

Citywire, 17 March 2010

Why level four isn't enough

By Carl Lamb

Advisers should be encouraging all staff to climb the qualifications ladder as financial advice is set to become more professional and increasingly specialised, says Carl Lamb of Almary Green Investments.

The debate over the need for advisers to obtain qualifications under the retail distribution review (RDR) rumbles on but in my view there is no debate.

Those who are serious about a future after 2012 have to step up to the mark and achieve not just the minimum qualifications that the Financial Services Authority (FSA) through RDR deems we should have, but to go further and ensure they are as fully qualified as they can be.

Building qualifications into company culture

Firms should be encouraging their advisers and their support staff to further their education through ongoing training. It benefits them, it benefits the firm and, most importantly, it benefits the clients.

At Almary Green we pay for our advisers to take the exams they need and we do the same for our administration staff and reward exam passes with a salary increase. However, we do not fund the cost of retaking the exams, so there is a big incentive to put in the effort and to pass.

We've never capped the amount we spend on training for advisers and administrators. If someone's knowledge improves, that brings benefits to the business. If an administrator takes not only the CF papers but also begins on the J papers, that means they may be able to deal with some client queries, and free up advisers' time.

We want to be able to compare ourselves to other professionals such as accountants and solicitors. The RDR is proposing a minimum of QCF level 4. That is a starting point, but aspirational IFAs must be aiming higher – much higher.

There has been a lot of debate over the concept of grandfathering. But you have to ask yourself, as a consumer would you want to see a solicitor who had A-level equivalent qualifications and based the rest of his or her advice on experience?

The need to specialise

At the same time, as financial planning becomes more complex and regulation-heavy, it is obvious that advisers can no longer be just general practitioners. Increasingly we are going to see advisers specialise in a certain aspect of financial advice on which other advisers in the firm, and externally, can call when needed. With that specialism comes additional qualifications.

We have developed a specialist advisory service that helps clients through the financial complexities of divorce. The advisers operating this service also have worked to attain accreditation from Resolution, the association of family lawyers. This has improved our knowledge of some of the legal issues surrounding divorce. Having the qualification also helps to improve our standing with the lawyers that we work with. In this area clients want a highly-qualified adviser who, through ongoing training, is keeping up to date with regulations and legislation.

A compelling investment

Developing this kind of specialism to begin with costs you more. It all boils down to time and resources – it's not cheap. But you need to scatter acorns before the trees start growing. As you gain those qualifications, it starts to open more doors.

What the RDR is going to do is shake the tree from root to branch, and those left standing need to differentiate themselves from the rest.

There is no debate over qualifications. It is about investing in people and if we do it, we will see the benefit in the years to come as financial advice becomes recognised as a profession both by consumers and those looking for a satisfying and valuable career.