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Student Research

Spring 2023

Financial Advisory Firm: Mark's Financial Solutions

Mark Y. Foruria

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Abstract

This business plan project provides research on financial advisor firms, financial education and literacy and money management in American society. There are numerous tools and resources available to become financially independent and literate. The problem is that all this information does not reach the communities that need them the most (low-income), especially the youth because it is not taught in school. To address the financial illiteracy issue among the American population I created a business plan, offering the financial services the people need most. At the same time, I created this capstone project doing some research on people's financial health and knowledge in America. With this project my goal is to provide information, guidance, knowledge and financial advice to people suffering from financial illiteracy and struggling with money management in their daily lives. For that, I will create a financial advisory company that provides the necessary services to assist individuals with their financial situation and improve their daily lives.

Keywords: Finances, Money, Management, Education, Necessity.

Introduction to your Capstone Project

I always wanted to help people, and I struggled a lot trying to find the best way to do it. Finally, I found the way I consider is the best and most meaningful for them according to the knowledge, experience, and education I acquired. I have always dreamed of providing a public service and trying to make people's daily lives better, by providing them with basic financial expertise. That is what I am going to focus on in this capstone project.

I am a first-generation college student and a Basque immigrant in America with part of my family here in Boise, Idaho. My unique background and experience allowed me to know and learn about money, finances and business, whether in Europe or America.

In this project, I will try to apply all that knowledge to help people either economically, financially or both. Since I came to this country two years ago, I have received financial support and advice from several people, including family, friends, or financial advisors. Thanks to all of them and my professional experience, I have been able to build up expertise and extensive knowledge on the topic.

The lack of people offering financial services and the lack of education on such issues made me see the necessity of financial services for the public.

Unfortunately, no one teaches you how to manage your money, how to invest, how to save and plan ahead for your retirement in school, either currently or in the past. The youth in college want to become financially independent and live alone. Typically, however, it is hard to manage your own finances at 18 years old and with no previous education/knowledge to do so

appropriately. Building financial literacy amongst the youth would create a solid foundation to prevent failure, debt, bankruptcy, and depression in the future.

Therefore, I will provide all the financial services listed in the business plan to anyone interested, particularly focusing on young Americans: high schoolers, college students, people with regular jobs, working people, etc. Essentially, anyone willing to learn about financial literacy and take advantage of it deserves such an opportunity.

But before I can provide such services, I have research to present that I have found about financial literacy and current people's financial knowledge.

A strong example of financial literacy is encapsulated by "Changes in the economy and society lead to a growing necessity for financial education. Based on the comparative test data, financial knowledge and understanding is more finely differentiated among German students, as the three content dimensions of Banking, Everyday Money Management (income and buying) and Insurance are less correlated with each other. Among U.S. students, the cognitive structure appears to be more one-dimensional. Furthermore, the German students perform substantially better than the U.S. students in all three content dimensions." (Comparison of financial education and knowledge in the United States and Germany)

These conclusions show the necessity to improve financial literacy in US education within these three fields: money management, insurance and banking. I believe that financial literacy in these 3 fields would vastly improve the financial knowledge of the American people and prepare them to handle day-to-day financial issues.

A lack of financial literacy can bring disastrous consequences. For example, “Lack of financial literacy can have a devastating impact on adults’ consumer credit scores, which influences not only one’s ability to get loans and credit cards but also affects our ability to purchase or rent a home and even the type of employment one may get. Even thinking about personal finances makes over 50% of American adults anxious.” (Financial Literacy Is More Essential Than Ever, Forbes).

Finally, the strongest piece of research I have found is in “Understanding that financial literacy levels are the lowest nationally for low-income adults, the population represents 32% of households in the United States (FDIC, 2013), requires increasing this population’s financial literacy. This is paramount in increasing national financial stability.” And “Approximately seven million low-income families are unbanked and are reported to have limited financial literacy” (FDIC, 2013 (Exploring the Effect of Financial Literacy Programs on Low-Income Adults).

After reading and analyzing all this research, I have come to an understanding: Financial literacy is a necessity for any adult person in America. Getting control of personal finances is challenging for everyone and the lack of financial literacy in the low-income adult group particularly has become more problematic as personal finances become more complex.

Elements coming together

The innovative approach is the relationship between clients and customers. Being warm and personal, as well as actively listening to the people, is essential to building trust, understanding and proposing the best solutions. Taking a client’s perspective and thoughts into account and understanding them is important to have a complete picture of the situation. In

doing so, it enriches your analysis and offers you more possibilities to achieve the best possible outcome.

“Disruptive innovation is changing the way the world works. And it’s creating opportunity, but only for those who can keep up with the pace or reinvent themselves to thrive.” This is the key to success currently, using innovation as a competitive advantage. Another important aspect of the project was emotional intelligence. “The ability to read other people’s emotional signals and determine the response to those signals”. (Innovation, EY)

Being able to use emotional intelligence inspires confidence in one's awareness of oneself and others’. Such confidence allows others to trust emotionally intelligent people. “In financial advising, emotional intelligence has been shown as critical to those who can close the gap between what their clients are saying they need and how you can deliver on those needs.” That is what emotional intelligence is all about in this project. (Emotional Intelligence For Financial Advisors by Robert Perry.)

Once you reach this point, you need to think and reflect, trying to get creative. “Creative thinking is a way of looking at problems from a fresh perspective with non-traditional solutions”. (Creative Thinking: The Only Business Strategy You Need).

This is necessary in order to find the best solution for your clients. A “can-do” positive attitude is necessary to seek the desired outcome. For that, continuous growth is needed, meaning that the “I know this already” mindset has to be shifted to, “What can I learn from this?”. In other words, you have to be open and willing to learn, develop and evolve into a better version of yourself.

Therefore, learning and applying the knowledge that I have learned here at Boise State has been critical for me in this capstone project, especially when it came to the innovative approach, emotional intelligence, and creative thinking. This knowledge made me remarkably improve my research and writing skills.

I always wanted to help people, so in order to do that I did research to see what the actual necessities and desires of the people are in terms of finances. For that, first, I made a questionnaire with 16 questions and I shared it with my friends and family here in Boise. With this format, I measured the results, expanding my understanding of the financial and economic necessities of the people through their responses.

Consequently, I made a business plan to create a company that could provide the services and products the people are demanding right now. My research has been a key part of the success of this project, as it has made me realize the necessity of financial advice, guidance, and support among the general population. From this, I have observed and concluded that a financial advisor company would be welcomed and successful in the current context.

A personalized financial advice strategy that is right for you and will help you reach your goals. This is my innovative solution to the lack of financial literacy in the population. The goal of this capstone project has been to understand the needs of the current financial and economic situation of the society.

Results

After analyzing the questionnaire results, I created, developed and elaborated a business plan and put my ideas together. In turn, I made a proposal to the SBA and scheduled a meeting to

receive help and advice in order to create my own company. As an entrepreneur, having a business plan helps you to develop your ideas into a business. A business plan makes you improve and create strategies for success in the future. Going through this project has helped me to organize myself and my ideas, and my targeting and analyzing skills better. In turn, I have learned the best ways to approach different situations and to foster my mind, imagination and communication skills.

The result is still not complete but is on the way and it will not be done until I create my company. The actual impact of this project is yet to be discovered. Time will tell.

I believe that creating a company in the financial services consulting field is necessary. The entire community has the necessity and the right to know how to control their finances and how to make the best decisions for their future. Everyone would benefit from having more information about the financial system in America, in particular the youth.

People who create financial plans are better able to reach their life objectives. They can make major purchases more comfortably, provide for their children's education, retire comfortably, and handle emergencies in a better way.

Yet, what are the reasons for seeking a financial advisor?

“Retirement planning is, by far, the most common reason investors look for a financial advisor. Over 72% of surveyed financial advisors list it as the top reason most prospective and new clients search for a financial advisor. (See figure 1.)

The second-most common reason, according to financial advisors, is improving investment returns, which is nearly 30% of financial advisors listed as either the top or

second-highest priority for potential clients.” (SmartAsset, 2021, benefits of working with a financial advisor)

How can I measure the impact in this project?

A strong way to measure the impact is by creating a website which shows the numbers and statistics that tell you how quantitatively successful the result was. For example, observing the average visitors per day, week, month, etc., and the most visited pages/link on my website. The most effective way to measure these views in turn, is via the conversion rate.

Conversion rate is the percentage of users that take actions after total clicks on a display. For the context of my website, that means they will contact me, request more information about the services or book a meeting and request my services.

But after explaining all this, you wonder what are the benefits for me (as a customer) to hire you as a financial advisor?

And the answer is very simple: Because I have the experience, I know how to deal with such issues and I have been educated to do so. I will shed light on every financial matter one needs. All by providing financial literacy as accessible as possible to take full control of your financial situation.

Besides that, I will give you tips to make better financial decisions for you and your family now and in the future. I will help you in any financial matter, from planning your retirement to managing your debt and much more. All this will be provided using my personal approach. Making close and personal relationships with my clients and building up trust.

In short, I am ready to help you manage your financial and emotional health through financial advice and literacy. My end goal is simply to make people's daily lives better and easier in terms of their finances.

Conclusion.

I knew there was a necessity for financial literacy and education. But I was not expecting the willingness of the people to pay for and learn about it. Such a result surprised me positively. Unfortunately, few people know basic financial ideas, as none of them were taught in school. The lack of financial knowledge can lead to mistakes and poor decisions that negatively affect the future of these people.

I believe that knowing basic financial concepts, such as how a loan interest works or why the mortgage interest is variable, how credit score works, or how to invest, is something everybody should know and receive education about. To solve this issue, I only see two solutions that I can help with.

Either educate and teach financial literacy to people, showing them how to use all the tools and resources available to make their finances easier to understand. Or do it for them, by offering it as a service with my company.

Financial troubles are teachable opportunities for the youth to learn about personal finances. It will help them improve their own money management skills and achieve basic financial literacy. Comprehensive strategies for educating people about personal finances have not yet emerged because of extreme individualism in our society. Hence, this has given me an

opportunity to use my abilities and knowledge to make a business out of it, helping people financially.

The development of financial literacy programs is important and necessary for our future. Education is the key to solve this problem, but if the government fails to address it, nonprofit organizations and social programs will be the ones who can tackle financial illiteracy. Financial advisors use their knowledge and expertise to construct personalized financial plans that aim to achieve the financial goals of the clients.

For that, it is important to use their knowledge and expertise to construct personalized financial plans that aim to achieve the financial objectives of their clients. As well as the capacity to adapt to any circumstances, be ready for changes and check in with their clients regularly to re-evaluate their current situation and future goals.

Finally, I seek to emphasize this idea to everybody: you do not need to be wealthy, rich or affluent to benefit from the services of a financial advisor. Anyone can do it, the information is accessible to everybody. So, take advantage of such opportunities and educate yourself.

A financial advisor should be a right, not a privilege. And my aim is to make these services affordable to everybody. Certainly one day I will.

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Exploring the Effect of Financial Literacy Programs on Low-Income Adults Dr. Brigid A Schaffer, Western Connecticut State University, USA Dr. James N. Mohs, University of New Haven, USA ABSTRACT Financial literacy is a necessity of modern adult life. Obtaining control of personal finances is challenging for everyone.

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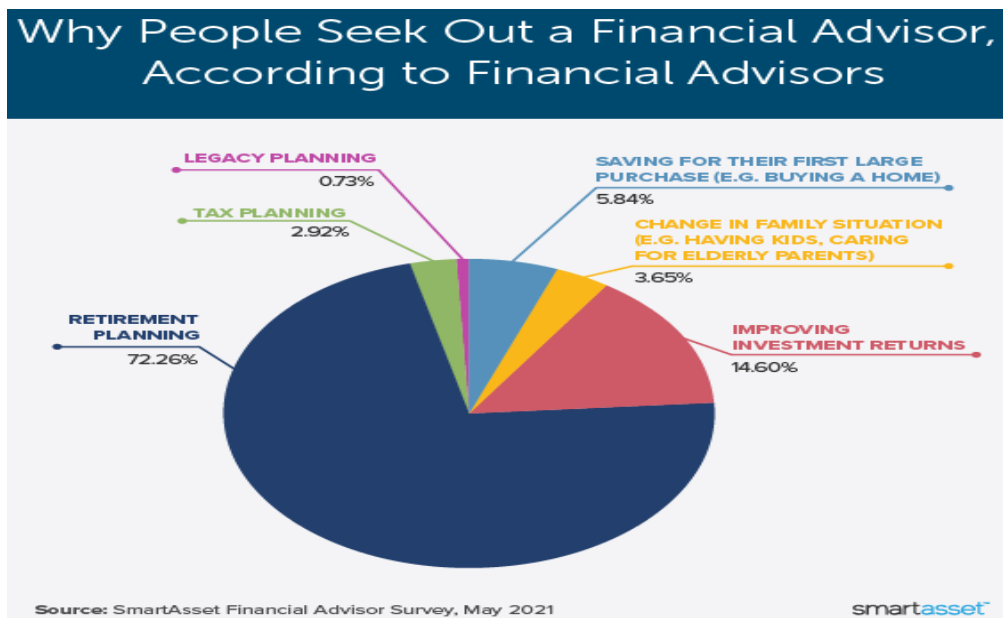
Financial Literacy Is More Essential Than Ever

Valladares

<https://www.forbes.com/sites/mayrarodriguezvalladares/2020/12/15/financial-literacy-is-more-essential-than-ever/?sh=744cb12a6304>

APPENDIX

Figure 1:



(SmartAsset financial advisor survey, may 2021)