

## FINANCIAL PLANNERS, DOCTORS AND LAWYERS - MORE ALIKE THAN YOU THINK!

In the not-too-distant past, the public perception of the financial planner was not positive. Viewed as product pushers and salesmen, this was a species dreaded and avoided by many.

Fast forward to present-day, and things could not be more different. With a growing mass affluent population and increasing complexity of financial products and services, the role of financial planners and their relationship with clients has evolved to that of valued professional service provider. In a recent research paper by Wharton University<sup>1</sup>, clients identified trust as the most crucial factor in the client-planner relationship. Tellingly, the paper ascribes 3 levels of trust to this relationship:

1. Trust in technical competence and know-how
2. Trust in ethical conduct and character
3. Trust in the planner's empathy and maturity.

The above criteria are akin to those clients would use in the selection of doctors and even lawyers! So if you would forgive the slightly provocative title, which is intended to make my point that financial planners have become increasingly like lawyers and doctors, at least in 3 ways. As with any other professional:

1. You help clients make sense of technical "lingo" associated with your area of practice and provide advice on solutions that meet their needs.
2. To be effective, you must possess an amalgamation of knowledge (i.e. technical expertise), skills and attitudes unique to your profession.
3. Most importantly, you have to attain and maintain high standards of professional competence in the public interest.

The privilege of commanding such public trust brings with it great accountability. In this regard, continuing professional development ("CPD") is a double-edged sword for every professional, in that it is both a responsibility and an enabler.

### What Is CPD And What Does It Have To Do With My Success?

CPD is about much more than complying with the requirements that your regulatory or licensing body imposes. It refers to the ongoing training and education throughout a career to improve skills and knowledge and should be a planned, structured process, involving the assessment of development needs and the tailoring of training to meet those needs. "In a fast changing business environment in which skills are likely to obsolesce quickly, CPD must be continuous and directed towards maintaining the professional knowledge, skills and competence necessary for the diligent and competent practice of the profession of financial planning, as well as encouraging acceptance of its status as a profession by the communities it relates to."<sup>2</sup>

What does all this have to do with you? Let me sum it up with 5Cs:

| <b>FIVE Cs of CPD</b> | <b>HOW CPD HELPS YOU</b>   |
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| <b>COMPETENCE</b>     | CPD enables you to meet the minimum standards of compliance to ensure that you are equipped to do your job. However, competence is not a constant as the industry is always changing. So engagement in CPD activities must be a continuing exercise throughout one's career.                 |
| <b>CURRENCY</b>       | Beyond simply maintaining basic competence, being equipped with up-to-date knowledge, skills and attributes through CPD gives you an edge over your competition and helps you stay ahead of the curve.   |
| <b>CREDIBILITY</b>    | a. As a participant in CPD, you gain knowledge, skills and abilities that enable you to more confidently handle your clients' concerns, building their trust and confidence in you and thus enhancing your own credibility. Only an educated financial planner can truly educate his client. |

<sup>1</sup> [http://knowledge.wharton.upenn.edu/papers/download/ssga\\_advisor\\_trust\\_Report.pdf](http://knowledge.wharton.upenn.edu/papers/download/ssga_advisor_trust_Report.pdf). "Bridging the Trust Divide".

<sup>2</sup> <http://www.financialplanningmagazine.com.au/Article/Taking-CPD-to-new-dimensions/433186.aspx>. "Taking CPD to New Dimensions". 9 December 2008; <http://dictionary.bnet.com/definition/cpd.html>. BNET Business Dictionary.

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|                        | b. CPD can involve not just receiving training but delivering it too. As a speaker or trainer, you not only share your experience and expertise but also gain credibility by positioning yourself within the industry as a subject matter expert in your field.  |
| <b>COMPETITIVENESS</b> | CPD provides you with the learning opportunities for constant reinvention necessary to thrive in an increasingly competitive industry. The continuous development and growth of people is inextricably linked to business performance. Whether you work in a small agency, a large bank or on your own, CPD provides equal learning opportunities and is the great leveler of an uneven playing field. |
| <b>CAREER</b>          | a. Employers view a commitment to CPD as a commitment to continued excellence, thus enhancing your career prospects.<br>b. Attending various CPD events affords valuable networking opportunities with potential clients, partners and industry leaders.   |

The global financial crisis will leave an indelible impact not just on the business of financial planning, but also on the role of financial planners. In the current climate, planners have to grapple with increased competition and heightened client cynicism.

To emerge stronger from the crisis, equipping the financial planning industry for the next lap is critical. And there is no better time than during an economic slowdown to invest in CPD. Evidence shows that businesses that invest in training are less likely to fail and are better placed to take advantage of opportunities when economic conditions improve.<sup>3</sup>

#### New Directions for FPAS CPD

The financial planning profession needs now, more than ever, an action plan that equips it to meet the challenges ahead. The public needs now more than ever, a financial planning profession that it can entrust with its hard-earned funds. Because of the vital role that CPD plays, FPAS recognises that it must rise to the challenge in the interest of both the profession and public.

Starting this year and over the next few years, FPAS will put in place a more proactive, demand-driven and needs-based CPD action plan centred on the philosophy that in times of constant change, it is constant learning that helps level the playing field.

Professions throughout the world have recognised that in order to contribute to the well-rounded development of their practitioners, CPD should not merely focus on technical training. For example:

1. In 2003, the Law Society of Singapore embraced business & management, practice management and personal development as part of its integrated training framework along with technical training.
2. In 2003, FPA Australia included "Personal Development" as a new competency area which satisfied CPD requirements and then in 2009, further broadened its CPD definition to include, *inter alia*, critical thinking skills, reflective practice, and even skills in building professional relationships and improving your own professional performance

In line with international best practice, a more holistic and relevant structured CPD framework will be implemented based on 4 focal areas, each with its own training objectives:

| <b>Focus</b>             | <b>Training Objectives</b>   |
|--------------------------|--|
| Professional & Technical | <ol style="list-style-type: none"> <li>1. Ground members in core areas of technical and industry knowledge so that they continue to provide adequate services to their clients;</li> <li>2. Update members on developments in core practice areas.</li> <li>3. Identify and provide training in new and emerging areas of practice to meet the demands of an ever-changing landscape, and retool members to adequately meet growing or emerging client needs.</li> </ol> |
| Professional             | <ol style="list-style-type: none"> <li>1. Communicate the regulatory and legislative requirements affecting financial</li> </ol>   |

<sup>3</sup><http://repec.org/res2003/Collier.pdf>. William Collier, Francis Green, John Peirson and David Wilkinson – "Training and Establishment Survival". January 2003.

<http://www.mindfulemployer.net/Training%20in%20a%20Recession.pdf>. "Training & Business Survival during a Recession".

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| Conduct               | planners to equip practitioners for continued compliance.<br>2. Impart knowledge in the principles and best practices of ethics and best practices of financial planning.  |
| Business & Management | 1. Provide members with cross-disciplinary business and management skills to better manage their businesses effectively.<br>2. Update members on developments, trends and best practices in business and management that may be distilled and applied to the business of financial planning.<br>3. Offer members a platform to network outside of the profession for the learning and work referral opportunities. |
| Personal Development  | Address the broader intellectual, emotional and psychological needs of members so as to improve their overall contributions towards the financial planning profession.   |

On a practical level, FPAS will aggressively implement the following measures in phases over the next 3-5 years:

CREATE

1. Increase the quantity, quality and relevance of its CPD events while continuing to ensure value-for-money for members.
2. Develop, refine and continually monitor the CPD programme using a rolling 12-month planning calendar. This enables CPD to be proactive yet responsive during the course of the planning year.
3. Adopt planning guidelines which weight the distribution of training events across the four focal areas based on industry demand and needs, so as to ensure a balanced and holistic approach to CPD.
4. Ascribe to every CPD event a training level (e.g. Introductory, Intermediate, Advanced or Update) based on the amount of previous knowledge required in the area, so as to ensure that CPD participants are able to select events pitched at an appropriate level for their needs.
5. Include a wider range of learning options and development opportunities, including more interactive learning options as well as recognition of contributions to the FPAS and the industry such as speaking at CPD events and service on technical committees.

ENGAGE

6. Collect and analyse feedback regularly to ascertain development needs of the industry and whether the FPAS CPD programme is meeting those needs as well as other key performance indicators.
7. Collaborate with professional bodies and educational institutions in developing relevant CPD events that provide inter-disciplinary learning and networking opportunities.
8. Accredit or recognise third party programmes which meet gaps in the CPD activities by FPAS.
9. Promote the FPAS CPD programme outside the FPAS membership to the broader financial services industry.

MANAGE

1. Put in place policies, guidelines, protocols and key performance indicators to manage the entire CPD function with greater consistency and transparency and for greater accountability.
2. Develop a CPD website that would serve as a one-stop shop that informs members about upcoming CPD activities, and enables them to register and pay for, update and monitor their participation in CPD activities and compliance with FPAS' CPD requirements.

Ultimately, through all these measures, FPAS aims to be the CPD provider of choice for the financial planning industry.

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