

Financial Planning: A Shared Vision on a Global Scale

Gastbeitrag



Photo: CFP Board of Standards

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From the Pacific Rim across the Americas and throughout Europe, a fascinating phenomenon is taking place: the evolution of financial planning into an internationally recognized profession symbolized by the Certified Financial Planner certification marks. In 2002, Austria joined this movement under the leadership of The Oesterreichischer Verband Financial Planners, the only organization authorized to award the CFP® certification to Austrian advisors.

As chair of the International CFP Council, I had the privilege of attending Austria's first CFP certification ceremony last summer, along with Dr. Alfred Finz, State Secretary of Finance of the Republic of Austria. I came away impressed with the caliber of these advisors, the rigorous process they had completed to obtain their CFP credential, and their commitment to the profession of financial planning. The inaugural graduating class was small – 12 individuals in all – but the impact of this elite group of planners will reach well beyond their numbers.

Indeed, considering that The Oesterreichischer Verband Financial Planners successfully implemented the CFP certification process in less than two years and soon will certify another 12 advisors, it's apparent that the momentum is just beginning. That's good news for Austrian consumers who are seeking competent, ethical financial planning advice in turbulent economic times.

The CFP Certification Difference

What sets these CFP certificants apart from other advisors? First, they agreed to complete a voluntary certification process described as "the 4 Es": education, examination, experience, and ethics.

The basic requirements of the 4 Es are similar around the world, but are

adapted to the cultural and regulatory environment of each country. In Austria, for example, candidates for CFP certification currently are required to complete 600 hours of education, including the preparation of a financial plan, through an accredited educational program administered by the University of Applied Sciences in Business Consultancy, Wiener Neustadt, Bank Academy Vienna and OPWZ.

The examination requirement includes a 12-hour written exam and a final oral exam conducted by The Oesterreichischer Verband Financial Planners. In addition, CFP candidates in Austria must have three years of experience in financial services, with at least one year in financial planning. Finally, they must adhere to a code of ethics and agree to meet continuing education requirements throughout their career.

The second factor that sets CFP certificants apart is that they follow a six-step financial planning process when working with clients. The process involves:

1. Establishing and defining the client relationship;
2. Gathering information;
3. Analyzing and evaluating the client's financial status;
4. Developing and presenting recommendations;
5. Implementing recommendations; and
6. Monitoring

Third, CFP certificants are trained in a comprehensive approach to planning that combines the disciplines of personal tax planning, employee benefits, insurance risk management, investment strategies, retirement planning, and estate planning.

There is no doubt that CFP certification is a rigorous process, but the

result is a professional who understands that financial planning is much more than product sales and who ascribes to an objective, holistic approach in helping clients reach their life's goals. In short, CFP certificants know that calling oneself a financial planner, and having the education, experience and ethics to truly be a member of the financial planning profession are two entirely different things.

A Growing Worldwide Community

CFP professionals in Austria also have joined a rapidly growing worldwide community of CFP certificants. From the very first class of CFP designees – 42 from the United States just 30 years ago – today, there are more than 70,000 CFP certificants practicing financial planning around the world. These individuals belong to prominent financial planning organizations, similar to The Oesterreichischer Verband Financial Planners, in France, Germany, Switzerland, United Kingdom, and another 12 countries throughout the world. In turn, these financial planning organizations are members of the International CFP Council, which was founded in 1990 to promote the profession of financial planning worldwide. (For more information about the International CFP Council, go to www.CFP-Council.org.)

From my perspective, there are several reasons why interest in financial planning has grown so rapidly. First, as I have traveled throughout the world, I have learned that people face similar problems when it comes to handling their finances. They are living longer than ever and are rightly concerned about the adequacy of government and company pension programs to fund a secure retirement. They feel the responsibility of planning for their own financial future and worry about their

lack of adequate personal savings and growing personal debt. They are concerned about volatile markets and confused about the array of financial products being sold to them without any education to help them understand the risks.

Faced with these challenges, consumers increasingly are turning to professionals for advice. When they do, whom do they find? Is it a professional who puts their interests and needs ahead of his or her own? Does the advisor factor the client's goals, time constraints, and risk tolerances into recommendations? Will planning services be provided with integrity, objectivity, and competence? Being able to answer "yes" to these questions is important to consumers, and I believe that clients of CFP professionals **can** answer yes to them.

Government regulation is another reason for our growth. Members of the International CFP Council have met with government regulators in all the countries represented on the Council, and in many countries where we do not yet have a presence. In some cases, the regulators have come to us. They want to learn more about the CFP certification, and how our voluntary standards for competence and ethics protect consumers from unscrupulous planners. Regulators have asked for our input on proposed regulations in their countries, and several countries have officially recognized the CFP marks. These developments have encouraged more growth in the number of CFP professionals.

Transparencies across borders are a third reason for increasing international interest in financial planning. Trade agreements between countries, multi-national corporations, international investing, and electronic communications have shrunk our world. As this occurs, people are looking to financial planners to make sense of their rapidly changing environments.

CFP professionals are linked by our mutual belief in the value of the process of financial planning to help people achieve their life goals, whether that's educating a child, buying a home, or saving for a secure retirement. Adherence to a process, to a code of ethics, and to putting our clients' interests first distinguish CFP practitioners from others who are primarily interested in selling a product. When consumers understand the difference, there is no question that they will prefer – even demand – the planner who follows such an approach. That planner is the CFP professional.

Through the efforts of The Oesterreichischer Verband Financial Planners and other financial planning organizations in Europe and elsewhere, the CFP marks are becoming the global standard for financial planning and increasingly are recognized as such by consumers. If you have obtained your CFP certification, or are working toward it, congratulations. You are in the right place at the right time. If you haven't obtained the CFP credential, consider doing so. An exciting future lies ahead for this profession, and it will be led by CFP certificants.

