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In the aftermath of the financial panic of 2008, Congress recently passed the *Dodd-Frank* bill to overhaul financial regulations and prevent future crises from developing. Senator **Christopher Dodd** (D-Conn.), one of the bill's architects, said a primary objective was to "rebuild…trust and confidence" in the American financial system.

It will take more than legislation to restore trust in the marketplace. This fact presents both a challenge and an opportunity for the financial services industry. Unfortunately, this industry has been in this situation before. At the beginning of this decade there was **Enron, WorldCom,** and **Tyco**. The response? ***Sarbanes-Oxley***. Hyped to end corporate accounting abuses. Less than six years later there was the collapse of **Lehman Brothers**, the **AIG** bailout, **Bernie Madoff**, the **Fannie** and **Freddie** follies, and the subprime mess. The ink was barely dry on one bill and already there was need for another one. Does anyone seriously believe *Dodd-Frank* will fare any better and close the wounds of distrust?

This "trust gap" is very costly to the American economy as a whole and financial services companies in particular. According to a survey by the **IBM Institute for Business**, 70% of clients strongly agreed that fund managers were acting in their own best interests rather than in the clients' interests. A similar survey by **Pew Research** found that only 22 percent of the American people trust banks and other financial institutions. These dismal numbers should not be all that surprising in light of the news headlines over the past few years. Every brand in the sector has been devalued.

However, the costs to the financial services industry go beyond low public esteem (bad though that is!). When trust is low, investors are more inclined to stick with CD's or money market funds rather than invest in equities or mutual funds. As a result, the sales cycle for financial products lengthens and profits decline. Conversely, higher trust tends to shorten the sales cycle, lower transactional costs, and improve the bottom line.

The question for the financial industry is [how to] define the healing process: ***how to recover from the loss of trust.*** Despite the democratic (small "d") rhetoric, you can't always control the actions (or inactions) of your political leaders or corporate titans. That's why it is up to individual brokers and financial advisors to take the lead. Because you are on the frontline, you have the best opportunity to restore trust with the investing public, one investor at a time. 85 percent of business success comes from interpersonal skills, so the key to restoring trust starts with honest communication rather than technical razzle-dazzle.

Communicative Competence is a style of communicating that allows financial advisors to instill a natural trust with their clients and prospects. It consists of engaging your listener in a two-way, participatory conversation and creating congruency between your words, your body language and your message so that you lay a foundation of honesty, integrity, and fair dealing. If you can accomplish this, you will build a trusted advisory relationship that is far stronger than your product or your brand.

Effective communication begins with participation from both sides of the table. Both parties must actively listen, ask questions, and discuss solutions to make sure they properly understand each other. Continuously check to make sure there is engagement in the conversation. If an investor feels that his or her interests are not the priority, communication will function only one-way and developing a relationship based on trust will be difficult or even impossible.

Most people are familiar with the type of situation in which a salesperson rushes over to a shopper and recites technical specifications about a product he or she has no interest in buying. The salesperson doesn't know a thing about what the shopper wants -- and therefore has no clue how to sell to the customer. One-way communication is like throwing darts in the dark—chances are they are going to land way off target.

Congruency in communication is also a key to Communicative Competence. Be aware and intentional about how you use your body. Facial expressions, eye contact, stance, and gestures enhance your message and your ability to create an emotional connection with your prospect. Communication is most powerful when all of the signals sent are working together. Likewise, when signals don't support each other, the receiver instantly recognizes the disconnection and feels tension. Visualize a person who laughs and avoids eye contact while saying, *"You can trust me."*

Always communicate with honesty and transparency. If intentions are wrong to begin with, no amount of communication technique will compensate. Sure, deceptive communication may occasionally lead to a client. But it is likely to be a short-term relationship and damaging to your professional reputation in the long run.

As experts look for ways to restore client confidence and resuscitate the industry, it's time to go back to basics. Understand that trust *is* money. Align your intentions with clients' interests and communicate in a manner that delivers this message. Investors want high quality advice from an advisor who takes the time to understand their needs and form a relationship. In the end, the solution is simple. Communication builds trust— trust rebuilds the industry. The question is, are *you* ready to step-up and close the wounds ravaged by the sins of your brethren?

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