

2016 ASCOSIM Conference
Noel Maye, CEO, FPSB
9 June 2016, Rome, Italy



CFP Certification
*Global excellence in
financial planning*



- Salve!
- Good afternoon. My name is Noel Maye, and I'm the CEO of Financial Planning Standards Board, the global standards-setting body for the financial planning profession, and owner of the international CERTIFIED FINANCIAL PLANNER certification program outside the United States.
- I want to thank Massimo Scolari, and the board of ASCOSIM, for inviting me to be here with you all in Rome today at ASCOSIM's **Advice, Planning and Financial Education Conference**.

- I welcome the opportunity to provide you with an overview of Financial Planning Standards Board, and the international CERTIFIED FINANCIAL PLANNER certification program, and to talk about developments within the global financial planning profession, including opportunities here in Italy.

- Financial Planning Standards Board was formed in 2004 to benefit the public by establishing, upholding and promoting worldwide professional standards in financial planning.
- Additionally, FPSB was formed to oversee and promote a rapidly-growing international CERTIFIED FINANCIAL PLANNER certification program.
- Started in the United States in the early 70s, the CERTIFIED FINANCIAL PLANNER certification program has grown from a class of 42 CFP professionals, to a global community of close to 162,000 CFP professionals worldwide.

- FPSB's vision is to establish financial planning as a recognized profession around the world, with the CFP marks the global symbol of excellence in financial planning.
- Through a network of nonprofit associations and professional bodies that adapt our global financial planning standards, certification requirements and content for their territories, FPSB delivers CFP certification in 26 countries and territories, including eight here in Europe.
- You'll notice that we currently do not have a program in Italy, but that is something FPSB would like to address in the near future

- This year, FPSB has been in talks with ASCOSIM, with the European Financial Planning Association or EFPA, with NAFOP – the fee-only association, and with several other associations and universities about how we might bring the CFP certification program to Italy.
- Hopefully, FPSB will have a CFP certification program in Italy soon and some of you will become the first Italians to join the global community of CERTIFIED FINANCIAL PLANNER professionals

- As I mentioned, there are close to 162,000 CERTIFIED FINANCIAL PLANNER professionals globally.
- The public interest nature of the CFP certification, and the rigorous education, examination, experience, ethics and practice standards that it represents, are what have made the CFP marks THE global symbol of excellence for financial planning.
- Over the past decade, FPSB has increased the number of countries and territories offering CFP certification by 50 percent, and doubled the global CERTIFIED FINANCIAL PLANNER professional population from 83,000 at year-end 2003 to close to 162,000 at the end of 2015.

- Of that global total, over 5,200 CERTIFIED FINANCIAL PLANNER professionals are in Europe, and FPSB expects that number to grow substantially in the coming years as we experience the results of two program mergers that took place in the Netherlands and the U.K. last year.
- Last year, as part of our strategic planning process, the FPSB Board of Directors, and the nonprofit organizations that make up FPSB's global network, set an ambitious target – to increase the number of CFP professionals to 250,000 worldwide, in 40 countries and territories, by the year 2025.

- To be clear, FPSB is not focused on growth just “for growth’s sake” – we’re focused on growth so that:
 - We can increase the global footprint of a community of financial professionals committed to rigorous standards of professional conduct, to a professional code of ethics, and to putting clients’ interests first;
 - And, we’re focused on growth to help us restore public trust in the financial services marketplace by increasing consumer access to, and confidence in, financial advice and financial planning from competent and ethical practitioners.

- Financial Planning Standards Board defines financial planning as the **process of developing strategies to help people manage their financial affairs to meet life goals.**
- FPSB's Financial Planning Process consist of six steps that financial professionals use to consider all aspects of a client's financial situation when formulating financial planning strategies, and making recommendations.

- FPSB's financial planning process includes:
 - Establishing and defining the relationship with the client
 - Collecting the client's information
 - Analyzing and assessing the client's financial status
 - Developing the financial planning recommendations and presenting them to the client
 - Implementing the financial planning recommendations, and
 - Reviewing the client's situation.

- As you can hear, the financial planning process is centered on the client, as are the recommendations made, and the products offered as part of the advice engagement.
- And more than ever, around the world, and here in Italy, members of the public need advice from a financial professional who is on their side and working in their interests; governments and regulators are demanding it; and firms and financial practitioners are seeing the benefit of shifting to a client-centric, relationship-based model of giving advice and offering products.
- Client-centered advice, delivered by a competent professional, supported by a financial services marketplace that embraces a professional code of ethics, is a win-win-win situation for consumers, for regulators and for the financial services marketplace.

- There are several major trends driving interest in financial planning and CFP certification globally, and we see those same trends here in Italy.

- **(1) Consumers are increasingly responsible for their own financial decision-making and financial futures.**
- The paradigm has shifted – fewer and fewer workers can rely on guaranteed government or employer pensions, and whether people have guaranteed pensions or not, shifting demographics and longevity means that most people are unprepared for a secure retirement.
- The general wisdom on retirement has shifted from an assuring tone of – “work hard for 40 years and the firm or the government will take care of you” – to a more ominous “save like hell during your working years and hope for the best” – to the downright scary “work hard, save a lot, but make sure you don’t live too long.”

- According to Pew Research Center data, a fifth of Italy's population is age 65 or older, and few Italians are saving for retirement. If government benefits are reduced or not as available, future Italian retirees will need to rely more heavily on their own personal savings and need access to trusted financial advice.
- Yet the same Pew research, shows that outside of social security, less than a quarter – 23 percent – of Italians are putting money in a private retirement plan or savings account.
- This means 75 percent of Italians have no savings for retirement beyond social security.

- So, it begs the question – why is this happening?
- And it's not just a problem in Italy, it's happening around the world.
- The fact is, consumers have got the message – they know they are increasingly on their own – they know they need to save and invest more – and they know they need professional help.
- So what's the problem – **it's a matter of TRUST.**

- A global study of 19,000 consumers conducted by FPSB last year found that while most people feel challenged by their finances and lack confidence in achieving their financial goals, two in three consumers indicated that they did not know whom to trust when it comes to getting financial advice or financial planning.
- Clearly, as FPSB's research demonstrates, there is a strong need, and a tremendous opportunity, for FPSB and the organizations here at the ASCOSIM conference to communicate to the public the benefit of working with competent and ethical financial professionals on their financial and retirement planning needs.

- And then to be able to clearly direct consumers to those competent and ethical professionals – which is what FPSB does globally through recommending people work with a CERTIFIED FINANCIAL PLANNER professional.
- A bright spot in FPSB’s global research showed that when people work with a financial professional generally they feel more confident and better prepared to achieve their financial goals. And the results were even more favorable when it came to working with a CERTIFIED FINANCIAL PLANNER professional. FPSB is working with its network to get out the global message to consumers that “life’s better with a financial plan” and that “life’s better with a CERTIFIED FINANCIAL PLANNER professional.”

- **(2) Another major global trend**, and also one facing Italy and Europe, is while consumers are now responsible for their own financial futures, they are doing so in an **increasingly complex, uncertain and interconnected financial world**.
- Advances in technology are likely to make financial markets, financial products and financial services increasingly opaque, increasingly automated, increasingly sophisticated and increasingly interconnected globally.
- On top of that, growth is slowing globally with many economies providing lower returns, and some economies are struggling, similar to Italy, with unfavorable unemployment rates and public financing issues.

- This level of complexity and uncertainty – and the risks that come with that – is the new normal, and causing some consumers to become “paralyzed” with indecision, while encouraging others to take on more risk than is needed or appropriate for their circumstances.
- There has never been a better time for consumers to be able to identify and access the advice and services of a trusted financial adviser or financial planner, to guide their decisions and help them reach their financial and life goals.

- **(3) The third major global trend** taking place among financial services providers is the **shift from transaction to relationship.**
- Through technology innovations, increased competition, regulatory pressures, and demands from more informed consumers, financial services firms are shifting emphasis from “product sales” to “providing products and recommendations based on the customer’s or the client’s goals and objectives.”
- That’s the good news.

- The even better news is that it is good for the bottom line.
- In 2014, FPSB conducted global research among 92 financial services firms in 12 territories, representing more than 120,000 financial advisers and 11,500 CERTIFIED FINANCIAL PLANNER professionals.
- We asked those firms what the impacts were of hiring CFP professionals, and the results were positive.

- Firms around the world reported that hiring CFP professionals:
 - Helped them differentiate their business
 - Generated higher revenue and profit
 - Increased productivity
 - Reduced corporate risk
 - Lowered client complaints
 - Raised levels of client satisfaction with the firm, and
 - Increased client retention

- Using our global firm research data, FPSB is now working at the global level with several financial services firms to support their shift to a client-centric advice model, supported by having more CFP professionals working throughout the firm.
- And this is a message we would take to firms here in Italy also – that giving clients products and advice in the clients' interests is not only the right thing to do, it also happens to be good for business.

- (4) **The last global trend** I will discuss is the impact of **government and regulatory actions** on the delivery of financial advice and financial planning globally.
- The Global Financial Crisis altered the approach taken by regulators.
- Whereas in the past regulators might have been focused on a rules-based approach, after which many shifted to a principles-based approach, post GFC, regulators and governments now work through the rubric of consumer protection, seeking to ensure positive outcomes for consumers accessing the services of financial intermediaries.

- While the macro changes for MiFID II centered on issues related to market functioning, the numerous changes made to investor protection requirements represent a significant portion of the regulatory reform proposed for Europe, and subsequently, for Italy.
- MiFID II is reshaping the role of advisers and their relationships with clients throughout Europe, and here in Italy as well.
- The investor protection elements of MiFID II introducing new requirements for investment advice and treatment of clients mirror changes taking place in many FPSB territories around the world.

- Governments and regulators have focused on initial and ongoing competency, ethics, transparency, disclosure and putting the client's interests first – and all this aligns with the efforts of FPSB and the global financial planning community, and positions CERTIFIED FINANCIAL PLANNER professionals and their offerings well in the marketplace.
- To ensure that the voice of the global and European financial planning community is heard, FPSB has joined the International Organization of Securities Commissions, or IOSCO, as an Affiliate Member, and with our European member organizations, has made various representations to the European Securities Markets Authority (ESMA) and European Insurance and Occupational Pensions Authority (EIOPA).

- We face economic uncertainties, around the world, and here in Italy;
 - ... as regulators look to take more assertive stances on consumer protection and eliminate conflicts within the financial services community;
 - ... as firms look to shift from transactional selling to relationship-based models; and
- ... as consumers are increasingly squeezed by demographic and financial pressures

- ... The time has never been better to join together to actively communicate and demonstrate the value of financial advice and financial planning, and the benefit of working with competent and ethical financial advisers and financial planners who adhere to a code of ethics and commit to putting clients' interests first.
- I look forward to being back before you in the not-too-distant future talking about the CFP certification program in Italy, and the value and benefit that FPSB can bring to Italy and that Italian financial practitioners can bring to the global financial planning community.
- Until then, I wish you a successful conference. Grazie.