

# The global planner why advice standards are international

**Personal financial planning is an internationally recognised service which requires internationally accepted standards, according to Adviserlink's Leonie Wallwork.**

Over recent years there has been a move to establish international standards for the delivery of financial advice. There exists an ISO standard TC 222 on 'personal financial planning'. There is the internationally recognised Certified Financial Planner designation (CFP) and there is a recognised objective as a result of the relationships between Australia and New Zealand for the ability for professionals from either country to be able to practice in the other.

In the UK this standard (which has been based on the ISO 222) is known as BS ISO 22222 and it states: "The standard will specify the ethical behaviour, competences and experience required of a financial planner and enhances the transparency and efficiency of the process."

Requirements for personal financial planners, codifies best practice in financial planning across the world and will help to increase consumer confidence.

One of the major issues reported by consumers when seeking financial advice is uncertainty over whether they can trust their financial advisers. And, with the vast amount of investment schemes and financial planners for customers to choose from, they are often confused about where to turn for advice on planning for retirement or how best to invest their savings.

Personal financial planning is a highly fragmented market, with at least 24,000 Independent Financial Advisers providing services across the UK. Mike Low, Director of BSI British Standards, said: "BS ISO 22222 plays a crucial role in addressing this by providing an internationally accepted benchmark which enables consumers to identify financial planners who possess the right knowledge, skills, ethics and experience to deliver the desired level of service.

"BSI is proud to have represented UK interests in the development of this standard to ensure it meets the level of independence, technical excellence, competency and professional conduct expected both by industry and consumers."

BS ISO 22222 specifies the requirements for performance, assessment methods and continued competency which a planner can achieve by following training programs and maintaining a record of these. The standard also provides a framework that



By Leonie Wallwork

covers all aspects of the personal financial planner's ethical behaviour and specifies the requirements, content and length of experience they must have. It is applicable to all financial planners regardless of their employment status.

The standard defines the six steps of the personal financial planning process to provide clarity for the professional and increase transparency for the consumer:

1. Establishing client/planner relations – including a written record of the scope of the relationship, the planners qualifications and experience, and full disclosure about conformity to the standard;
2. Determining goals and gathering data – such as household asset liability and cash flow, statements, legal documents, economic assumptions, immediate needs and others;
3. Evaluating the client's financial status – written outline for client of strengths and vulnerabilities, compared with goals, plans and restrictions;
4. Developing and presenting the financial plan – a written list of suitable and usable recommendations relative to the outcomes of the previous steps of the process;
5. Implementing recommendations – planners can assist directly or indirectly with implementation and provide documentation where necessary;
6. Monitoring the plan recommendations – provide documentation as to the status of each recommendation, eg acceptance, modification, completion.

The point of quoting this extract from a media release is that NZ is travelling down an internationally accepted pathway and Adviserlink is the only accredited organisation in the financial services sector that can help identify those financial advisers who possess the right knowledge, skills, ethics and experience to deliver the right level of service – whatever that may end up by being. Adviserlink does work to internationally accepted standards subject to any unique New Zealand requirements.

Setting competency standards is not unique to NZ financial services alone nor is it rocket science. Organisations worldwide operate on a competency-based framework which defines what a person needs to know and be able to do at what level to

competently perform a role or task.

Many fundamental skills and competencies required to work in the financial services industry are unilateral by nature and can be applied on a global basis.

It is critically important for the NZ financial services industry to align with international competence standards and best practice. This provides for portability of a skilled labour force and specialist talent. It also facilitates smooth transition for overseas financial service professionals into the NZ financial services industry and provides a strong basis for our pending regulatory regime.

The industry as a whole has embraced this concept and is working in a combined effort across all sectors including education sectors and government agencies to define the minimum competency standards that will be required.

Adviserlink works closely with the various industry sectors, its Australian counterparts in the vocational education arena and keeps a watchful eye on the development of international standards to ensure it keeps abreast of industry requirements and provides appropriate advice and services to the NZ financial services market as it moves through this changing environment.

Units of competency, competency clusters, skill sets, competency standards, performance criteria, KPIs all fundamentally set out to describe and measure the same thing – in its simplest terms – ‘What does a person need to know and be able to do and to what level to be deemed competent at the job/role/task they perform’ and how can you measure or assess that this has been achieved. This can range from a rudimentary or simple task/role through to a complex or specialist role requiring highly skilled and competent people in a particular area or discipline. For example, the competency standards set for a laboratory assistant would be significantly different to those required for a specialist scientist.

Recognition of prior learning (RPL) is based on equivalency. When measuring and attesting to levels of competence the RPL assessment needs to be based on internationally recognised standards for a fair and accurate assessment to be made.

Adviserlink has performed a number of ‘Competency Gap Analysis’ to assist advisers in determining their current levels of skill and competence and what it is they need to do to either

upskill further or to have their current competence assessed.

We have developed a variety of competency assessment tools as no one size fits all or addresses all competency gaps and it is not just a case of sitting a competency exam to fully satisfy requirements – there are many other elements involved in assessing levels of skill and competence.

There are many layers to the onion (‘the experienced adviser’) often built up with years of experience and a deep bank of knowledge gathered over time. It is not until we peel back the layers we find the depth of skill and knowledge and also uncover dormant skills that need to be reviewed, refreshed and reapplied in a current context.

By conducting various competency assessments we can assist a broad range of people working in the financial services industry to clearly identify what they need to achieve and how to maintain currency with their skills and knowledge.

The Adviserlink Certificate in Financial Services (approved and accredited by NZQA) is designed to offer a recognised industry qualification in the mainstream financial advice area. Other entry-level qualifications are being developed to provide a logical career path for anyone to work in the financial services industry from school leaver through the ranks over time to higher education (eg the Massey Diploma) and higher internationally recognised designations such as CFPcm.

By working to global best practice standards, we can more accurately measure equivalency across different jurisdictions. This is particularly important for financial advisers wanting to work in the NZ financial services market that want to

have prior learning from other jurisdictions recognised and cross-credited. We have seen a significant increase in applications for RPL from UK, South African and Australian advisers.

The recent merger and acquisition of financial services education providers in the Asia Pacific basin is also synonymous with the importance of being aligned to international standards.

Generic competency standards that transcend the different jurisdictions places NZ financial services on a truly global platform whilst at the same time leaving ample scope for defining our own unique competency standards that best fit the NZ context. **A**

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