards perceptions of financial planning;
- to empirically test the factors that influence the perceptions of young adults and adults towards financial planning and ultimately their use of financial planning services;
- to make recommendations, based on the empirical results, to ensure positive financial planning perceptions to increase the use of financial planning services in South Africa.

5. LITERATURE REVIEW

Financial planning is an on-going process of developing financial strategies for the client through the identification of both financial and life goals, analysing the client's unique circumstances, developing recommendations and providing advice in order to create and preserve wealth.

5.1 Historical background of financial planning

The historical background concerning financial planning is harmful to current and future financial planners. Financial planning within South Africa is in the process of adapting to a more service-driven approach in comparison to its previous sales-driven approach. This evolution began following the introduction of the FAIS Act, ensuring the client is always the primary concern (Botha *et al.* 2014:3). FAIS has been put into place to regulate the conduct of financial service providers (FSP's) and representatives to protect consumers by ensuring that the consumer is given sufficient information to make informed financial decisions (Botha *et al*. 2014:80-85).

Prior to the implementation of the FAIS Act there was very little regulation in the financial services industry. The global evolution where bankers, attorneys, accountants, stockbrokers, and insurance salesmen practiced as 'financial planners' resulted in clients receiving advice not delivered by a trustworthy financial planner and lacking in expertise. It is therefore evident that clients could or would have lost large sums of money, thus, causing negative perceptions of financial planners.

Following this, academic institutions started recognising the need to implement educational programs for the profession of financial planning (Murtuza & Brunsen 1988:53-54). The key to transforming financial planning into a profession was the introduction of the CFP designation where anyone giving financial advice must obtain a license as a CFP (Certified Financial Planner) (Pasztor 2006:16-17). CFP certification in South Africa is controlled by the Financial Planning Services Board (FPSB), an organisation ensuring that clients benefit from financial planning (Maureen & Diesslin 2005:17). Thus, CFP certification was possibly the greatest step towards financial planning becoming a profession.

5.2 The importance of financial planning

Regardless of the negative history, financial planning has many benefits. Some of which include maintaining a balance of income and capital, maintaining the value of purchasing power (i.e. keeping up with inflation), minimising taxation legally, acceptable investment returns, financial independence at retirement, security for one's family, and protection against major financial risks, expected or unexpected, through insurance. Additionally, from a different perspective, financial planning can improve a country’s Gross Domestic Product (GDP) and economic growth through increasing available funds for consumer consumption and investment, as well as increasing government spending (Botha *et al*. 2014:5-6; Gitman & Joehnk 2008:2; Irving 2012:50; Redmond 2012:1; Rossini & Maree 2010:4).

The problem of underinsurance by South Africans is caused by a lack of financial planning. A new study conducted on behalf of the Association for Savings and Investment South Africa (ASISA) showed that South Africa’s 12.4-million income earners between 16 and 65 years of age are underinsured for life and disability cover by R18.4-trillion; an increase from the previous figure of R10-trillion in 2007. While affordability and access to financial products are major issues, a lack of regular financial planning should not be underestimated as a key reason why many South Africans have inadequate cover in the event of death and disability (Van Pletzen 2010:1).

Debt amongst South Africans has increased severely, highlighting the urgency to ensure sound financial plans to avoid financial strain (Atkinson 2012:1). If people have not saved enough for retirement or left insufficient funds for their families, these are burdens that will fall on the State and in turn could affect the economic growth of the country as a whole.

Without ensuring a sound financial plan, a person can more often than not leave their family with extra debt and financial hardship.

5.3 Perceptions on and the use of financial planning services

Perception as explained by Jordaan and Jordaan (2005:285) is "the way in which people process, interpret or assign meaning to information received via the sensory system" in order to better understand ones environment (Robbins, Odendaal & Roodt 2003:107).

Financial planning is a personal service, which is sensitive in nature as a financial planner accepts a fiduciary responsibility to manage and provide advice on clients' personal financial budgets and futures. If a financial planner were to make a serious mistake, with regards to a client's retirement funding as an example, the financial planner's client may not be able to retire comfortably or provide for his/her family in the future as a result of insufficient funding. This example highlights the delicate nature surrounding financial planning and therefore the sensitivity that can be expected from clients' perceptions towards both financial planning as a whole and that of financial planners. In addition, Robbins *et al.* (2003:107) confirm that what is actually perceived by a person may be far from an accurate portrayal of reality. Thus, even the successful transformation of financial planning does not guarantee a joint improvement of the public's perceptions thereof.

In South Africa, before the FAIS Act was implemented in 2004, financial advice and services were not fully regulated. This led to a lack of fiduciary responsibility acceptance by financial service providers and thus, allowed for the selling of financial products and services to clients without considering the unique circumstances and needs of each client; therefore, ultimately resulting in negative consequences for clients (Botha *et al*. 2014:79-85; Goldberg 2005:68; Murtuza & Brunsen 1988:54-55; Rossini & Maree 2010:5). Such events and actions, followed by large investment fiduciary responsibility failures, have broken down the trust of the public in the financial services industry and financial planners, resulting in an increase of negative public perceptions thereof (Goldberg 2005:68; Xu, Su & Dutta 2011:128).

5.4 Possible factors influencing the perception of financial planning

Factors found to be influential of perceptions of the financial planning industry include: financial education, awareness of financial planning aspects; the intangibility of financial planning services; the trust relationship between the client and the planner; the client's family background; and historical or past financial planning experiences and influences (Baron & Byrne 1997:218-219, 231; Botha *et al.* 2014:3-7; Hellriegel, Slocum, Jackson, Louw, Staude, Trevor, Klopper, Oosthuizen, Perks & Zindiye 2012:455; Lachance & Tang 2012:209).

Financially educated consumers can help ensure that the financial services industry makes an effective contribution to real economic growth and poverty reduction in that as a financially educated consumer, they are more likely to increase responsible spending, investment as well as the use of financial services, ultimately increasing GDP. Unfortunately South Africa is considered to be very low on the financial literacy ladder (Stokes 2011:Internet).

The second factor to consider is the awareness of financial planning. Madikiza (2011:Internet) identifies there to be a general lack of awareness of South Africans to the importance of personal retirement planning (an aspect of financial planning). In addition, consumers are also not aware of the qualifications a financial planner needs to possess, and the importance of such qualifications (FA News 2011:Internet).

As financial planning revolves around planning for the future, the quality of the advice or recommended products can only be estimated at best. With long delayed periods, advice and product quality only becomes truly realisable at some point in the future, for example at retirement. Investment returns can also not be guaranteed. All these aspects add up to the intangible nature of financial planning (Botha *et al.* 2014:3-4; Lynch 2009:29; Rossini & Maree 2010:4).

According to Anderson and Weitz (1989:312), trust can be defined as one party's belief that its needs will be fulfilled in the future through the other party's actions. Clients have to trust financial planners to both deliver the required service outcome and to make the clients feel safe with their financial affairs being in the hands of the advisors. (Gill, Flaschner & Shachar 2006:384-405). As the purpose of the research is to determine the perceptions of young adults, family background were selected as an independent variable to be measured in the empirical study. Baron and Byrne (1997:239) agree with the overwhelming research on human development, all concluding that the prejudices and related behaviours demonstrated later in a person’s life are acquired, to a large extent, through their upbringing (background) and influence from parents, peers and other adults.

The last factor, identified by Hellriegel *et al.* (2012:455) and Kagan (1999:164-166) to influence perceptions is a person’s past and historical influences. An important aspect linked to the influential effect of history on a person's perceptions and social information processing, is that of prejudice and stereotyping (Baron & Byrne 1997:218-219, 231).

6. RESEARCH HYPOTHESES

The literature overview and the research objectives were used to formulate the following hypotheses:

- $H_{1.1}$: There is a relationship between financial education and the perceptions of financial planning.
- $H_{1.2}$: There is a relationship between awareness of financial planning and the perceptions of financial planning.
- $H_{1.3}$: There is a relationship between intangibility and the perceptions of financial planning.
- $H_{1.4}$: There is a relationship between trust and the perceptions of financial planning.
- $H_{1.5}$: There is a relationship between family background and the perceptions of financial planning.
- $H_{1.6}$: There is a relationship between *history* and the *perceptions of financial planning.*
- $H_{2.1}$: There is a relationship between the perceptions of financial planning and the use of financial planning services.

7. RESEARCH METHODOLOGY

The study used a quantitative research approach as the study sought to identify the influence of each independent variable on the perceptions of financial planning, and the influence of perceptions of financial planning on the use of financial planning services.

Additionally, the hypotheses to be tested through statistical analyses confirm that the use of a quantitative research approach is appropriate (Amaratunga, Baldry, Sarshar & Newton 2002:17-31; Hoe & Hoare 2012:25).

7.1 Population and sample

The population chosen for the study was based on both age and place of residence; young adults (age 19 to 29) and adults (age 30 to 50) in the Eastern Cape, South Africa. As a list or sample frame of the population for the study does not pre-exist and would be practically impossible to create, non-probability sampling was used for data collection.

The research used both convenience and snowball sampling techniques. Convenience sampling was used for the convenience of the researchers as the starting point was to distribute questionnaires at their place of employment, while snowball sampling was used to gather additional respondents (Abrams 2010:542; Argyrous 2011:284).

7.2 Measuring instrument

Closed-ended questions using nominal and ordinal scales were formulated to collect data from a large number of respondents. A self-administered and self-developed questionnaire, based on literature, was used (Alasuutari, Bickman & Brannen 2008:314-315).

The questionnaire consisted of three sections. Section A gathered biographical information from the respondents, in order to identify individual characteristics, such as gender, age category, population group, qualification, and their use of a financial planner. Section B included statements regarding the independent variables, namely, *financial education*, *awareness of financial planning*, *intangibility*, *trust, family background* and *history*. Section C tested the *perception of financial planning* (intervening variable) and the *use of financial planning services* (dependent variable). Sections B and C were conducted in the form of a five-point Likert-type scale, ranging from 'strongly disagree' (1) to 'strongly agree' (5).

Content validity of the measuring instrument was ensured as experts in the field of financial planning assisted with the questionnaire design. Furthermore, an exploratory factor analysis (EFA) was performed to ensure construct validity of the items of the scale (Jenkinson, Peto & Coulter 1996:9; Salkind 2010a:1455).

7.3 Data analysis

The process of analysing the data collected involved a number of steps, executed using Microsoft Excel (2010) and Statistica (Version 11). Firstly, descriptive statistics were calculated, which included frequencies, means and standard deviations (Argyrous 2011:20-21; Field & Miles 2010:687; Litvine 2010:79). Various inferential statistics were also calculated. Regarding the EFA, items with loadings of at least 0.50 were considered for further analysis (Manhenke, Ørn, von Haehling, Wollert, Ueland, Aukrust, Voors, Squire, Zannad, Anker & Dickstein 2013:731). Thereafter, Cronbach Alpha Coefficients were calculated to test the reliability of the inter-item consistency of the research instrument (Kaplan 2004:79; Salkind 2010b:616). A Cronbach's Alpha score of at least 0.7 was used as the cut off score (Blaikie 2003:221).

Pearson's correlation coefficients (*r*) were calculated to show the correlations or links between the different variables (Argyrous 2011:236-237). A multiple regression analysis was used to test whether there were significant relationships between each of the independent variables and the intervening variable, and between the intervening variable and the dependent variable (Argyrous 2011:259; Salkind 2010b:845). Thus, this analysis was performed to test whether the independent variables, namely *financial education*, *awareness of financial planning*, *intangibility*, *trust*, *family background* and *history* influence the intervening variable, *perceptions of financial planning*, and consequently the dependent variable, *use of financial planning services*.

Lastly, viewpoints of young adults and adults were compared using a T-test, to determine any statistical and practical significance between the different perceptions of young adults and adults concerning the variables (Argyrous 2011:350-364).

8. EMPIRICAL RESULTS

The results of the statistical data analysis are discussed below.

8.1 Questionnaire responses and descriptive statistics

Questionnaires were distributed using a South African university's online survey platform, where young adults and adults were emailed a link to the survey after voluntarily agreeing to participate.

The final sample suitable for the quantitative statistical analysis consisted of 181 young adults as the young adults population was the focus of the investigation, and 52 adults to contrast the results of young adults with adults. The majority of the responses (77.68%) were from the young adults target sample, and the remaining responses (22.32%) were from adults, for the purpose of comparison. The majority of the respondents were female (53.22%) while 46.78% were male respondents.

The three highest forms of education among the sample were a Grade 12/matric certificate (25.75%), an undergraduate degree (24.03%), and a post-graduate degree (26.61%). The majority of the sample consisted of respondents in the 19 to 29 age category (77.68%) as this was the target audience for the study and 22.32% consisted of respondents in the 30 to 50 age category. In addition, the vast majority of the sample represented the white population group (81.97%).

8.2 Validity results and reliability results

The EFA showed 47 items that loaded onto seven different factors, six of which were consistent with the hypotheses' variables. The additional factor was subsequently included as a new independent variable for further analysis. As an eight factor had only two items that loaded sufficiently (above 0.5), the factor was removed and not included for further analysis. In addition, insufficiently loadings for the proposed *intangibility* variable led to it being excluded from the hypothetical model. No items cross loaded, but any items that loaded insufficiently onto a factor, that is below 0.5, were removed for further analysis to ensure the validity of the measuring instrument (Manhenke *et al.* 2013:731). The EFA factor loadings can be viewed in Annexure A.

From the loadings of the items onto the factors, it is evident that sufficient evidence of validity is provided (Manhenke *et al.* 2013:731). Factor one was named *financial education* because 10 out of the 11 items expected to measure *financial education* loaded significantly on this factor. The second factor was named *awareness of financial planning* as nine out of the 10 items expected to measure this variable loaded significantly. The third factor was named trust. Of the nine items expected to load together to measure trust, five items loaded significantly onto this factor. The fourth factor was named *family background* due to the fact that six items expected to measure the factor loaded significantly. The fifth factor was named *planner image* which is a new factor identified for the study where four items loaded significantly.

The four items that loaded together dealt with the image financial planners portray. The sixth factor was named perceptions of financial planning as seven of the items expected to measure this factor loaded significantly as well as one additional item (previously expected to measure the *use of financial planning*). The seventh and last factor was named *use of financial planning services*. This name is substantiated in that four items expected to measure the factor loaded significantly. Following the EFA, factors one to five (*financial education, awareness of financial planning, trust, family background* and *planner image*) represent the independent variables. Factor six (perceptions of financial planning) represents the intervening variable while factor seven (*use of financial planning services*) represents the dependent variable.

Based on the above EFA results, the revised theoretical framework and hypotheses that were tested in further analysis are presented in Figure 1.

Therefore the hypotheses were rephrased as follows:

- $H_{1.1}$: There is a relationship between financial education and the perceptions of financial planning.
- $H_{1.2}$: There is a relationship between awareness of financial planning and the perceptions of financial planning.
- $H_{1.3}$: There is a relationship between *trust* and the *perceptions of financial planning.*
- $H_{1.4}$: There is a relationship between family background and the perceptions of financial planning.
- $H_{1.5}$: There is a relationship between planner image and the perceptions of financial planning.
- $H_{2.1}$: There is a relationship between the perceptions of financial planning and the use of financial planning services.

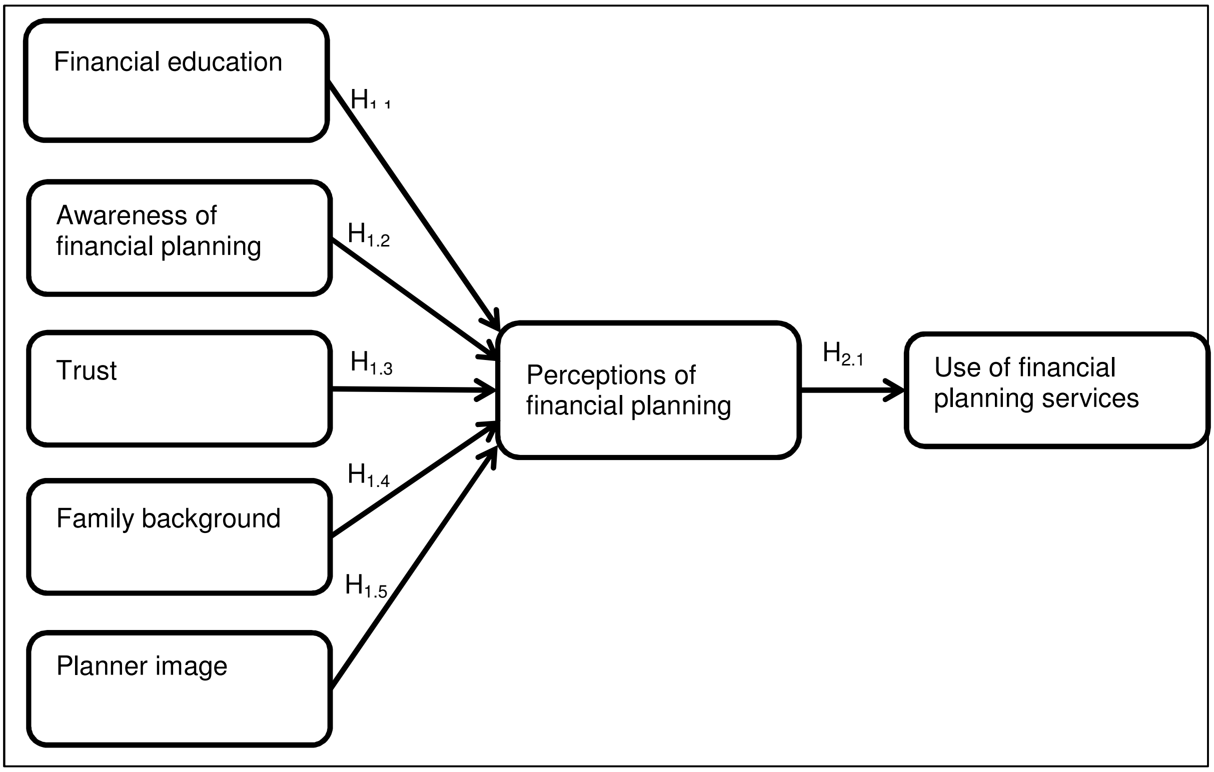

FIGURE 1: Adapted theoretical framework

Source: Researchers' own construct following the EFA results

Table 1 presents the Cronbach's Alpha coefficients from the reliability analysis. According to Blaikie (2003:221), a Cronbach's Alpha cut-off score of at least 0.7 should be used; also stating that a score of 0.9 would be considered a great score. Based on this, and the results shown in Table 1, the measuring instrument of this study was regarded as reliable.

TABLE 1: Inter-item correlation and reliability of the measuring instrument

Variables	**Cronbach Alpha**
Financial education (EDU)	0.904
Awareness of financial planning (AWARE)	0.924
Trust (TRUST)	0.898
Family background (FAM)	0.827
Planner image (IMAGE)	0.733
Perception of financial planning (PERCEP)	0.829
Use of financial planning services (USE)	0.870

Source: Calculated from survey reliability results

8.3 Relationship results – Pearson's r and multiple regression analysis

The Pearson's r calculations indicated that the strongest correlation was between *financial education* and *awareness of financial planning* where $r = 0.584$ (at the 1% significance level). The weakest correlation was between *financial education* and *perceptions of financial planning* ($r = 0.188$). The strongest correlation with *awareness of financial planning* was with *financial education* and thereafter with the *use of financial planning services* ($r = 0.423$), which is self-explanatory in that if people are not fully aware of financial planning and the aspects thereof, they will not use financial planning services.

Pearson's r also showed that each independent variable (*financial education, awareness of financial planning, trust, family background,* and *planner image*) have a significant correlation with both the intervening variable, *perceptions of financial planning* ($r = 0.188$, $r = 0.219$, $r = 0.463$, $r = 0.307$, and $r = 0.435$ respectively), and the dependent variable, *use of financial planning services* ($r = 0.236$, $r = 0.423$, $r = 0.348$, $r = 0.431$, and $r = 0.248$ respectively).

In addition, the intervening variable of *perceptions of financial planning*, also has a significant correlation with the dependent variable, *use of financial planning services* with $r = 0.355$. Multiple regression analyses were performed in three stages to test relationships between the variables. Table 2 provides the first stage of multiple regression analysis results, testing the relationship between the independent variables and the intervening variable.

TABLE 2: Multiple regression analysis results for the influence of the independent variables on the intervening variable

Independent variables	Regression coefficient	p-value
EDU	0.371	0.711
AWARE	-0.377	0.707
TRUST	4.867	0.000
FAM	0.874	0.383
IMAGE	4.596	0.000

Source: Calculated from survey multiple regression results – Phase 1

From Table 2 it is evident that the independent variables *financial education, trust, family background* and *planner image* have positive relationships with *perceptions of financial planning* (the intervening variable), while *awareness of financial planning* showed a negative relationship. This negative relationship means that increased awareness of financial planning, decrease the positive perceptions on financial planning. This may be attributed to preconceived negative perceptions towards the industry.

However, only *trust* and *planner image* were found to have significant positive relationships with *perceptions of financial planning* ($p < 0.001$), highlighting a stronger relationship between each of these independent variables and the intervening variable. This implies that increased trust and an improved image of the financial planner leads to more positive perceptions of financial planning. More practically, trust and the financial planner's image will significantly impact a person's overall perceptions of financial planning.

Table 3 provides the second stage of the multiple regression analysis results, testing the direct relationships between the independent variables and the dependent variable. Based on Table 3, the independent variables *awareness of financial planning*, *trust*, *family background* and *planner image* have positive relationships with the *use of financial planning services* (dependent variable), while *financial education* showed a negative relationship. The negative relationship means that the higher a person's financial education, the lower the use of financial planning services.

This may be attributed to a preconceived idea that if an individual is financially educated, the person is capable of doing their own financial planning. However, the greater and more favourable the awareness of financial planning; trust in financial planners; experiences of a person's family with financial planners; and the financial planners'/firms' image and appearance; the greater the use of financial planning services.

TABLE 3: Multiple regression analysis results for the influence of the independent variables on the dependent variable

Independent variables	Regression coefficient	p-value
EDU	-0.826	0.410
AWARE	4.767	0.000
TRUST	1.131	0.259
FAM	4.955	0.000
IMAGE	0.298	0.766

Source: Calculated from survey multiple regression results – Phase 2

The relationships between *awareness of financial planning* and *family background*; and the *use of financial planning services* ($p < 0.001$), highlight stronger relationships between each of these independent variables and the dependent variable, implying that increased awareness of financial planning and a more favourable family experience/background regarding financial planning leads to increased use of financial planning services.

Table 4 summarises the results of the multiple regression analysis for the combined influence of the independent and intervening variables on the dependent variable. Table 4 indicates that the independent variables *awareness of financial planning, trust* and *family background* as well as the intervening variable of *perceptions of financial planning* have positive relationships with the *use of financial planning services* (dependent variable). Thus, the greater and more favourable the awareness of financial planning; trust in financial planners; experiences of ones family with financial planners; and the overall current perceptions of financial planning; the greater the *use of financial planning services*.

The results also indicate that the relationships between *awareness of financial planning*, *family background* ($p < 0.001$) and *perceptions of financial planning* ($p < 0.01$); and *use of financial planning services*, highlighting stronger relationships between each of these variables and the dependent variable. This suggests that improved awareness of financial planning, a more complimentary family experience of financial planning as well as a positive perception of financial planning in general leads to the increased use of financial planning services.

TABLE 4: Multiple regression analysis results for the influence of the independent and intervening variables on the dependent variable

Independent and intervening variables	Regression coefficient	p-value
EDU	-0.924	0.356
AWARE	4.949	0.000
TRUST	0.090	0.928
FAM	4.862	0.000
IMAGE	-0.667	0.506
PERCEP	3.282	0.001

Source: Calculated from survey multiple regression results – Phase 3

Therefore, in line with the reformulated hypotheses; all the hypotheses were accepted and none rejected as it was found that there were relationships between each of the independent variables (*financial education, awareness of financial planning, trust, family background*, *planner image*) and the intervening variable (*perception of financial planning*) ($H_{1.1}$, $H_{1.2}$, $H_{1.3}$, $H_{1.4}$ and $H_{1.5}$ accepted) as well as between the intervening variable and the dependent variable (*use of financial planning services*) ($H_{2.1}$ accepted).

8.5 T-test results

Viewpoints on four out of the seven variables were found to be significantly different for the two groups within the sample, namely young adults and adults. The greatest significance being for *family background* ($p = 0.001$, $t = 3.376$), which indicates that young adults (19-29) (mean = 3.385) are more sensitive to their family background when developing their perceptions of financial planning services and as a result the use thereof, than that of adults (29-50) (mean = 2.920). *Trust* ($p = 0.007$, $t = 2.710$) was the second most significant difference, with young adults (mean = 3.1965) being more trusting of financial planners than the adults (mean = 2.831). This may be linked to adults' already having engaged in business with financial planners, possibly during the initial and volatile standardisation period of the financial planning industry.

Views on *planner image* ($p = 0.011$, $t = 2.560$) and *financial education* ($p = 0.045$, $t = 2.017$) also showed significantly different opinions; with young adults being more sensitive to a planners image (mean = 3.874) when evaluating a financial planner than adults (mean = 3.591), despite the young adults that were tested believing themselves to have a moderate to high level of financial education (mean = 3.796), compared to that of a slightly more moderate level of education for adults (mean = 3.550).

9. MANAGERIAL IMPLICATIONS

Using financial planning services was found to have the lowest mean score, while perceptions of financial planning had the highest. Evidently the perception of financial planning was not as negative as expected, however still influencing the use of financial planning. It was also found that the relationships between awareness of financial planning and family background, with perceptions of financial planning, had a significant influence on the use of financial planning services. Therefore it can be argued that even though the perception of financial planning may not be negative, additional factors such as awareness and family background may be hindering the ultimate use of financial planning services. This can further be substantiated in that awareness and family background had the highest correlation with the use of financial planning services.

Furthermore, financial education and awareness of financial planning had the highest correlation. Despite approximately 50% of the respondents having a post Grade 12/matric qualification, financial education had a low mean, meaning that even if people are highly educated, it does not mean that people have a high financial education or level of financial awareness. In the data analysis of the independent variables' relationships with the intervening variable, trust and planner image had the most significant relationships with perceptions of financial planning; further substantiated by the strong correlation between trust and perception, planner image and perception, as well as perception and trust. This can be interpreted that trust and planner image go hand in hand in terms of a persons' perception development about a financial planner; where the way a planner presents him-/herself will indirectly have an effect on the level of trust between the financial planner and its current and potential clients.

Young adults were found to be more trusting of financial planners, as well as being more sensitive to their family's influence and planner image for perception development. Young adults have had less exposure to interpersonal professional relationships, and thus have less exposure to financial planners and a lower possibility of negative industry relationships and perceptions; therefore explaining the increased level of trust. Also due to young adults' limited exposure to outside financial planning experiences, young adults would tend to rely more on family influence and the financial planner's image.

Young adults can be considered to be influenced by older generations, as young adults' strongly rely on family background and upbringing, when developing perceptions of and considering the use of financial planning services. Family background is assimilated with the older generation as a young adult relying on family for information and advice, would speak to their parents and other family members. It is therefore evident that young adults do perceive financial planning differently to adults, and therefore different approaches should be followed when approaching current and potential clients, young adults and adults.

Professional bodies and financial planners can use awareness initiatives such as *probono* initiatives towards the public and also to students from school level, while also advocating the increase of financial education in schools and tertiary institutions; in order to improve the perception and level of awareness the public has towards financial planning. Young adults can be marketed to directly, as they are more trusting of financial planners, than adults. The consideration of a planner's image being portrayed should be considered when dealing with young adults, where adults are more concerned with the planners' level of competency. Family references work best when marketing to young adults, as they are more trusting of family opinion; where adults tend to be more independent in their development of an opinion about a financial planner.

10. CONCLUSION

The majority of the sample respondents were highly educated and from the Eastern Cape in South Africa. A more spread sample, in terms of education level and geographic location, should therefore be drawn for future research.

The selected independent and intervening variables explain 33.2% of the variance in the dependant variable; therefore other external factors make up the remainder. Future research could include other variables to attempt to explain the remaining degrees of variance in the use of financial planning services.

A qualitative research approach could be used to conduct future research to gain a deeper understanding of the emotional aspects of the public, on the use of financial planning services. In addition, one could also investigate similar aspects, however from the view of the financial planner, as well as both professional and regulatory bodies.

To conclude, the study is valuable in that it showed that financial planners should approach their adult clients and young adult clients differently. The study contributes to the field in that it identified financial planning aspects to consider and improve to ensure more positive perceptions of financial planning and to increase the use of financial planning services in South Africa. The implementation of this study's recommendations will benefit the financial planning industry and ultimately the economic growth of the country.

Annexure A: Exploratory factor analysis

Item	Factor						
	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5	Factor 6	Factor 7
EDU9	0.74573	0.36906	0.09795	0.02801	0.12303	-0.02192	0.00555
EDU4	0.73686	0.20681	-0.00400	0.09016	-0.14626	0.05647	0.00969
EDU5	0.71971	0.32703	-0.04487	0.02845	0.08535	0.02295	0.14286
EDU2	0.71884	0.09678	0.04402	0.00510	0.04089	-0.00134	0.14776
EDU11	0.70584	0.18471	0.01309	0.09332	0.14988	0.10643	-0.04623
EDU10	0.69032	0.42527	0.19769	0.07858	0.01269	-0.02941	0.01154
EDU6	0.65169	0.25613	0.02494	0.01954	0.15183	0.03115	0.15703
EDU3	0.64335	0.09333	-0.07765	0.00007	0.11048	0.14457	-0.00742
EDU1	0.59156	0.31861	0.15752	0.08463	0.14400	-0.07704	0.01246
EDU8	0.55357	0.22676	0.15174	0.05171	0.04999	0.18124	-0.05445
AWARE3	0.21147	0.84104	0.15460	0.05517	-0.00845	0.04454	0.16866
AWARE2	0.16807	0.81306	0.11379	0.07025	0.00956	0.04030	0.14048
AWARE1	0.25991	0.76590	0.09467	0.06859	0.07959	0.04347	0.15738
AWARE6	0.19082	0.75213	0.11453	0.00871	0.04445	-0.01416	0.16868
AWARE5	0.22307	0.72741	0.19175	-0.08320	0.02652	-0.09286	0.13842

Item	Factor						
	Factor 1	**Factor 2**	**Factor 3**	**Factor 4**	**Factor 5**	**Factor 6**	**Factor 7**
AWARE4	0.20097	0.71973	0.11282	0.07554	0.12218	-0.00682	0.19390
AWARE7	0.26761	0.62683	0.21985	-0.00053	-0.02609	0.05271	0.18825
AWARE10	0.17021	0.60651	0.04798	0.21724	0.20620	0.03503	-0.01303
AWARE8	0.27182	0.55325	0.08036	0.09242	0.21963	0.17064	-0.06229
TRUST3	0.06921	0.22655	0.80776	0.15345	-0.02766	0.13409	0.06122
TRUST4	0.04802	0.18667	0.75014	0.23532	0.14633	0.14385	-0.00666
TRUST5	0.04292	0.18959	0.73562	0.23269	0.08901	0.11864	0.23072
TRUST2	0.05911	0.20711	0.72224	0.14404	0.02701	0.14946	0.04020
TRUST8	-0.01995	0.05912	0.70138	0.12016	0.18646	0.13759	0.07548
FAM4	0.03074	0.11214	0.18581	0.74551	0.12670	0.06652	0.26857
FAM1	0.00513	0.07346	0.03930	0.72970	0.16875	-0.00512	0.26595
FAM2	0.01319	0.13162	0.35010	0.71382	0.03645	-0.03342	0.16170
FAM3	0.09152	0.00296	0.23236	0.69385	0.04311	0.15030	0.14602
FAM5	0.16685	0.17640	0.13189	0.52186	0.11973	-0.01274	0.20466
FAM8	0.15853	-0.20925	0.17939	0.49254	-0.01850	0.13001	-0.10309
TRUST1	0.15171	0.17459	0.02970	0.12682	0.62471	0.19798	-0.13484
TRUST9	0.14627	0.05948	0.07774	0.08454	0.60139	0.15164	0.00941
INTANG4	0.07111	-0.00219	0.21993	0.17771	0.57704	-0.01105	0.32327
TRUST6	0.06872	0.18636	0.19569	0.16367	0.57198	0.17922	-0.00443
PERCEP2	0.01302	-0.00296	0.24534	0.12519	0.03050	0.68919	0.11632
PERCEP9	0.09981	-0.01167	0.02274	0.14133	0.13279	0.66117	0.18155
PERCEP3	0.00691	0.07069	0.06240	-0.03123	0.00022	0.65023	0.10905
PERCEP1	0.12798	0.15938	0.24044	0.01661	0.27143	0.64998	0.10388

Item	Factor						
	Factor 1	**Factor 2**	**Factor 3**	**Factor 4**	**Factor 5**	**Factor 6**	**Factor 7**
PERCEP10	0.02300	-0.06889	0.10258	0.11410	-0.01331	0.61084	-0.00807
PERCEP8	-0.02309	0.01145	0.21814	-0.10148	0.15254	0.52223	0.31346
USE9	-0.00195	0.00885	0.26913	0.13442	0.24033	0.51345	0.06784
PERCEP7	0.09746	-0.06627	0.03397	-0.10693	0.11141	0.51014	0.29338
USE1	-0.09132	0.24350	0.02018	0.21077	-0.05372	0.07932	0.74141
USE8	0.00305	0.25489	0.08164	0.13345	-0.10899	0.11050	0.71144
USE4	0.14237	0.17269	0.02051	0.22755	0.11205	0.22031	0.69704
USE3	0.10887	0.29890	0.04453	0.20701	0.02084	0.19700	0.68808
INTANG3	0.05138	0.13701	0.28502	0.22425	0.21933	0.12193	0.55341

Source**:** Calculated from survey EFA results

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