

Global Drivers for the Future of the Financial Planning Profession
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In the wake of the recent global financial crisis, “fear” is fast replacing “trust” as the word people most commonly use to characterize their relationship with the financial services industry. That fear resonates at a variety of levels: depositors wonder if their money is safe; banks worry about lending to each other, and central banks, regulators and politicians fear they don’t have adequate tools to solve the myriad problems they now face. Fear will be the overriding driver in the short term for how people respond to the global financial markets. But for those in the financial planning profession, fear provides a meaningful lesson – one that reminds us that that our responsibility is great; our favor, fleeting; and our interconnectedness, increasingly significant in an ever-changing world.

Fear is a negative emotion that, for better or worse, serves as a catalyst. For financial planners, it can lead to positive change that helps the profession grow and gain stature. Fear is at the root of the four major drivers affecting the future of financial planning right now. How financial planners choose to respond to fear sets the tone for the success of the profession, the benefit to clients, and the hope we all need to embrace for the long-term stability of the global markets.

Consumer demand is the first global driver of the future of financial planning. And what role does fear play? As pensions and savings shrink, and as life spans and debt grow, consumers are afraid. Increasingly, people are finding it impossible to turn to the government for help, because the pension programs that used to act as their safety net no longer exist at the same levels as before. In fact, some pension programs no longer exist at all. That’s forcing people who thought they would never have to plan for retirement to reconsider their situation. Add that to the millions of people nearing retirement age who sustained major losses in the global financial meltdown, and then add the hundreds of thousands who are losing their jobs. The fear is palpable. What can erase it? Honesty. A commitment to ethics. Adherence to a higher standard. A platform for trust.

The second global driver of financial planning is already evident: financial services are becoming less transactional and more relationship based. The key here is delivering trust, consistently, regularly and at a high level. Affiliates of Financial Planning Standards Board, which

owns the CFP, CERTIFIED FINANCIAL PLANNER and CFP Logo marks outside the United States, recently approved a set of global financial planning standards. Having these standards means that consumers can expect consistent high-quality advice and experience from CFP professionals anywhere in the world. The education, examination, ethics and practice standards are the basis for that all-important trust relationship financial planners want to have with their clients. When consumers seek a guide to help them through uncertain times, they're going to be far less interested in meeting with a variety of people for each of their financial interests. Instead, they'll turn to the advisors they trust to reduce their fears through an ongoing client-centric relationship.

Regulators are the third global driver, and they're also motivated by a strong concern (and to some extent, fear) – especially now. They want to protect the public from fraud and scandal, but still allow the markets to operate with some level of freedom. We've seen regulators step in with financial rescue plans, promises of increased oversight and new laws to avert future crises. Financial planners will act as interpreters – helping clients navigate from the stormy seas of an uncertain world market to calmer waters ahead.

Finally, globalization itself will drive the future of the financial planning profession. In recent months, we've seen how the world financial markets are truly interrelated. When the U.S. government approved a \$700 billion financial rescue package, other governments stepped in to shore up their financial markets. Then governments around the world worked cooperatively to inject more money into troubled banks, guarantee loans, and create stability. Financial planners know their individual clients, like large firms and governments, have interests and are affected by global events. And yet, regulation takes place nationally, or locally.

In summary, financial planners, by their very nature, have the power to replace an environment of fear with trust. In light of the global drivers mentioned, financial planners are well positioned for the future, but must be conscious of the market factors that will continue to evoke fear and uncertainty even after the markets improve.