

# Strengthening standards for the global profession

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Chief Executive Officer  
Financial Planning Standards  
Board Ltd.

FQQQ  
**CONGRESS**  
2023 ADELAIDE NOVEMBER 20-22

# Strengthening standards for the global profession

DANTE DE GORI, CFP®  
CHIEF EXECUTIVE OFFICER  
FPSB



# Agenda

- Who is FPSB
- Why do standards matter?
- How do global standards impact you?
- Global trends and their impact
- Updated FPSB Global Financial Planning Standards
- Looking to the future
- Learnings from 2023
- Questions

# Are you Ready to Poll?



# Poll Question #1

**Can you please confirm your membership with FAAA?**

1. CFP® professional member
2. Practitioner member
3. Affiliate member
4. Student member
5. Not a member



## Poll Question #2

How many CFP<sup>®</sup> professionals are there globally?

1. 113,000
2. 53,000
3. 13,000
4. 213,000



# Who is FPSB



**FINANCIAL PLANNING  
STANDARDS BOARD**

## **Global body for financial planning**

- Set, maintain & enforce global standards
- Work closely with global regulators
- Owner of the international CFP certification program



## FPSB Vision

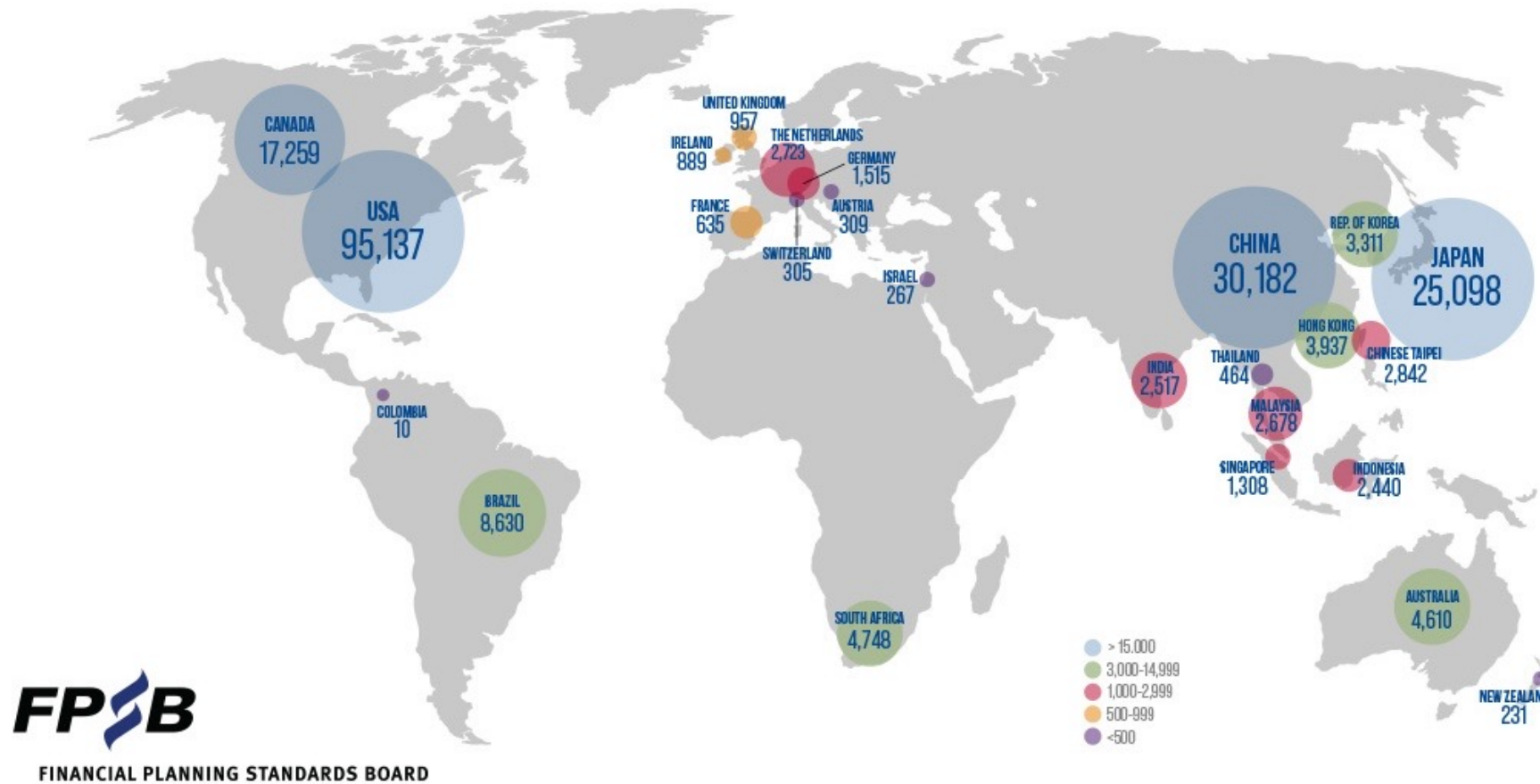
Establish financial planning as a **global profession** and the CFP marks as the global symbol of **excellence in financial planning**



# Over 213,000 CFP professionals in 27 territories

New in 2023!

  Italy  
17



# Global CFP Professionals: 213,002

 United States	95,137	 Indonesia	2,440
 China	30,182	 Germany	1,515
 Japan	25,098	 Singapore	1,308
 Canada	17,259	 United Kingdom	957
 Brazil	8,630	 Ireland	889
 South Africa	4,748	 France	635
 Australia	4,610	 Thailand	464
 Hong Kong	3,937	 Austria	309
 Rep. of Korea	3,311	 Switzerland	305
 Chinese Taipei	2,842	 Israel	267
 The Netherlands	2,723	 New Zealand	231
 Malaysia	2,678	 Colombia	10
 India	2,517	 Turkey	0

Year-end 2022 figures

# Why do standards matter?

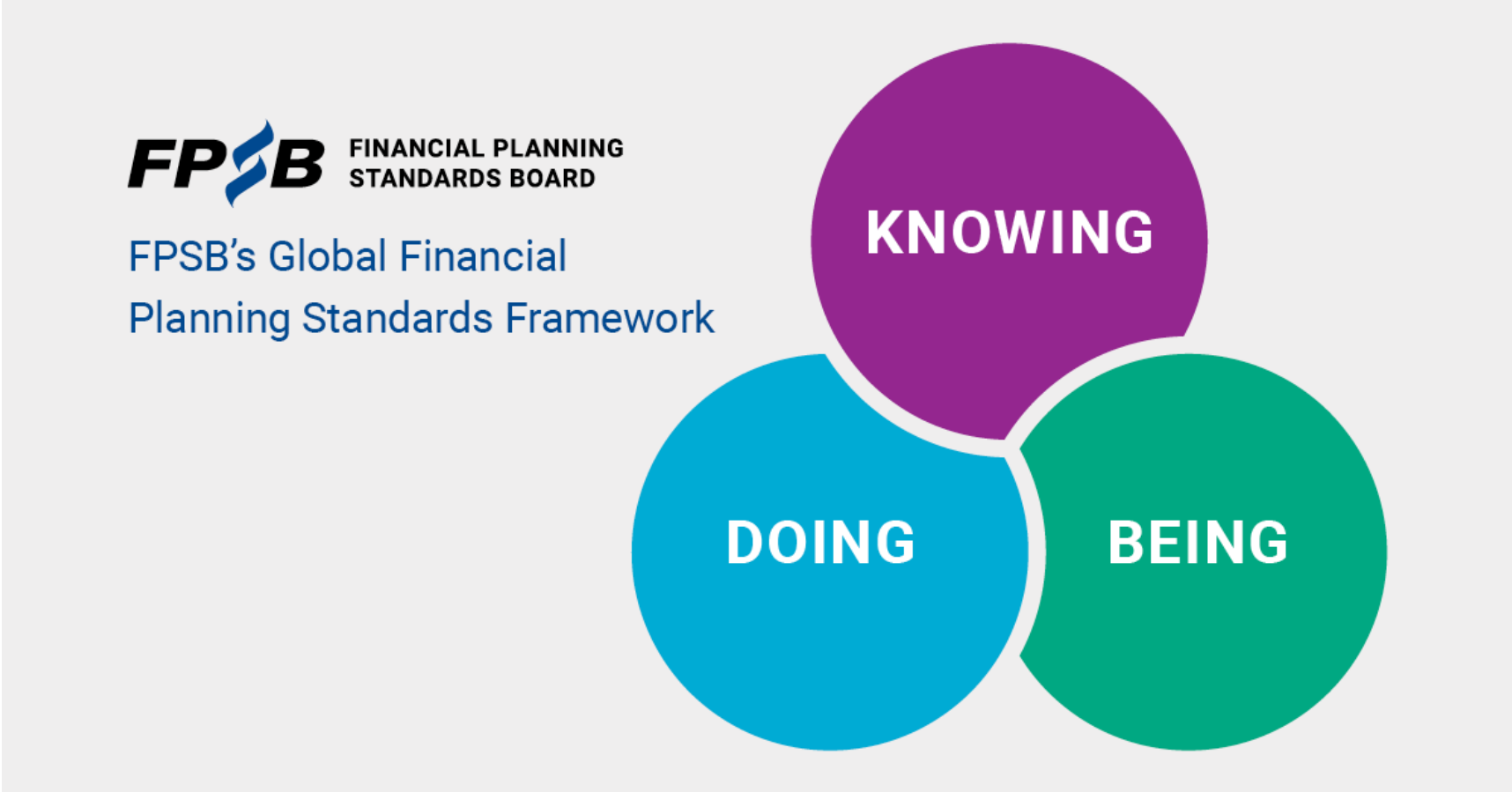
# Foundation of the profession

Setting **standards for the competent practice** of financial planning and the development of financial planning professionals



# How do global standards in financial planning impact you?

# Global standards framework





## The FAAA Professional Code

The FAAA Professional Code (the FAAA Code) requires that FAAA Members uphold the highest standards in their dealings with clients, other professionals and regulators.

The principles of the FAAA Code are organised under three pillars: Being, Knowing and Doing.

### Being

- 1. Client first:** Placing the client's interests first, in line with the requirements of relevant laws and regulations, is a hallmark of professionalism. This requires that financial planning professionals not place personal, employer or licensee gain or advantage before client interests.
- 2. Integrity:** This requires honesty and candour in all professional matters. Integrity requires the financial planning professional to observe both the letter and the spirit of relevant rules, regulations and laws - including the FAAA Code. Integrity requires that conduct is approached in a spirit of utmost good faith and that their actions are aligned with promoting a culture that supports and requires integrity in others.
- 3. Objectivity:** This requires that financial planning professionals must not allow bias, preference, undue influence, incentives or other inappropriate factors to influence the advice or service they provide to clients, or their dealings with other professionals.
- 4. Fairness:** This requires dealing with clients, colleagues and others in the professional sphere in a way that is just, and treating others in the way you would want to be treated. Financial planning professionals will have a far higher level of knowledge than clients and non-industry participants. Fairness requires they use their greater knowledge to enable clients to make fully informed decisions, and never present advice or information in a way that omits or distorts material considerations.

### Knowing

- 5. Knowledge and skills:** Financial planning professionals must ensure they have the appropriate level of knowledge and skills required to discharge the functions of their role. For those advising clients, this includes the self-awareness to identify when it is appropriate to decline the provision of advice or to refer the client to another suitably qualified professional.
- 6. Continuing Professional Development (CPD):** The financial planning profession operates against a background of a quickly moving market and ongoing regulatory change. In order for financial planning professionals to continue to deliver high quality outcomes to their stakeholders it is incumbent on them to keep up to date with changes and meet their CPD requirements as appropriate to their FAAA membership category.

### Doing

- 7. Professional behaviour:** Financial planning professionals must conduct themselves with dignity and show respect and courtesy to clients, fellow professionals and others in business related activities. Professional behaviour requires those in the financial planning profession, individually and in cooperation with peers, to enhance and maintain the profession's public image and its ability to serve the public interest. For those in client facing roles this will include providing a high level of client service, meeting commitments in a timely way, providing regular updates and appropriately managing client expectations.
- 8. Competence:** This requires financial planning professionals to utilise their knowledge and skills to deliver high quality outcomes for stakeholders. In particular, advice delivered to consumers should be accurate, up to date and relevant. Recommendations must be implemented in timely and thorough manner.
- 9. Diligence:** Financial planning professionals must work in a way that is conscientious and exercises a due level of care. They must apply a best practice approach to their dealings with clients and other stakeholders, meeting the standards set out in relevant FAAA guidance as appropriate. In the financial planning context, this will require gaining an appropriate understanding of a client's circumstances and ensuring recommendations are suitable and aligned with the client's needs.
- 10. Confidentiality and Data Protection:** Due to the volume and sensitivity of client data that financial planners and other related professionals are entrusted with, there is an additional level of responsibility on financial planning participants. This arises due to the potential for inappropriate data use or ineffectual data security to cause consumer harm, as well as damage to the image and reputation of the profession. Client or consumer data must not be shared in a way that is contrary to law or regulation, or otherwise without the client's informed and explicit consent. Client data must be held in a secure manner and professionals must take all reasonable steps to ensure they comply with the requirements to maintain this.



# Knowing

Theories, methods and knowledge a financial planning professional should know and apply to competently practice financial planning

## Body of Knowledge

- Financial planning **knowledge domains**
- Financial planning **knowledge topics**
- Financial planning **learning outcomes**

# Doing

Processes, practices, abilities and skills a financial planning professional should apply to competently practice financial planning

## Standards of Practice

- Financial planning **process**
- Financial planning **core practices**
- Financial planning **practice standards**
- Financial planner **abilities**
- Financial planner **professional skills**

# Being

What personal values and behaviors should a financial planning professional demonstrate to competently practice financial planning?

## Standards of Ethical Conduct

- Financial planner **Code of Ethics and Professional Responsibility**

# Key Updates

- New knowledge domain:  
**Psychology** of financial planning
- New **technical** content
- Greater emphasis on **human skills**
- Set of **practice guidelines**

# Global trends and their impact

# Current practice of financial planning



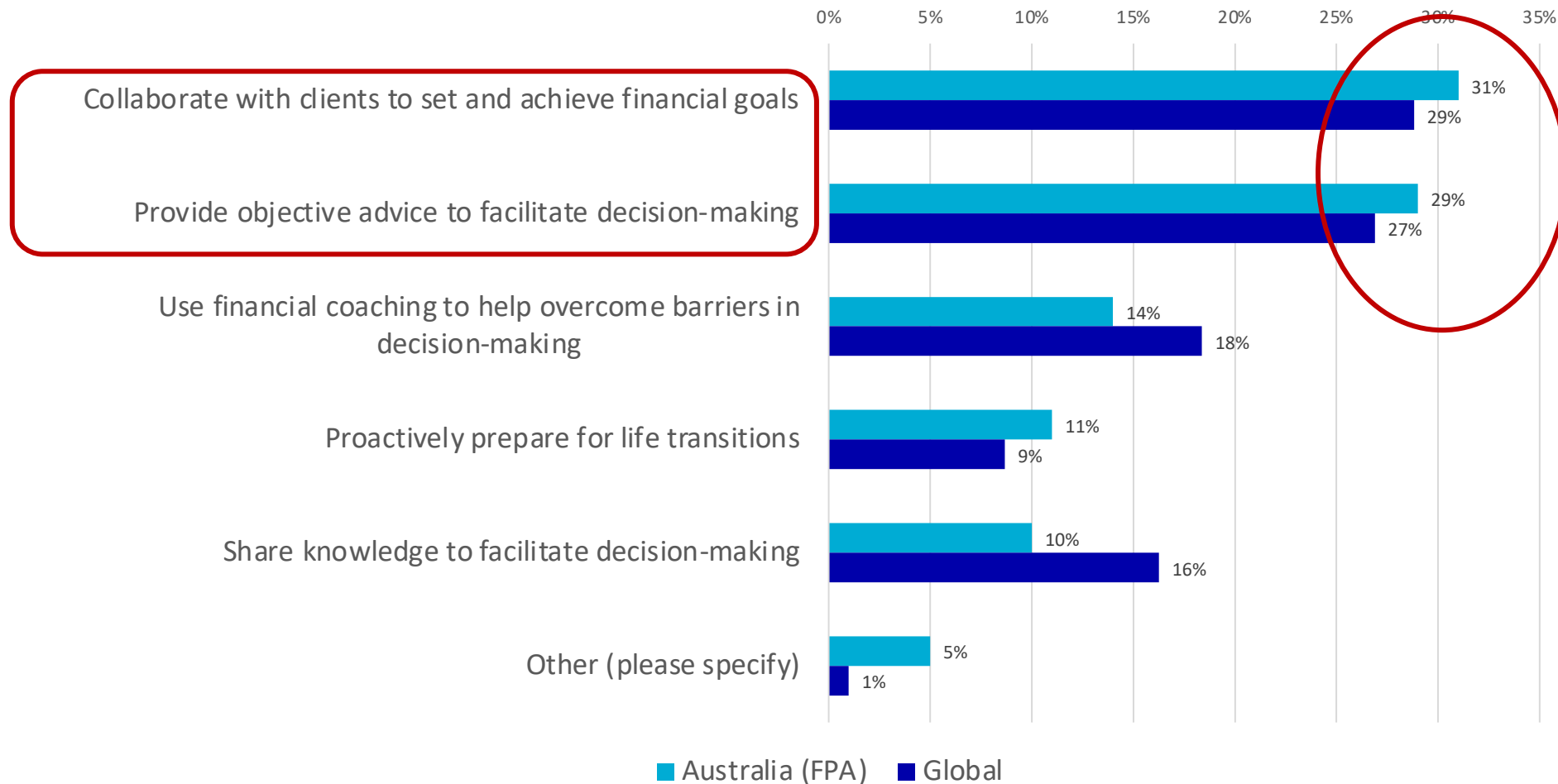
- Trust
- Communication
- Professionalism
- Compliance

# Trends impacting standards & practice



- Increased collaboration
- Coaching
- Effective communication
- Responding to attitudes, behaviours and situations

# CFP professionals to embrace human skills





## **Financial Planning Knowledge Domain 8:**

### **Psychology of Financial Planning**

Provides an introduction to the common biases and heuristics seen in financial planning client behaviors, an understanding of client decision-making processes, and processes to enable financial planning professionals to successfully guide clients through the Financial Planning Process. It also provides an understanding of the financial planning professional's own biases and how they can impact the Financial Planning Process.

# Psychology in financial planning

How financial planners can provide value in the coming years:

1. **Collaborate** with clients to set and achieve financial goals
2. **Provide objective advice** to facilitate decision-making
3. **Use financial coaching** to help overcome barriers in decision-making

*2021 FPSB Future of Financial Planning Practice study*

# Psychology in financial planning

- Lead to more **effective client-planner relationships** and higher probability of **success**
- Clients are more likely to **act** on recommendations connected to a **personal values** and **goals**

*Reference: The Psychology of Financial Planning authored by Certified Financial Planner Board of Standards*

“

When we put humans at the centre of financial planning, we can see why psychology is such an important aspect.



**Meghaan Lurtz, Ph.D.**

*Finance Professor, Kansas State University*

*FPSB Academic Advisory Panel committee member*

# Behavioral finance and the psychology of financial planning

## Learning Outcomes:

- Reflect on the **key differences** between traditional finance and behavioral finance
- Identify cognitive **biases** and **heuristics** that impact financial decision-making
- Describe how a **client's psychology** impact their objectives, goals, understanding, decision-making and actions

# Client and financial planner attitudes, values and biases

## Learning Outcomes:

- **Framing** of advice
- Client's **psychology**, background, values impact the process
- **Recommendations are consistent** with client's risk propensity, attitudes, etc.
- **Difference** between risk perception and risk tolerance
- **Loss aversion** and **prospect theory**
- Irrationality of **crowds**
- **Contagion**, bubbles and busts
- **FOMO**

# Client cognitive abilities and financial literacy

## Learning Outcomes:

- Improve **financial literacy**
- **Understanding** of recommendations
- Recognising and managing **cognitive decline**

# Client preferences and classification of client types

## Learning Outcomes:

- **Behavioral investor types** and implications
- Consumer advice **preferences**
- Manage **defeating behaviors**



# Client beliefs and influence on financial decision-making

## Learning Outcomes:

- **Overconfidence** bias
- **Status quo** bias
- **Demographics**, socio-economic status, religion
- **Personality** traits

# Behavioral approaches for financial planners

## Learning Outcomes:

- **Nudge** principle
- **Counseling** and **coaching**
- Application of **counseling theory**
- **Honesty** and **trust**
- **Counseling** and **communication**
- **Coaching**
- **Verbal** and **non-verbal** communications
- Active **listening** skills

# Crisis events with severe financial consequences

## Learning Outcomes:

- **Impacts** on short- and long-term goals
- Potential **solutions** to unanticipated asset allocation changes
- Monitoring **cognitive biases**
- **Empathy, reliability** and **competence**

# Looking to the future: Tech and its impact

# Voices How to educate an AI model: What financial advisors should know

By **Eli Gill** October 25, 2023, 10:30 a.m. EDT 3 Min Read

**Vise Intelligence is a new AI to assist – not replace – financial advisors**

Carl Franzen  
@carlfranzen

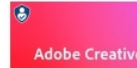
September 28, 2023 8:06 PM

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GOBankingRates | GOBankingRates

## I'm a Financial Planner: Here Are 3 Ways ChatGPT Can Save You Money

f **Andrew Lisa**  
Sat, 28 October 2023 at 9:00 am GMT-6 · 5-min read



**How Artificial Intelligence Will Help Financial Advisors Provide Better Guidance**

As more financial advisors adopt the use of artificial intelligence, the technology will help them avoid spending their time answering mundane questions and focus more on financial planning.

## Harnessing the Power of Artificial Intelligence in Financial Planning

**FINQ**  
57 followers

September 19, 2023

+ Follow

**M** Market Realist + Follow

## Robo-Advisors Are Taking Over — Financial Advisors Might Be a Thing of the Past

# Future of financial planning

- **Technology**
- **Human skills**
- Professional development
- Consumer demand
- Raising awareness

# Technology will have a big impact

- **30%** say financial technology will impact work with clients
- **~ 50%** expect more than ½ of meetings will be online
- **57%** agree fintech will provide more time to develop recommendations

2021 FPSB Future of Financial Planning Practice Research





## Increased use of technology will also help...

- **Collect** client information (75%)
- **Develop** and **present** recommendations (56%)
- **Analyze** and **assess** (55%)

*2021 FPSB Future of Financial Planning Practice Research*



# Professional Skills – increased focus on "human skills"

## **Building Trust**

*Establish trust in professional relationships*

## **Client Engagement**

*Establish good rapport with the client and others*

## **Effective Communication**

*Exchange ideas, thoughts, opinions, knowledge and data so that the message is received and understood with clarity and purpose*

## **Coaching**

*Provide guidance to the client on personal goals and help the client to make decisions and to act upon them*

## **Client Advocacy**

*Put client needs first and ensure needs are being met*

## **Critical Thinking**

*Actively and skillfully conceptualize, apply, analyze, synthesize and/or evaluate information gathered from the client*

## **Problem Solving**

*Identify and solve problems*

## **Decision Making**

*Select between two or more alternatives to reach the best outcome*

## **Tech Savvy**

*Proficient in the use of modern technology, especially financial planning related software and tools*

## **Emotional Intelligence**

*Understand and manage one's own emotions and those of others*

# Learnings from 2023

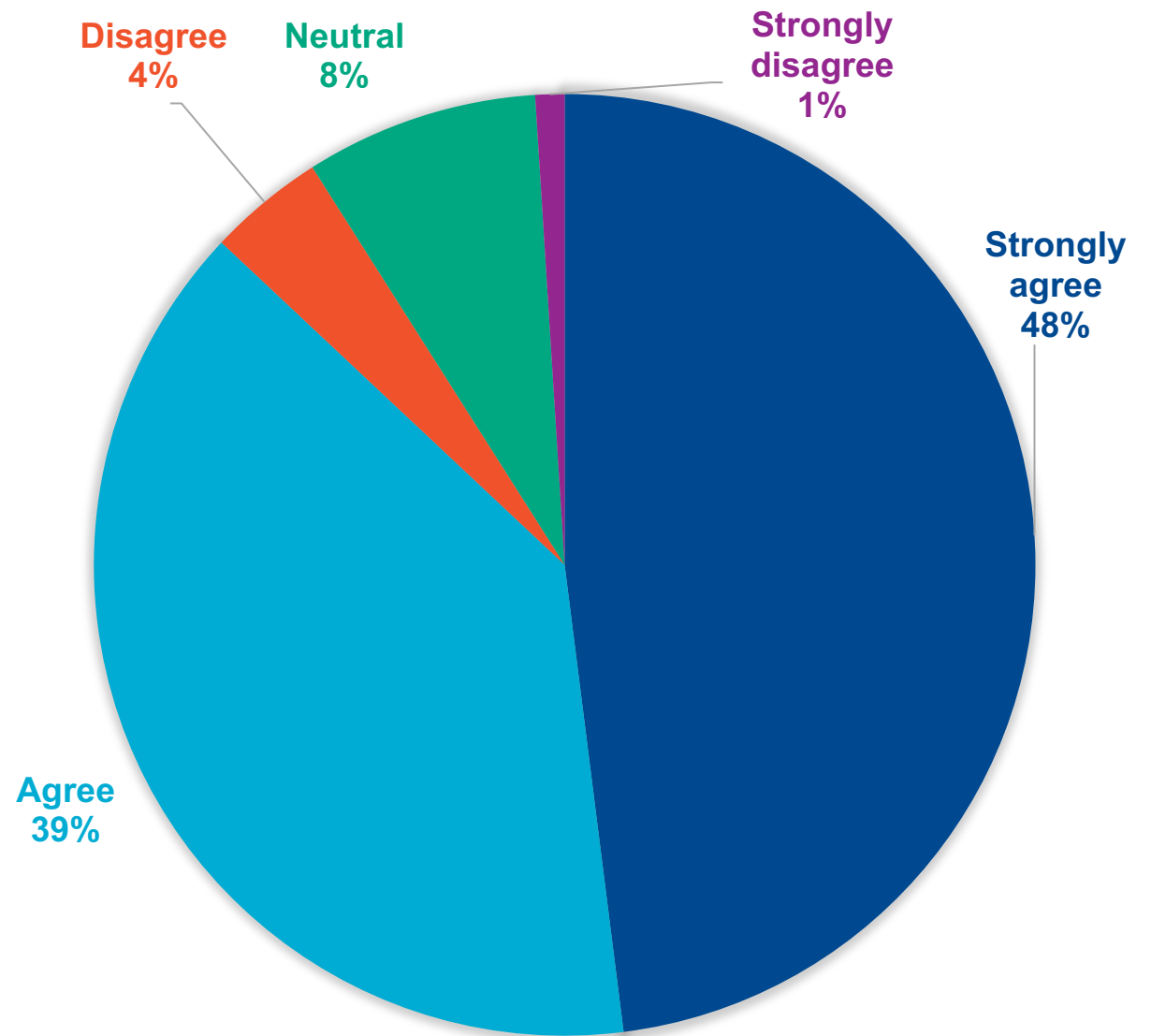
# Global themes

- EU interested to 'harmonise' financial adviser qualifications across EU territories
- The Netherlands have just legislated the change away from Defined Benefit Schemes
- Israel is ahead of most territories with the application of 'open-banking' into the financial planning process with many aggregators entering the market
- All countries want to know how to target next generation and ensure we have value proposition for retention
- Thailand, significant challenges to 'life insurance' advice practices
- Malaysia, US & South Africa are discussing definition of financial planning v financial advice and whether title protection is warranted
- Japan, govt creating new financial education centre to aggressively target financial literacy and capability for Japanese people using CFP professionals

# 2023 FPSB Global Meeting | Singapore



# Australian consumer demand expected to increase



# Global consumer research

**15,332** consumers in  
**15** countries

**Australia**

Canada

Chinese Taipei

Hong Kong

India

Ireland

Malaysia

The Netherlands

New Zealand

People's Republic of China

Republic of Korea

Singapore

South Africa

United Kingdom

United States





# Research objectives

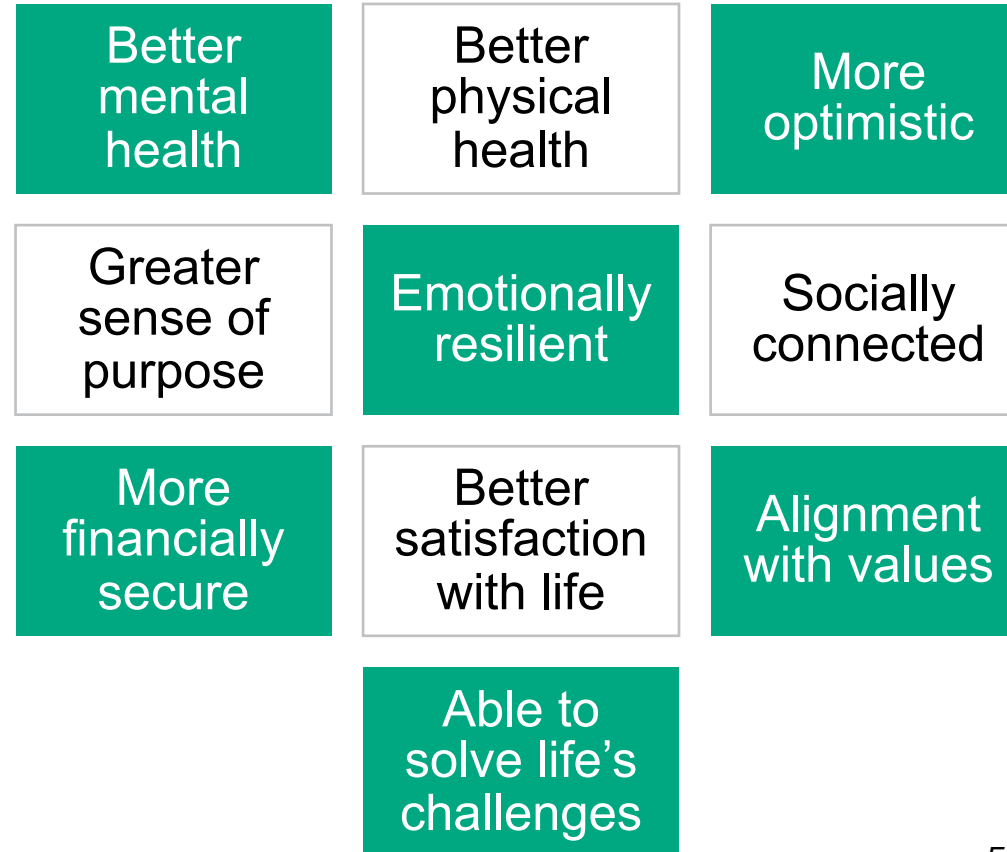
1. Understand **value of financial planning**
2. Measure **benefits** of working with a financial planner
3. Understand **next generation of clients**

# The value of financial planning

- Experience a **higher quality of life**
- More satisfied with their **financial situation**
- Greater financial **confidence**

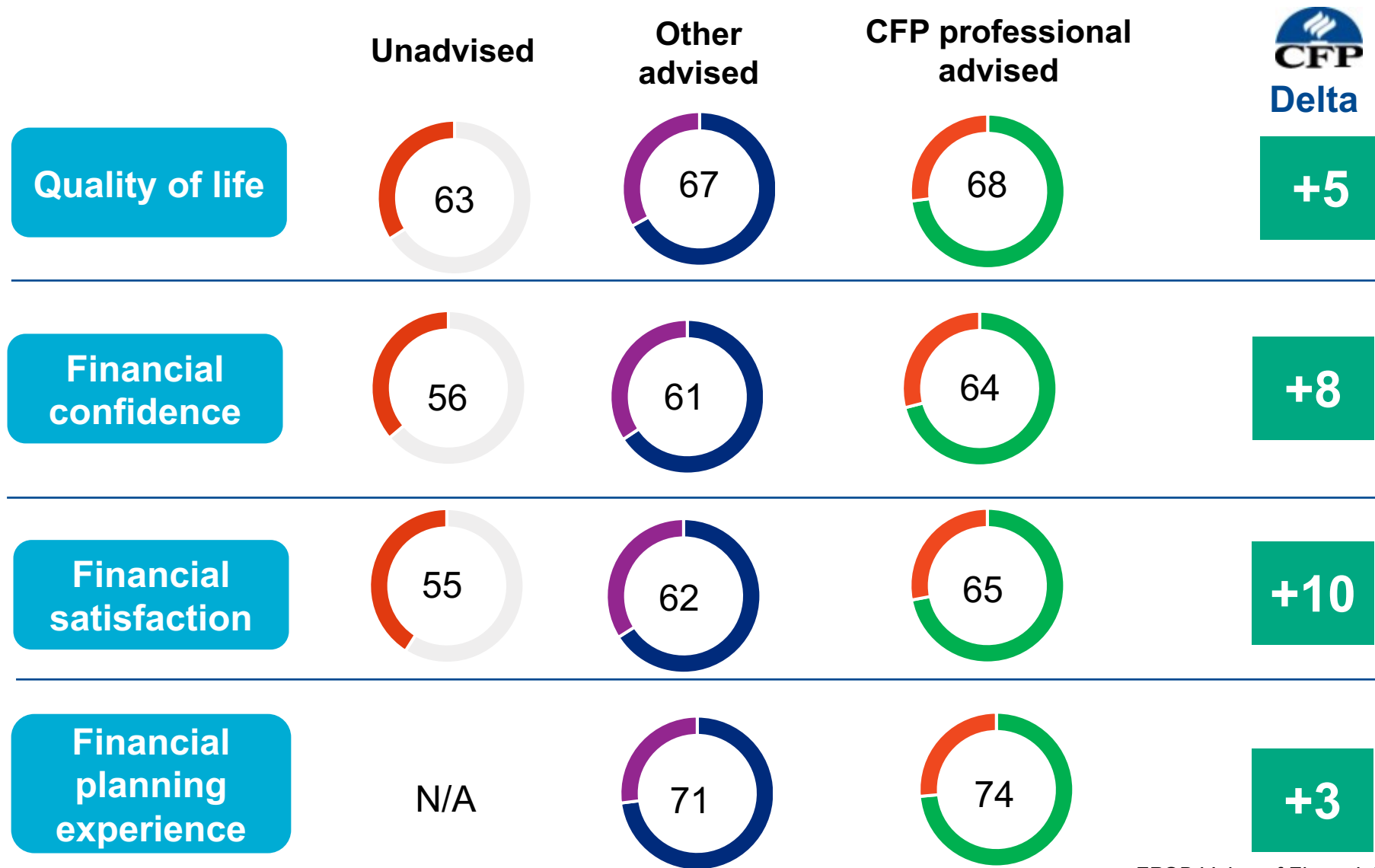


# Financial planning = better quality of life



*FPSB Value of Financial Planning Research 2023*

# Value of Financial Planning Index | Australia



FPSB Value of Financial Planning Research 2023

# The financial planning difference

## Australia

- **Clients of financial planners more likely to report:**

- ✓ higher **quality of life**
- ✓ greater **financial confidence & resilience**
- ✓ greater **satisfaction** with finances

**95%** **trust** their financial planner to act in the best interests of the client

**81%** likely to **continue the relationship** with their financial planner

*FPSB Value of Financial Planning Research 2023*

# Next generation clients

Gen Y

Australia

- **Willingness** to work with a financial planner
- More **hands-on** with finances
- Prioritize **purpose beyond profit**
- **Higher service expectations**
- **Non-traditional asset classes**
- Cusp of **intergenerational wealth transfer**



# Research in 2015 vs. 2023



## Low financial confidence remains

- 2015: 22%
- **2023: 19%**



## Cost now biggest barrier

- 2015 : 1) Trust 2) Cost
- **2023 : 1) Cost 2) Trust**



## ↑ CFP certification consumer awareness

- 2015: 32%
- **2023: 41%**

Q&A

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MELBAIDE CONVENTION CEN

# Meet the speaker zone





**Thank you for  
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