The Impact of Different Worldviews on the Financial Planning Process

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Abstract

An individual's worldview has an effect on all aspects of their life. Worldview affects the decisions people make, the clothes they wear, the people they interact with, and so much more. What is often overlooked is the impact of worldview on one's view and use of money. Money is universal and everyone has some form of currency or assets. However, the way money is used, whether it is saved, spent, or invested, is often determined by an individual's own concept of money. Additionally, relationships between people are often chosen or influenced by an individual's worldview. Human beings are seen differently through the lens of the culture than they are through the eyes of God or the Bible. Furthermore, in a financial planning relationship between a client and advisor, worldview plays an important role. The purpose of this thesis is to note the impact of worldview in holistic financial planning and analyze the concept of behavioral finance to understand why people make the investment decisions that they do.

The Impact of Different Worldviews on the Financial Planning Process

Worldview affects every facet of an individual's life, whether they realize it or not. Throughout one's upbringing, cultural experiences, and social environments, their worldview is formed. It affects their perception of right and wrong and the way they make decisions. In a financial planning relationship, worldview is an influential force in all aspects. The investing and risk management decisions of a client, as well as the perceived client needs and relationship dynamics with a financial planner are all impacted by worldview. The purpose of this thesis is to analyze what affects worldview formation and how major worldviews in the US, specifically naturalism and theism, impact an individual's perception of money, investing decisions, risk management techniques, and client-advisor relationship dynamics.

What is a Worldview?

Everyone has their own personal way in which they make value judgments and see the world, known as a worldview. Dori et al. (2020) defined worldview as, "a framework of ideas and beliefs that together form a global description for interpreting and interacting with the world." An individual's worldview shapes their decision-making process and forms the way they view people. Therefore, worldview must have an effect on the financial planning process because both the planner and the client have worldviews. The set up and execution of a financial plan and all the decisions that go into it will vary dependent on the worldview of the client and the advisor.

Worldview Formation

The ideas on what is right and wrong and what is truth differ across worldviews. However, it is important to understand how and why this is true because this links to one's worldview. Worldviews can be different for each person based on factors like the culture, the media, upbringing, and so much more.

One’s worldview is heavily influenced by the media today unless they are extremely aware of and proactive about it. There are television commercials, news outlets, social media posts, and so much more to see right in the palms of one’s hands. The ease of receiving information today has huge implications on the formation of people. A researcher in youth ministry studied the effects of media on youth and explained that the media-saturated life of the youth is having an immense impact on their personal worldview formation (Dahle, 2017, p. 61). The words that people hear most frequently often become the words that they believe. Since today’s world is centered around media and social media specifically, everyone’s worldview is influenced, whether they realize it or not.

Another major influence on worldview formation is their cultural background. For example, a lot of Asian cultures have a high power-distance and are strict to follow sciences as objective truth. Wang Hui (2008) noted that science is a symbol for liberation, while also being an objective truth for reform in society and culture (p. 125). The objects of a culture have a strong influence on an individual’s worldview. Therefore, those who place more of their worldview or beliefs on science see right and wrong through the lens of the natural, scientific world. Others who follow a theistic or biblical worldview see things through the lens of God or the Bible as the objective truth. An integral part of culture are the rules and regulations that govern the people. The laws of each country vary, which forms the peoples’ worldview and leads to different behaviors. Researchers emphasized the importance of looking at how the behavior of students is influenced by the rules and attitudes of culture (Revyakina & Sakharova, 2021, p. 5). The written and unwritten laws of a culture form an individual’s perception of the world. The varying cultures in this world have a heavy influence on each individual's perception of right and wrong.

People's worldviews form when they are young, so another strong factor in worldview formation is an individual's upbringing. Forland et al. (2012) looked at the effects of gender, birth order, class background, urbanity of upbringing, and parental political preferences on their children's field of study, political orientation, and worldview. They found that birth order had essentially no effect, but parental political preferences was impactful and that an urban upbringing has a strong effect on worldview formation (Forland et al., 2012, p. 830). The worldview of one's parents can heavily influence the decision-making and worldview development of someone. Consequently, the decisions made in a financial planning context, like investing and risk management are made based on their worldview.

Worldviews to Discuss

Throughout the world, there are many different worldviews and variations of worldviews. The media, various cultures, and laws are just a few factors that have formed and pushed worldviews onto people. For the purposes of this thesis, the worldviews being discussed are naturalism and theism. Naturalists see the material world and what can be seen as all that exists (Rozema, 2018, p. 331). Theists believe in a personal, all-knowing God as creator and believe in both the physical and spiritual (Milem, 2019). Within theism, there are branches of Christianity, Judaism, and Islam, and in this thesis, Christianity will be the focus. This thesis looks at these two major worldviews because they are the dominant worldviews in the United States today, and that is where the majority of holistic financial planning is done.

Naturalism is the main secular worldview seen in the United States today. However, people try to simplify naturalism, when in reality, it is a little more complex. Holmes et al.

(2021) said that naturalism is being reduced in the field of psychology to merely a lack of spirituality (p. 539). This worldview is more than just an absence spirituality. Further, they indicated that naturalism is used to explain events looking at the physical cause and physical effect, instead of looking at spiritual forces (Holmes et al., 2021, p. 539). Adherents to naturalism believe the natural world is all there is, and science and logic and everything that can be seen helps explain the causes and effects seen in the world. Naturalism as a worldview "represents a tendency for thoughts, feelings, behaviors, and worldview beliefs that directly relate to aspects of reality as being physical and/or non-conscious" (Holmes et al., 2021, p. 539). Naturalists look to science and the physical world to explain everything, because they believe that is all there is. As a worldview, naturalists make decisions believing science, logic, and the physical world as ultimate.

On the other hand, those with a theistic or biblical worldview look through the lens of the Bible and see people as physical and spiritual beings. Christians see revelation of God through the universe, the Scriptures, and Jesus Christ. They see God as the provider, protector, Savior, and sovereign King over it all. Those with a biblical worldview believe that people are broken and rebel against the Creator through sin but know that Jesus was sent to save those sins and give eternal life through faith in Him. Despite the sinfulness of man, people are seen as valuable and loved since God created them in His image. Genesis 1:27 says, "So God created man in his own image, in the image of God he created him" (English Standard Version). A biblical worldview values humanity because God values humanity. People make decisions with God's principles in mind and the longing to bring glory to Him.

While there are many worldviews that people have, most people are not aware of what their worldview is, nor about how it affects their decision making. Furthermore, not everyone is financially literate and aware of how to make decisions that align with their worldview. Shafique et al. (2019) explained that only about 33% of adults are financially literate across the world, with advanced economies falling closer to 55% of adults, and 28% adults in major emerging economies (p. 158). In this thesis, how each worldview perceives money, makes decisions about investments and risks, as well as how worldview affects a relationship with a financial planner will all be analyzed. However, it is important to note that not everyone who classifies as a Christian will make decisions with their biblical worldview in mind, and not everyone who is more of a naturalist will make decisions that perfectly align with their worldview. This research will serve to generally show how worldviews affect decision making for those who are more conscious of their personal worldview.

Worldview and Perception of Money

Since an individual's worldview forms how they make value judgments and view the things around them, it must affect the light that money is placed in. A healthy view of money is important for anyone in any industry or stage of life, but especially crucial for those in financial planning.

Money is valuable in some way to essentially everyone no matter what their worldview is. Naturalists tend to perceive money in higher esteem than those with a biblical worldview. Guiliani et al. (2021) said, "Money is not simply a pleasant and arousing entity per se, but rather that any single value has its own level of pleasantness and emotional activation" (p. 3011). Money itself is pleasant and valuable because of the worth that people place on it. Naturalists tend to be materialistic since they believe this world is just physical. Naturalism looks at money and says that it represents power and achievement; it is good, not evil (Lemrova et al., 2014, p. 329). The accumulation of money leads to the accumulation of power and achievement, and it is clear to see that this view of money will affect how naturalists decide to invest, take risks, and manage their estate.

A biblical worldview understands the harm that money can cause. The apostle Paul writes in 1 Timothy 6:10, “For the love of money is the root of all kinds of evil. It is through this craving that some have wandered away from the faith and pierced themselves with many pangs” (ESV). Loving money over God is not a good path for anyone to follow. Furthermore, God’s people are called to be stewards of money, meaning they use it well and ultimately surrender it to him and acknowledge that it belongs to him. Katz (2006) in his book on Christian financial planning stated, “victory comes through surrender.” Katz (2006) charged Christians to understand this revelation and surrender ownership of what we have because all the money in the world is his. A biblical view of money shows that money is not everything and what we have does not define us. The author of Hebrews explains, “Keep your life free from the love of money, and content with what you have, for he has said, ‘I will never leave you nor forsake you,’” (Hebrews 13:5, ESV). Contentment with the wealth God gives is essential to the Christian life and is a central motive for Christians in a financial planning relationship.

Worldview and Investing

The concept of investing is not a new idea formulated by financial professionals and eccentric millionaires. Investing has been part of human life forever, and its principles can be found in the Bible. Proverbs 31:16 says, “She considers a field and buys it; with the fruit of her hands, she plants a vineyard” (ESV). The Bible also mentions that good investments lead to good returns. In 2 Corinthians 9:6, it explains that “whoever sows sparingly will also reap sparingly, and whoever sows bountifully will also reap bountifully” (ESV). While the concept of investing has been around for a while, the study of the psychology behind investing and decision-making is just starting to gain traction. Understanding worldview and worldview formation, it is vital to analyze how worldview affects decision-making, psychology, and investment decisions, specifically.

Behavioral Economics

The study of the psychology behind investing is often called behavioral economics or behavioral finance. Barberis (2018) explained that behavioral economics is the study of the economy through psychology. Humans have complex methods in making decisions about their investments. These decisions, looked at from a macroeconomic level, can and do greatly impact the stock market supply and demand. Investors in various circles are becoming more interested in understanding why they make the decisions to do, so understanding behavioral economics is and will be important in years to come.

The Rise in Behavioral Economics

Behavioral economics is beginning to be recognized in research more in the past few decades. There has always been psychological reasons behind investments and decisions, but the studies are increasing and there is a rising interest in the field (Dania & Malhotra, 2013). This can largely be attributed to Richard Thaler, an American economist who received the Nobel Memorial Prize in Economic Sciences for his work in behavioral economics (Barberis, 2018). Thaler (2018) wrote about many anomalies in behavioral economics, where people's actions contradict economic theory. The future of behavioral economics has been paved by the work of Thaler, and this field is expected to continue to grow in the coming years.

Along with behavioral economics comes subtopics and different circles of people who hold various views. ESG (Environment, Social & Governance) investors focus on companies that practice things beneficial to the environment and hold agreeing views on social issues and corporate governance. There are also faith-based investors for nearly all major world religions, and they only invest in companies whose actions do not contradict their beliefs. Researchers noted that investors are increasingly working to line up their personal convictions with their investment strategies (Dania & Malhotra, 2013). Investing in a stock represents partial ownership of the company, and more and more people are becoming aware of that and taking the steps they believe are necessary. Faith-based and ESG investing are on the rise and are important things to look at when studying behavioral economics.

Anomalies in Behavioral Economics

According to Thaler (2018), there are many anomalies in investment behavior that do not seem logical or in cohesion with economic theory. Behavioral economists analyze these scenarios with psychological models striving to explain why people do what they do. Thaler et al. (1991) described the endowment effect as the idea that people are willing to accept more to give an object up than they are willing to pay for it. For example, Thaler (1991) gave a scenario concerning changing one's probability of life or death by percentage points. He found that people are willing to accept more money to increase their chance of dying than they are willing to pay to decrease their chance of dying. Traditional economic theory would argue that people would accept and pay the same amount, but Thaler's research suggested otherwise.

Another common anomaly is the sunk cost effect. Thaler and Johnson (1990) said the sunk cost effect is the idea that people are more willing to invest in a declining investment if they already have investments in it. This anomaly is interesting because people's choices will differ depending on their investment, even if there is the same value in something. A basketball ticket is a basketball ticket and does not have more or less intrinsic value based on who paid for it. Another example relating to this concept is this: imagine a person purchased a share of Company

A and another person owns a share of Company A, but it was gifted to them, meaning they have no cost in it. Each share is still worth the same amount no matter who bought it, but each share means something different to each person, and different decisions will likely be made by each person. The person who received it as a gift may turn around and sell it right away so they can decide what they want to do with the money their own way. People will make decisions about investments and assets based on the costs they have incurred.

Lastly, Thaler (2018) discussed another anomaly having to do with the amount of choice available to someone. He explained that he placed out a large bowl of cashews for him and his friends to eat before dinner as they wait for the food to be ready. They quickly ate a majority of the cashews, so in anticipation that they would not have appetites for dinner if they kept eating these, he took the bowl away. When he did this, his friends thanked him, which seemed peculiar to him as an economist (Thaler, 2018). It is strange that they were happy to have something taken away from them. Thaler (2018) continued and pointed out that a basic belief in economics is that more choices are better than less, since things can always be turned down. Eating the cashews on the table was a choice that people made; it was not forced upon them. Yet they were still thankful to have a choice taken away. This can be seen from psychologists as the idea that people want decisions made easier for them so that they do not choose the wrong one. In a way, the cashews were a temptation and not the best thing for the people to choose right before a dinner. Looking at this concept from an investing perspective, individuals want to make good investment decisions, but they do not always want to put in a lot of work to make the best decision. Having less options in investments may allow the investor to make a better decision by looking at fewer things deeper instead of looking at a lot of things, but not searching far enough.

The deviation of human psychology from economic theory is important to understand for financial planners and investors.

The Future of Behavioral Economics

Behavioral economics has come a long way in the past few decades. This topic has always been relevant in economics and investing, but it has not been focused on or studied enough. Richard Thaler (2016) wrote that this idea of “evidence-based economics” must be fully embraced. There is strong evidence that human psychology greatly affects economics. Peoples’ investment choices impact supply and demand in the stock market, which consequently impacts the prices of securities. Therefore, behavior and economics are extremely intertwined. Thaler (2016) posited that the term “behavioral economics” should eventually disappear from topics of discussion because it is heavily involved in economics as a whole. He indicated that researchers and school curriculum should see the various studies on behavioral economics and enact change to show how much psychology is connected with economics. Behavioral economics needs to be more recognized now so that it will not be recognized later because of its deep relationship with economics.

Economics is not all about numbers, charts, data sets, and money. Economics can be looked at from a micro and macro level. One thing that consistently affects economic forces is the people that make up the economies. Investors and individuals are what started the economy and what keep it running. Therefore, it is important to look at economics with a human perspective to study the psychology behind decision-making. Thaler (2018) argued that behavioral economics gives economics more of a human dimension, which is important because the people are the ones who run and influence the economy. People are more than just numbers on a list or individuals who own assets, but people are intrinsically valuable. Looking from a biblical worldview, Psalm 139:13-14 says, “For you formed my inward parts; you knitted me together in my mother’s womb. I praise you, for I am fearfully and wonderfully made. Wonderful are your works; my soul knows it very well” (ESV). Human life is valuable because of the God who created it. The creator of the universe gives people value and worth and everyone is created uniquely. Therefore, decisions are made by each person based on several psychological factors, like their upbringing, their environment, and human nature. Economics should not overlook this fact; individuals are what make the economy what it is. Going forward, behavioral economics should receive increased focus and attention because of the value of its analysis and the relevancy of effects.

Investing Decisions: Naturalism

After looking at the various ways investors make decisions as a whole, it is imperative to analyze how one’s worldview affects their final investment decisions. Since naturalists focus on the physical world and see everyone as physical and not spiritual, they focus on investing that affects the globe. Naturalists tend to make ESG investments, which stands for environmental, social, and governance. Leins (2020) stated, “ESG investment is based on an assessment of a company’s non-financial market data and aims to give investors an idea of the company’s social and environmental commitment” (p. 72). Naturalists lead this investment method because they care about and find their purpose in the physical world. Leins (2020) listed some of the major factors that are weighed by ESG investors: carbon emissions, climate change risk, waste, opportunities in renewable energy, health and safety, and labor conditions (p. 79). Scientific research based on the operations of businesses is important to investors with a naturalistic worldview because they believe science can explain everything because they perceive the world, the economy, and people to only be physical.

While some naturalists invest with an ESG perspective, others just want to make a profit. They believe they are all just physical beings, so it would make sense to just invest to accumulate money for themselves as they live on this earth. Shafique et al. (2019) concluded that most investors are greedy by nature, and they solely invest for profits (p. 158). Naturalists see this world as all that exists, so they are driven to enhance their own experiences in life before they die.

Investing Decisions: Theism

A rising interest has been seen in faith-based investing, especially in Christian circles (Dania & Malhotra, 2013). Investors are starting to become more aware that where they put their money matters. People want to put their money into companies that support the same things they do, because investing is indirectly funding the operations of a company. Although faith-based investors seek to support companies that align with their values, investors still want to make a good return. Behavioral economists have studied this to see if faith-based investing hinders returns. Following a research study on this, Lyn and Zychowicz (2010) concluded that investors who make investing decisions based on ethics and socially responsible reasons and their faith are still achieving more than satisfactory returns. Faith-based investing can still provide the necessary return that investors seek while giving them peace of mind that their money is going to a good place.

Faith-based investors are not just a group of people who choose companies that do good work, but they are backed by financial professionals and researchers who study this. There are an increasing number of Christian financial planners who desire for their clients to consider faith-based investing. Therefore, there is a lot of financial analysis for this, as mentioned by Thaler (2018), who explained that behavioral economists use all of the same tools as other major financial analysis companies, as well as tools uses in neuroscience and psychology. Strong analysis is going into faith-based investing and behavioral economics, which is leading to an increase in reliability and popularity among investors. The future of behavioral economics and faith-based investing will continue its growth.

Those with a theistic or biblical worldview are increasingly becoming aware of faith-based investing. Christians hold fast to the Bible as truth, and therefore invest accordingly. They believe that “the love of money is a root of all kinds of evils” (1 Timothy 6:10, ESV), so they do not invest to make a quick profit because they do not want to love money. Additionally, 1 Peter 4:10 says, “As each has received a gift, use it to serve one another, as good stewards of God's varied grace” (ESV). Christians are motivated to use their money well because they believe God ultimately owns it all. Therefore, since they believe they are investing God’s money, investment decisions have bigger implications than just making a profit, although they do not have to sacrifice good returns to invest with their faith (Lyn & Zychowicz, 2010). Individuals with a biblical worldview invest in companies that have values aligning with God’s Word. They typically stay away from ‘sin stocks’, which are companies that are involved directly in alcohol, illegal drugs, addiction, or have other scandalous operations that go against their beliefs. Worldview is pivotal in the investment decision making process, but with financial decisions come a degree of risk.

Worldview and Risk Management

Almost any decision in life comes with some type of risk, and there are various kinds of risks. There is risk associated with deciding what to eat for dinner, risks in driving a car, risks in living in a certain area. A large component of risk is uncertainty of what dangers lie ahead. This is particularly a concern of many people now with the risk of infection and financial volatility from COVID-19, and it was a concern as well during crises in the past. Greig (2009) wrote near the end of the housing market crisis and explained that there is still and always will be a degree of uncertainty about the future in global economics (p. 21). Risk is going to always be a factor in decision making in this lifetime, so people want to know how to best manage risk. There are numerous ways to manage risk, but they can essentially be broken down into four categories: avoidance, retention, transfer, and reduction. This paper will analyze the most common and effective ways people manage risk, specifically financial risk, and how worldview affects risk management decisions.

Financial Planning Risks

Risk strategies are seen throughout financial markets and financial decisions. Researchers said that everyone will have to face and deal with risks and uncertainties when dealing with financial services (Maman & Rosenhek, 2019, p. 2012). Whether deciding to purchase insurance or various investments or buy a new car or house, there are things that need to be understood about the risks. Investors are responsible for their present and future financial well-being, which is affected by the investing and risk management decisions they are making now (Maman & Rosenhek, 2019, p. 2012). This can be a lot of pressure for young people or others who may not be well-taught on all things financial. Without understanding the stock market, it can be difficult to make smart investment decisions because of the amount of risk associated with each decision. There are opportunity risks of buying something, risk of losing money, and various other risks in each decision. Individual investors, as well as large corporations, insurance companies, and financial institutions all make decisions to manage these risks.

Since there is risk involved in essentially all financial decisions, there must be effective ways to mitigate them and take the necessary steps to minimize risk. Out of various things that can be invested in, stocks are seen as riskier, specifically when compared to bonds and other fixed-income investments. Therefore, researchers said it is essential to develop a framework to evaluate and mitigate risks in buying, holding, and selling securities (Farhan et al., 2020). Many online platforms now make investing very accessible to the general public. This allows anyone and everyone to be able to quickly deposit money into a brokerage account and invest in whatever they want. This can be a huge danger without people understanding the risks associated with investing. It is imperative to establish why investment decisions are made, when they should be made, while also having an exit strategy. This is especially important when managing risk for larger investors and corporations. Researchers analyzed the Chinese stock market and concluded that all institutional investors within the stock market legally need adequate risk management strategies to operate (Li, Ng, & Chan, p. 228). Having proper risk management strategies is clearly important, and sometimes legally necessary.

Risk Management Techniques

One of the major ways to manage risk is risk avoidance. This is where an individual does not do something in order to prevent something bad from happening. Any dangers that could possibly arise from a decision is avoided. For example, if someone does not want to risk getting hit by a car, they can just stay inside or avoid roads where cars would be. In the Bible, Jesus shares the parable of the talents in Matthew 25:14-30. In this story, a master gives talents to three of his workers. Two of them invested the talents and doubled what they were given, while the third says, “I was afraid, and I went and hid your talent in the ground. Here, you have what is yours” (Matthew 25:25, ESV). While risk avoidance can be an effective strategy, it can also be ineffective as seen here. Risk avoidance should not be used in fear, but rather used intentionally to mitigate risk.

Another major way to deal with risk is risk reduction. This involves staggering various options to make potential losses decrease. For example, if someone is currently invested in only technology stocks, that could be risky. To reduce risk, they could invest in other sectors of the stock market or purchase fixed-income or bonds. This concept of diversification is a major way that investors mitigate risk. Diversification has been studied for a while now, and not just in the context of a stock portfolio. Researchers studied how geographic diversification affects the risk of restaurant owners and they found that strategies of mitigating risk in geographic diversification for restaurants can similarly be applied to portfolio diversification in financial markets (Song et al., 2016, p. 107). Diversification is a universal concept that can help limit losses and reduce risk. This is not a new idea coined by modern-day financial professionals but has been around for thousands of years. Ecclesiastes 11:2 says, “Give a portion to seven, or even to eight, for you know not what disaster may happen on earth” (ESV). Diversifying is one of the best ways to reduce risk, specifically in the financial planning process. When major stock indexes are down, there are other stocks that tend to go up, so understanding that and putting it to action in a financial plan is important.

Risk retention is another alternative in the risk management discussion. This is where someone deliberately does not purchase insurance or attempt to limit the risk (Bektic & Hachenberg, 2021). They are just deciding to take their chances of any losses or are simply ignorant to the risks. For instance, if a young couple just had a baby, and the primary earner does not have life insurance, they are retaining the risk. It is a risk to do this because if the primary breadwinner dies prematurely, they will not receive any money from life insurance, but will rather have to live on what they have saved. Another popular way to retain risk is by relying on an emergency fund. People typically save anywhere from two months to one year’s worth of expenses to cover an emergency fund and is therefore retaining the risk of a major emergency. Risk retention can be dangerous, but if done correctly and for the right amount of risk, it can be very effective.

Transferring risk to a third party is another popular way to manage risk. This typically involves a contract in which the pure risk of something happening is transferred to another individual or company, like an insurance contract (Kiohos & Paspati, 2021). The policyholder pays regular premiums and in return, any loss listed out in the policy is covered by the insurance company. The two major types of risks are speculative risks and pure risks. Speculative risks can result in profit or loss, while pure risks can only be losses. Transferring risk is only covered for pure risks in insurance contracts.

Risk Management Strategies: Naturalism

Based on the views of naturalism, people manage risk with their values in mind. The naturalist who is financially literate will likely acquire adequate insurance coverage to manage risks. However, others who follow naturalism might land on either side of over- or under-insurance. Naturalists see money as a method of gaining power and achievement, and they believe money is good and not evil (Lemrova et al., 2014, p. 329). Naturalists can be materialistic in the sense that they value the money and things that they have. This leads to over-insuring risks at times because they covet their possessions and want to cover them with security. On the other hand, insurance is expensive, and some naturalists want to hold onto their money for what it can bring them in the future. Naturalism also leads people to under-insure and retain some risk because they may not perceive the risks to be as great. The decisions in risk management made by a naturalist largely revolves around their perceived value of the money and possessions since they see the world as simply physical.

Risk Management Strategies: Theism

A biblical worldview manages risks looking through the lens of the Bible and the truth of what God has said. Jesus says in Matthew 6:25, “Therefore I tell you, do not be anxious about your life, what you will eat or what you will drink, nor about your body, what you will put on. Is not life more than food, and the body more than clothing?” (ESV). Christians manage risk first by not being anxious about the things of this world and trusting the promises of God. Philippians 4:19 says, “And my God will supply every need of yours according to his riches in glory in Christ Jesus” (ESV). Christians will likely purchase necessary insurance for life, health, auto, and other risks that need to be covered, but because of the promise of God’s provision, they generally will not over-insure.

Individuals with a biblical worldview do not just blindly go through life without insurance, trusting that God will meet any and every need they have. Believers will be diligent and faithful with what has been entrusted to them so they can still meet the goals of their families and give abundantly. Luke 14:28 says, “For which of you, desiring to build a tower, does not first sit down and count the cost, whether he has enough to complete it?” (ESV). At the center of a biblical worldview is the belief that they are stewards of God’s resources. Therefore, they will be proactive to make the necessary risk management decisions to steward well, while also not living in fear of the unknown.

Worldview and Client Relationships

Worldview plays a pivotal role in the decision-making process of every individual. Investments are chosen, risks are taken or protected, and estates are planned through the discernment of people. However, worldview’s effect on the financial planning process is not limited to decisions. Worldview plays a huge role in determining the needs and desires of clients, as well as the relationship dynamics within the financial planning context.

Client Needs

Financial planning is a profession now for a reason: clients have needs. They have money and they want to be smart with it, so they seek the professional help of a financial advisor. Some primary needs of a client are saving for retirement, tax planning, saving for education, planning insurance expenses, and estate planning. The needs of a client differ dependent on their worldview. Those who hold naturalistic worldviews seek to grow their wealth for themselves and sometimes even live a lavish and luxurious lifestyle. More wealth is seen as more power and more freedom for those in the world (Lemrova et al., 2014, p. 329). Clients might even seek to dwindle down all their resources just before they die so that they can get the most out of their money.

Christians and those who hold a biblical worldview have different needs. As discussed earlier, money is not an idol or a sign of significance, but rather a way to steward God's resources. These clients seek to use their riches to give and bless others. God entrusts them with his money, so they understand this and seek to use those resources for good. Proverbs 3:9-10 says, "Honor the Lord with your wealth and with the first fruits of all your produce; then your barns will be filled with plenty and your vats will be bursting with wine" (ESV). A biblical worldview of money wants to give and serves those in need. Psalm 37:21 says, "The wicked borrows but does not pay back, but the righteous is generous and gives" (ESV). Giving and tithing to a church is an important part of the financial planning process for a Christian client, which means the advisor must understand that and be conscious of the client's needs and financial desires.

These clients who seek to give and tithe may also seek to give to their families. Proverbs 13:22 says, “A good man leaves an inheritance to his children’s children, but the sinner’s wealth is laid up for the righteous” (ESV). Planners must be able to accommodate giving to children and children’s children once the client dies and plan well so that they can give in that way. 1 Timothy 5:8 exclaims, “But if anyone does not provide for his relatives, and especially for members of his household, he has denied the faith and is worse than an unbeliever” (ESV). Providing for family and the future are central needs of a client with a biblical worldview, and even if a financial planner does not share the same values, these needs must be understood and met to the best of the advisor’s ability.

Relationship Dynamics

Since worldview shapes an individual’s view of money and determines their specific needs, it also has an effect on the client-advisor relationship. If two people have differing worldviews, it can be said that there is a conflict of interest. An article written in the Journal of Financial Planning provided this working definition: “A conflict of interest is the incompatibility a professional confronts when performing competent, thorough service for a client while balancing the private interests of the professional with those of that client” (Bearden, 2002). Having varying beliefs will affect the financial planner’s relationship with the client. It is sometimes important to surround oneself with others who have different values to potentially reinforce and strengthen their own values, but that should not be the case in a professional financial planning relationship. Bearden (2002) said that conflicts of interests are distracting and can damage the quality of work from the professional and the trust in the professional relationship. Financial planners want to be able to focus solely on the financial side of the relationship and not have to be so flexible in accommodating the conflict of interest. Doing so strains the advisor and can affect the work that they do.

A client-advisor relationship where both sides do not have similar values may not always be the most beneficial for either side. Advisors may try to take advantage of the client's money and make them pay higher commissions or fees when the client really needs to be saving that money for giving and blessing others. The Bible addresses this issue of conflicts of interest, and specifically in 2 Corinthians 6:14, Paul says, "Do not be unequally yoked with unbelievers. For what partnership has righteousness with lawlessness? Or what fellowship has light with darkness?" (ESV). While this typically addresses marriage, it is also relevant to the client-advisor relationship. A Christian client often desires to give and serve others with their money, while secular advisors may seek to be a CFP to acquire more wealth for themselves. This will cause a lot of tension in the relationship and will not be beneficial for either side. Paul also writes in 1 Corinthians 15:33, "Do not be deceived: 'Bad company ruins good morals,'" (ESV). So, what can advisors do when there are conflicts of interest? Bearden (2002) believed that providing a written letter to essentially deny service to clients where there are clear conflicts of interest will uphold the professionalism and quality of work that financial planners have been doing for years. The best thing for an advisor to do when the client-advisor relationship is conflicting may be to end it respectfully and move on.

On the other hand, Christian financial planners may want to serve clients who do not agree with them to show the love of Christ. To improve the relationship between the client and the advisor, many different steps can be taken. Hunt, Brimble, and Freudenberg (2011) conducted a study on the determinants of the client-advisor relationship quality. They concluded that trust is the most important for relationship quality, and engagement, empowerment, and client activity were important aspects, too (Hunt et al., 2011). A Christian CFP can engage with the client and empower them by allowing them to make more decisions and feel a greater sense of purpose and control. However, a central part of the client-advisor relationship is trust, and if both parties do not trust each other, the relationship will fall apart. To grow trust in a relationship, it really starts with being trustworthy and extending trust to the other party. The planner must trust the client and the client must trust that the planner is acting in the client's best interest.

Christian financial planning involves helping the client meet their needs and allowing them to give abundantly while only charging what is necessary and appropriate for the client. A Christian client feels more comfortable with an advisor who is Christian, too, because they can trust them more and know that they will pray over their financial decisions. With a lot of money can come a lot of stress, so in a Christian client-advisor relationship, trust is more easily given because of the trust each party has in the faithfulness and provision of God. Proverbs 3:5 says, "Trust in the Lord with all your heart, and do not lean on your own understanding" (ESV). If both the client and the advisor can strive to trust in the Lord with all their heart, more trust is given to each other. This cultivates a stronger and more personal relationship, which will allow the advisor to be more comfortable in their work and lead to greater success. Christian financial planning is needed in this world because the industry needs God's people to help steward what is ultimately God's resources.

Conclusion

Worldview is an integral part of every individual's life. It is formed when people are young through their upbringing and continues to be formed by the media and one's cultural exposure. Analyzing a biblical worldview and a naturalistic worldview, each worldview tends to make financial decisions differently. At the center of a naturalist's decision making is the belief that the physical world is all that exists and, therefore, they tend to lean to materialism. A theist is focused on God's Word and the commands, promises, and principles expressed in the Bible.

Regarding investing decisions, naturalists tend to invest to just make a profit, or focus on ESG investments. Those with a theistic worldview invest based on their faith, staying away from "sin stocks" and investing to be a good steward of what God has given them. Naturalists tend to over- or under-insure in their risk management techniques because they love their money and either want to protect their assets or save their assets by not purchasing enough insurance. Individuals with a biblical worldview believe that God owns it all, so they ultimately desire to protect and steward God's assets well. People with a naturalistic worldview and biblical worldview have varying needs as financial planning clients. Naturalists seek to grow their own net worth, while Christians who seek a financial planner do so to steward their money well for God and their family. Therefore, it is best for a Christian to be with a Christian financial planner because they understand their needs best and can help give kingdom-minded advice. All aspects of individual decision-making and financial planning are strongly influenced by the worldview of both the client and the advisor.

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