Financial Planning:
An Emerging Career in the Financial Services

Presented By:
Financial Planning Standards Board India (FPSB India)

702, 7th Floor, Leela Business Park,
Andheri-Kurla Road, Andheri East,
Mumbai – 400059
P: +91 22 61712424, F: +91 22 61712444
Email: info@fpsbindia.org  Website: www.fpsbindia.org
Contents

I  : What is Financial Planning?
II : CERTIFIED FINANCIAL PLANNER\textsuperscript{CM} (CFP\textsuperscript{CM}) Certification in India
III : Global Regulatory Environment
IV : CFP\textsuperscript{CM} Certification versus other Careers in Financial Services
V  : Pathway to CFP\textsuperscript{CM} Certification
VI : Career Prospects for CFP\textsuperscript{CM} Certificants
Financial Planning is the process of meeting an individual’s Life Goals* through the proper management of one’s finances.

* Buying a home, Investing for a child’s Education/Higher Education, Marriage, and Retirement corpus while ensuring Tax Efficiency, Risk Management, etc.
What is Financial Planning?

The Continuum of Professions

Unskilled Occupations → Clerical, Sales & Craft Occupations → Emerging Professional Occupations → Developed Professional Occupations
Financial Planners - The Personal CFOs

The Financial Advisor Becomes a CFO

Wealth Manager as Chief Financial Officer

- Fiduciary Services
- Cash-Flow Management
- Investment Planning
- Legal Advice
- Accounting & Reporting
- Tax Planning
- Trust & Estate Planning

HNWIs Seek More CFO-Like Services from their Financial Advisors

Regulatory Developments in Financial Planning Industry

- SEBI withdraws entry load on investments in Mutual Funds – a momentous step towards strengthening fee based Financial Advisory Services in the country.
- Swarup Committee Report mentions withdrawal of Agent’s commission on insurance products – Further vindicating the common stance of regulatory bodies in promoting fee based Financial Advisory Services.
Contents

I  : What is Financial Planning?
II : CERTIFIED FINANCIAL PLANNER\textsuperscript{CM} ( CFP\textsuperscript{CM} ) Certification in India
III : Global Regulatory Environment
IV : CFP\textsuperscript{CM} Certification versus other Careers in Financial Services
V  : Pathway to CFP\textsuperscript{CM} Certification
VI : Career Prospects for CFP\textsuperscript{CM} Certificants
Mark of Quality – The World Over

- Tested for Competency
  Education, Examination &
  Work Experience

- Committed to Ethical Conduct
  Code of Ethics &
  Rules of Professional Conduct

- Highest Level of Certification globally in
  the field of Financial Planning

CFP, CERTIFIED FINANCIAL PLANNER and their logos are certification marks owned outside the U.S. by Financial Planning Standards Board Ltd. Financial Planning Standards Board India is the marks licensing authority for the CFP Marks in India, through agreement with FPSB Ltd.
CFP™ Certification

- CFP Certification rated as the “Gold Standard” in Financial Planning by the Wall Street Journal in the year 2006
- Acknowledged as one of the Upcoming Certification in financial services in India by “The Week” in 2004
- Rated as “Hot Job” by CNBC in 2003
- Financial Planning rated as No.1 career in 2001 by Jobs Almanac, USA
- No. of CFP Certificants is over 1,15,000 worldwide in 23 countries
Four Criteria for CFP\textsuperscript{CM} Certification (4Es)

\begin{itemize}
\item Education
\item Examination
\item Experience
\item Ethics
\end{itemize}
Levels of Certification

- CERTIFIED FINANCIAL PLANNER\textsuperscript{CM} ( CFP\textsuperscript{CM} )
- Associate Financial Planner (AFP)

Testing Modules

- Introduction to Financial Planning
- Risk Analysis and Insurance Planning
- Retirement Planning and Employee Benefits
- Investment Planning
- Tax Planning and Estate Planning
- Advance Financial Planning
Facts about Examination & Certification conducted by FPSB India

• Over 16000 registered students and over 13000 examinations conducted online every year at 99 centers across India in bilingual mode.

• Over 15000 Certificants (AFP and CFP\textsuperscript{CM}) of which 1,749 are eligible for CFP\textsuperscript{CM} Certification.
Contents

I : What is Financial Planning?
II : CERTIFIED FINANCIAL PLANNER\textsuperscript{CM} (CFP\textsuperscript{CM}) Certification in India
III : Global Regulatory Environment
IV : CFP\textsuperscript{CM} Certification versus other Careers in Financial Services
V : Pathway to CFP\textsuperscript{CM} Certification
VI : Career Prospects for CFP\textsuperscript{CM} Certificants
# Global Regulatory Environment

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Country</th>
<th>Regulations</th>
<th>Notes</th>
</tr>
</thead>
</table>
2. There is a single licensing regime for sales, advice and dealings in relation to financial products.  
3. Wide range of financial products and services covered.  
4. FPA recommends that members move from commission based to fee based model of financial advisory. |
2. National level SROs regulate product sales for mutual funds and securities.  
3. Investment Funds Institute of Canada (IFIC) supports the work of the Canadian Securities Administrators (CSA) aimed at streamlining Canada's current securities regulatory system. |
## Global Regulatory Environment

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Country</th>
<th>Regulations</th>
<th>Notes</th>
</tr>
</thead>
</table>
2. CFP Certification is an eligible qualification. |
|        |               | Insurance Act 1996                                                          |                                                                                                                                                      |
2. It is proposed that the key elements will be set by subsidiary legislation called Regulations and there will be a Code which will set out competency requirements and ethics and practice standards for the financial advisers. |
| 5      | South Africa  | Financial Services Board Act, (Act 97 of 1990) (“FSB Act”)                 | 1. The Financial Services Board (FSB) regulates the activities of all financial service providers who give advisory and intermediary service.  
2. The Act requires licensing of such service providers and governing their conduct through a code of conduct and specific enforcement measures. |
## Global Regulatory Environment

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Country</th>
<th>Regulations</th>
<th>Notes</th>
</tr>
</thead>
</table>
| 6     | UK      | Financial Services and Markets Act (FSMA) 2000 | 1. Financial Services Authority (FSA), an independent body with statutory powers, regulates business and requires that all investment businesses apply for authorization through their respective SRO.  
2. FSA is accountable to Parliament, though it is operationally independent of Government and is funded entirely by the firms it regulates.  
3. FSA has proposed to bring to an end the existing commission-based system of adviser remuneration. Coming into effect from the end of 2012, the charges would be decided by the consumers and would no longer be determined by the product providers. |
| 7     | USA     | Investment Advisers Act, 1940 and Investors Protection Act (Proposed), 2009 | 1. The Act regulates investment advisers who furnish advice relating to securities.  
2. It requires that firms or sole practitioners compensated for advising on securities investments register with the SEC if assets under management exceed $25 million. The advisers below this limit must register at the state level.  
3. The Financial Planning Coalition, consisting of CFP Board, the Financial Planning Association, and the National Association of Personal Financial Advisors, recommends the creation of a professional oversight board for financial planners that would set and enforce competency and ethical standards in the delivery of financial planning advice, subject to SEC oversight.  
4. Investor Protection Act 2009 proposes consistent standards, disclosures amongst others. |
Contents

I  : What is Financial Planning?
II : CERTIFIED FINANCIAL PLANNER\textsuperscript{CM} (CFP\textsuperscript{CM}) Certification in India
III : Global Regulatory Environment
IV  : CFP\textsuperscript{CM} Certification versus other Careers in Financial Services
V   : Pathway to CFP\textsuperscript{CM} Certification
VI  : Career Prospects for CFP\textsuperscript{CM} Certificants
# Career Avenues in Financial Services

<table>
<thead>
<tr>
<th>Course</th>
<th>Designation</th>
<th>Institute</th>
<th>Main Areas Covered</th>
<th>Stages/level</th>
</tr>
</thead>
<tbody>
<tr>
<td>CA</td>
<td>Chartered Accountant</td>
<td>The Institute of Chartered Accountants of India</td>
<td>Accounting, Taxation &amp; Auditing</td>
<td>CPT, PCC, Final*</td>
</tr>
<tr>
<td>CS</td>
<td>Company Secretary</td>
<td>The Institute of Company Secretaries of India</td>
<td>Company Law</td>
<td>Foundation, Inter &amp; Final</td>
</tr>
<tr>
<td>CFP&lt;sup&gt;CM&lt;/sup&gt;</td>
<td>Certified Financial Planner</td>
<td>Financial Planning Standards Board India</td>
<td>Financial Planning</td>
<td>6 Modules</td>
</tr>
<tr>
<td>ICWA</td>
<td>Cost Accountant</td>
<td>Institute of Cost and Works Accountants of India</td>
<td>Costing</td>
<td>Foundation, Inter &amp; Final</td>
</tr>
<tr>
<td>CFA</td>
<td>Chartered Financial Analyst</td>
<td>Association of Investment Management &amp; Research</td>
<td>Portfolio Mgmt &amp; Investment Analysis</td>
<td>3 levels</td>
</tr>
<tr>
<td>CPA</td>
<td>Certified Public Accountant</td>
<td>American Institute of Certified Public Accountants</td>
<td>Accountancy, Taxation</td>
<td>4 papers</td>
</tr>
</tbody>
</table>

* Common Proficiency Test (CPT), Professional Competence Course (PCC)
Contents

I : What is Financial Planning?
II : CERTIFIED FINANCIAL PLANNER\textsuperscript{CM} ( CFP\textsuperscript{CM} ) Certification in India
III : Global Regulatory Environment
IV : CFP\textsuperscript{CM} Certification versus other Careers in Financial Services
V : Pathway to CFP\textsuperscript{CM} Certification
VI : Career Prospects for CFP\textsuperscript{CM} Certificants
Pathway to CFP™ Certification

1. **Regular Pathway** – to accomplish the ‘Education’ criterion
   - Enroll with any of FPSB India’s authorized Education Providers
   - Self Study Mode

2. **Challenge Status Pathway for working Professional**:
   - Requires additional higher qualification or professional qualification as specified by FPSB India apart from Graduation degree
   - Requires a minimum of 3 years’ work experience in Institutions/Banks or 5 years’ experience in Financial Services Industry as self employed or in finance related departments of other Industries
Contents

I : What is Financial Planning?

II : CERTIFIED FINANCIAL PLANNER\textsuperscript{CM} (CFP\textsuperscript{CM}) Certification in India

III : Global Regulatory Environment

IV : CFP\textsuperscript{CM} Certification versus other Careers in Financial Services

V : Pathway to CFP\textsuperscript{CM} Certification

VI : Career Prospects for CFP\textsuperscript{CM} Certificants
Huge Demand Supply gap for CFP\textsuperscript{CM} Professionals in India

- India has 1,000+ CFP Certificants for a population of 1.2 billion
  
  Versus

- 58,830 CFP Certificants in US (250 million Population)
- 17,230 CFP Certificants in Canada (60 million population)
- 15,802 in Japan (120 million population)

Against other Financial Services Intermediaries in India

- 20 Lakh+ Life Insurance Agents
- 50,000+ Mutual Fund Advisors
- 25,000 + Bank Branches , 5,000+ Insurance Services Branches and 10000+ Brokerages Service Branches
Financial Planning is becoming an integral part of Wealth Management in India.

- Banks and Wealth Management firms are employing Financial Planners to provide value added services and advisory to their clients.
- In the emerging regulatory scenario, knowledge based ethical advisory as espoused by CFP\textsuperscript{CM} certification is being looked upon as a preferred professional qualification.

Career Prospects for CFP\textsuperscript{CM} Certificants

- **Job Opportunities**
  - CFP Certification is a globally accepted professional qualification in Financial Planning
  - CFP Certification has cross-border use where a foreign affiliate recognizes a candidate’s accreditation in one’s own territory.
  - The globally accepted curriculum of CFP Certification opens up huge international opportunity in an increasingly borderless global environment
- **International Business**
  - The varied knowledge base that CFP\textsuperscript{CM} Certification imparts, enables an Advisor to offer advice on multiple asset classes thus increasing the share of his wallet.
  - The varied knowledge base that CFP\textsuperscript{CM} Certification imparts, empowers a Certificant to launch into a career of one’s own.
- **Self Employment**
  - CFP\textsuperscript{CM} Certification provides various platforms for practitioners to professional network and explore opportunities in Financial Services.
# Career Prospects for CFP<sup>CM</sup> Certificants

## Pathway to CFP<sup>CM</sup> Certification

<table>
<thead>
<tr>
<th>Components</th>
<th>Education</th>
<th>Examination</th>
<th>Experience</th>
<th>Ethics</th>
<th>Certification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Options</td>
<td>FPSB India Modules’ Certification (2 Hours, each)</td>
<td>CFP&lt;sup&gt;CM&lt;/sup&gt; Certification Examination (4 Hours)</td>
<td>Either Pre or Post CFP&lt;sup&gt;CM&lt;/sup&gt; Certification Exam (3 Years for Graduates &amp; 6 Years for Non-Graduates)</td>
<td>Signed Declaration for adherence to FPSB India’s Code of Ethics and Rules of Professional Conduct, which includes Marks Use Rules</td>
<td>CFP&lt;sup&gt;CM&lt;/sup&gt; Certification</td>
</tr>
<tr>
<td>I</td>
<td>1. Risk Analysis &amp; Insurance Planning Retirement Planning &amp; Employee Benefits Investment Planning 2. Tax Planning &amp; Estate Planning</td>
<td># (FPSB India issues provisional Certificate for successfully accomplishing CFP Certification Education Program)</td>
<td>Candidates failing the experience criterion within 7 years of competing examination shall have to re-take all exams of CFP&lt;sup&gt;CM&lt;/sup&gt; Certification</td>
<td>Ongoing Certification commitment requires Certificants to earn 15 Continuous Education (CE) points through various knowledge upgrade programs/ activities along with payment of Certification fees for the year</td>
<td>CERTIFIED FINANCIAL PLANNERS&lt;sup&gt;CM&lt;/sup&gt; (CFP&lt;sup&gt;CM&lt;/sup&gt; Certification)</td>
</tr>
<tr>
<td>II</td>
<td>Challenge Status Qualifications***</td>
<td>Must have completed 3 years of appropriate experience prior to CFP&lt;sup&gt;CM&lt;/sup&gt; Certification Exam (3 Years in Financial Services industry, 5 years for finance related experience in other industry, self-employed)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## Career Opportunities

<table>
<thead>
<tr>
<th>Levels</th>
<th>Entry</th>
<th>Middle</th>
<th>Senior</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qualification/Experience</td>
<td>Pursuing CFP&lt;sup&gt;CM&lt;/sup&gt; Certification Education Program + Graduate Fresher</td>
<td>Passed CFP&lt;sup&gt;CM&lt;/sup&gt; Certification Examination + Work Experience of 1-2 Years</td>
<td>Attained CFP&lt;sup&gt;CM&lt;/sup&gt; Certification + Experience of more than 3 years</td>
</tr>
<tr>
<td>Job Profile</td>
<td>Trainees and Executives Banks, Wealth Managers &amp; Financial Advisory Firms</td>
<td>Relationship Managers, Wealth Managers, Financial Planners/Advisors, Investment &amp; Insurance Advisors</td>
<td>Sr. Planners/Advisors, Team Leaders, Functional Heads, Business Heads, Specialists</td>
</tr>
<tr>
<td>Expected Pay Packet##</td>
<td>Rs. 2 to 4 Lakhs</td>
<td>Rs. 4 to 8 Lakhs</td>
<td>Above 8 Lakhs</td>
</tr>
</tbody>
</table>
Charter Members of FPSB India have resolved that they will give first preference to CFP\textsuperscript{CM} Certificants in recruitment.
Press Coverage

The Financial Express, Mumbai - May 4, 2004

AFP Members To Give Priority To First Batch Of CFP Certificates In Recruitment

Keral Bank has made it must for all its relationship managers

The AFP programme is to be carried out by the Financial Planning Standards Board (FPSB) in India. It is a rigorous programme, and this means that only the best candidates will be able to join the course. The course offers a unique opportunity for those who want to make a career in financial planning. The course is designed to meet the needs of clients and to provide them with the best possible advice. The course is also approved by the government and is recognized internationally. The course will provide students with the knowledge and skills to become successful financial planners. The course is open to all those who have a passion for financial planning and are looking to make a career in the field.
Thank You!