

# BEworks Investor Solutions

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Help Investors Stay Rational  
in Irrational Times using  
Behavioral Science



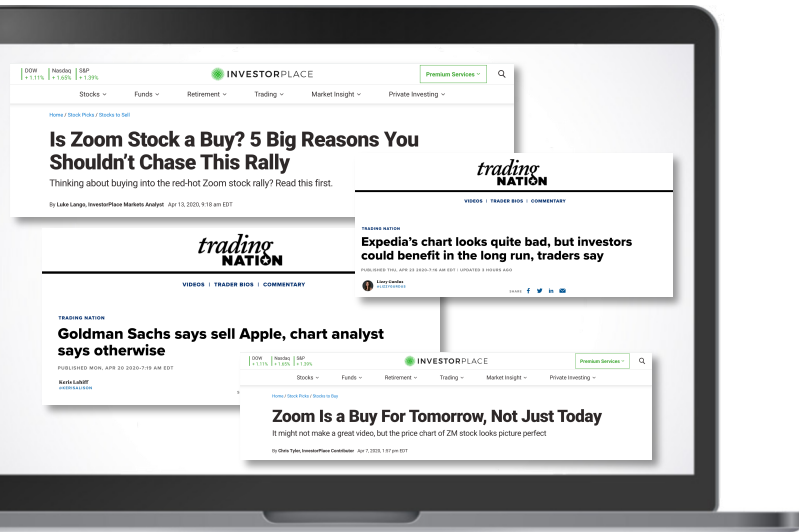
**“ How can we preserve rationality in our ranks, and just as critically, amongst investors, in these trying times? Understanding the common errors made both by institutional and individual investors when volatility reigns can come through understanding the science of human behavior.**



**How Investors Can Stay Rational in Irrational Times** by David Lewis, Kelly Peters, and Dan Ariely Published March 31, 2020

# The Challenge for Investors

Market anxiety is leading investors to make predictably irrational decisions



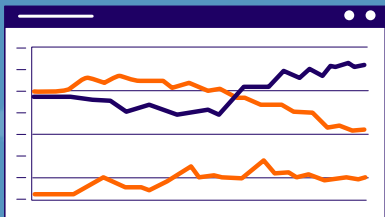
- History tells us that many investors panic and liquidate, realize losses, and miss the recovery
- Other investors may think they can “time the market” to sell at the peak and buy low, but there is ample evidence that this is unlikely to happen
- 87% of investors either do not have an advisor or they ignore some or all of the advice
- We know empirically that financial advisors help clients achieve better outcomes
- How can we help investors listen to expert advice?

## We know that people do not act as rational agents

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Understanding the mindset of investors during this pandemic, and how that can exacerbate existing biases, is critical to helping them make better investment decisions.

**Behavioral  
Economics provides  
actionable insights  
into how investors  
make decisions**



# The Business Case for Behaviorally Informed Investing and Advice

We are in the midst of the economic fallout caused by a global pandemic; these uncertain times can lead to sub-optimal behaviors for investors.

**BEworks**  
**Investor**  
**Solutions are**  
**designed to:**

1

**Help institutions improve their communications with** investors to avoid the traps of emotional decision-making and have better long-term outcomes

2

**Train Investment Advisors** to understand and overcome the biases impacting investors

# Investor Communications Audit

Enhance your end-to-end communications to clients using Behavioral Science



**There is *no* neutral presentation, only unconsidered presentation**

Investors need communications that:

- Keeps things simple
- Mitigate the effect of anxiety
- Mitigate the effects of scarcity mindset
- Nudge to overcome common biases

Re-design your communications with a BE lens including everything from:

- Statements/Letters/Messages
- Digital Investment Platform Optimization
- Advisor Scripts
- Call centre scripts
- And much much more

# Current communications may fall short because investors...

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**Are anxious** – causing reduced attentional control, elevated threat detection, negativity, and increased risk aversion

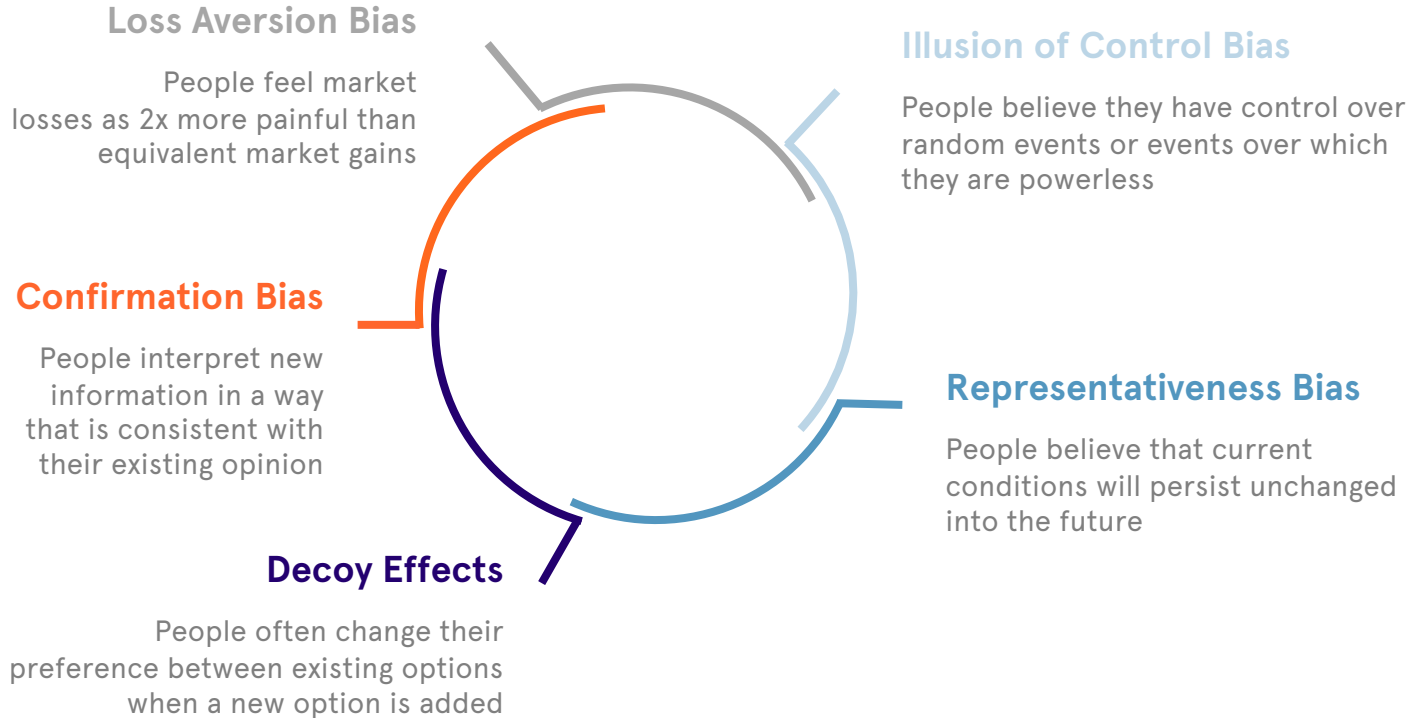
**Are in a scarcity mindset** – causing attentional shift to present needs, reduced cognitive ability, focus on opportunity costs over benefits, and heightened self-interest

## This leads them to...

- Have difficulty processing financial advice because it is too cognitively demanding
- Attend to and process information that is related to present needs rather than future goals
- Become more focused on risks and possible losses than gains
- Feel an urgency to liquidate assets to survive 'now'

# A Sample of the Biases that Affect Investment Decisions

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# The Investor Communications Audit

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**Overcome Cognitive  
Limitations:**

Increase Memorability  
and Understanding

**Overcome Scarcity  
Mindset:**

Reduce Present Bias

1

2

3

4

**Overcome Anxiety:**

Reduce Fixation on  
Negative Stimuli

**Address Common  
Biases:**

Reframing information

# Our Offering

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## Investor Communications Audit

Applying behavioral science to enhance communications

### Communications Framework

Evidence-based recommendations that limit emotional decision-making and drive better investor outcomes

### BE Informed Scripts

Scripting for Advisors and Staff that will enhance outcomes

### Digital Platform Optimization

Examine messaging and navigation through a BE lens

### Executive Debrief

Roundtable discussion on BE insights for the current environment

# Sample Communication Audit

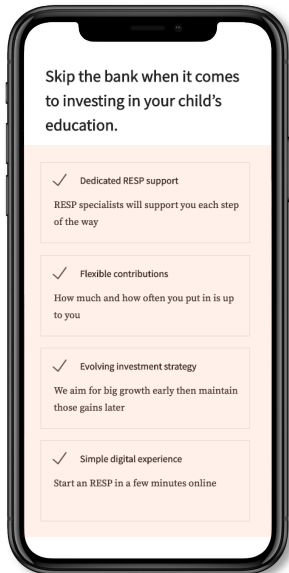
We diagnosed barriers across the psychological journey

ATTEND	PERCEIVE	DECIDE	ACT
<p><b>Information Overload</b> There is too much information here.</p>	<p><b>Perceived Hassle Costs</b> This is going to be a lot of work.</p>	<p><b>Anchoring</b> I'll base my response on the context – anxiety and scarcity mindset</p>	<p><b>Status Quo Bias</b> Why should I change what I'm already doing (or not doing)?</p>
<p><b>Lack of Saliency</b> What information is most important?</p>	<p><b>Low Perceived Credibility</b> Why should you be my choice in 2020?</p>	<p><b>Lack of Goal-Framing</b> How does this relate to me now, and in the future?</p>	<p><b>Procrastination</b> I'll do it another time.</p>
<p><b>Lack of Brand Awareness</b> Who are you?</p>	<p><b>Lack of Progress</b> I feel like I'm behind, or that my effort so far hasn't been enough.</p>	<p><b>Choice Overload</b> There's too many choices...What if I choose wrong?</p>	<p><b>Uncertainty and Anxiety</b> This makes me uncomfortable, I can't do this now.</p>
	<p><b>Lack of Tangibility</b> I can't picture myself using this.</p>	<p><b>Processing Disfluency</b> This feels hard, so I don't think I can trust this.</p>	<p><b>Hassle Costs</b> There are a lot of steps to this process.</p>
	<p><b>Lack of Reference Point</b> I don't know where to start.</p>	<p><b>Low Perceived Value</b> I don't see the value of investing with you.</p>	

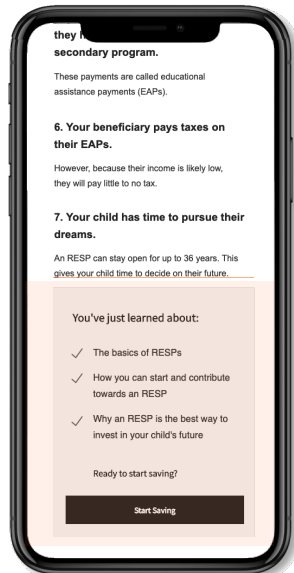
# Example Communication Audit

## We developed tactics to address these barriers

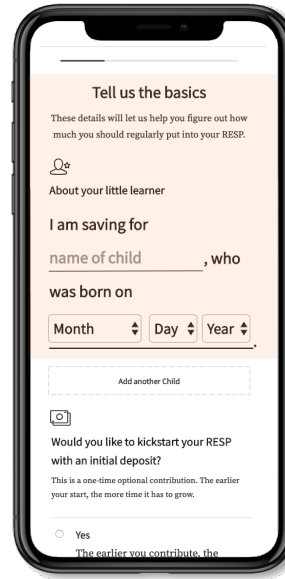
### BE Tactic 1 Competitor Comparison



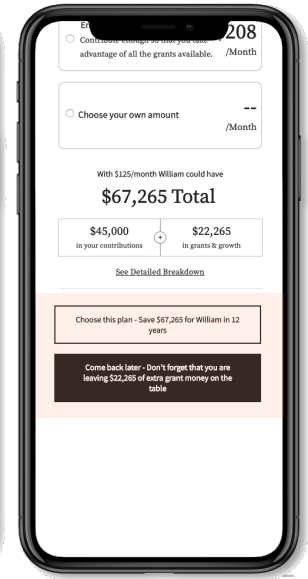
### BE Tactic 2 Personalization



### BE Tactic 3 Future Goal-Framing



### BE Tactic 4 Enhanced Active Choice



*“These biases end up leading us to sell our portfolios in the face of downturns, to feel like we are taking action against volatility.*

*Behavioral economics not only pinpoints these biases, but it also provides directions for how to overcome them.”*

– **David Lewis, Kelly Peters, and Dan Ariely**

The Globe and Mail, March 31, 2020

# About BEworks

# Our History

Founded in 2010, BEworks is the world's first commercial consulting team dedicated to the application of Behavioral Economics to real-world challenges.

The company's co-founders are renowned behavioral experts.



**Kelly Peters**  
*Co-Founder & CEO*



**Dan Ariely**  
*Co-Founder & Chief  
Behavioral Scientist*



**Nina Mažar**  
*Co-Founder & Chief  
Scientific Advisor*

*Our leadership team brings unparalleled expertise to your organization*

# Our People



We have approximately 60 people on our team, serving clients around the world



We are a PhD powerhouse – Our team holds advanced degrees in behavioral science, psychology, marketing, economics, finance, and decision science



Our associates are scientists who understand how to tackle real-world challenges



**Toronto**  
*Canada*



**London**  
*UK*



**New York**  
*USA*



**Bogotá**  
*Colombia*



**Tokyo**  
*Japan*



**Nairobi**  
*Kenya*

*A calibre like none other*



# Some of Our Subject Matter Experts



**Kelly Peters, MBA**  
Co-Founder & CEO, BEworks

Kelly is the Chief Executive and Co-Founder of BEworks. She works with CEOs and board members to help them tackle their biggest challenges with BE. Prior to launching BEworks, Kelly has 20 years focused on business and technology innovation. She has held senior positions at the Royal Bank of Canada and the Bank of Montreal.



**David Lewis, PhD, MBA, CFA**  
Chief Client Officer, BEworks

David advises senior leaders on the impact of BE on their business challenges. David has held numerous senior positions including President, CEO, and Chairman of the Board, at global financial institutions including Barclays Wealth USA, UBS Bank USA, UBS Financial Services Americas, ING DIRECT USA, and Bank of Nova Scotia.



**Dan Ariely, PhD**  
Co-Founder & Chief Behavioral Scientist, BEworks

Dan is the James B Duke Professor of Behavioral Economics at Duke University and co-founder of BEworks. He is considered a world expert on financial decision-making and has authored several NYT best-selling books on the topic, including Predictably Irrational, The Upside of Irrationality, and Dollars and Sense.



**Max Thomson, MBA, CFA**  
Executive Advisor, Financial Services, BEworks

At BEworks, Max uses his expertise and experience in collaborating with financial institutions to understand their challenges and articulate how BE infused strategies can complement core underlying strategies. He has spent 20+ years with Royal Bank of Canada and is a subject matter expert in Retail Banking and Wealth Management.

# THANK YOU

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