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Point/Counterpoint: What is the most valuable aspect of CFP certification?



Tony Vidler, Former IFA Chairperson, New Zealand

There are two primary aspects of CFP certification that are valuable, the first being the holistic nature of the certification program, covering as it does all of the essential elements of comprehensive personal financial planning. The second and more valuable aspect though is the rigor of the program and the technical quality of practitioner who evolves from that.

There are secondary benefits of course that are valuable also, such as creating a clear quality mark that assists consumers to confidently choose a professional adviser from amidst the market noise.

There was a time when average consumers had simple choices. When they first began to have affordable access to a family car they could have it however they wanted. As long as it was black. And a ford. A Model T actually. So consumers could have any car they wanted as long as it was a black model T Ford. Choice was easy; it was “buy or do not buy”.

Consumers today are bombarded with choice, and their choices are increasingly specialized or narrow in focus. This is more prevalent in financial advice than any other area of professional services. There are competing professional training and certification programs for virtually every aspect of the advice or product realm. It is more difficult than ever before for consumers to choose who to use, if indeed we can get them to choose anyone at all. A meaningful quality mark is in itself valuable to consumers.

There is undoubtedly a need for any professional designation to be widely known, be pertinent to its profession, and to provide a measure of quality for the profession. In a world drowning in newly minted designations and acronyms there is certainly value for consumers in having that recognized global quality mark with critical mass and professional acceptance. Therefore, the CFP mark has a future as a “brand” in its own right, as these elements create familiarity and trust in the brand, which flow through as a value to those professionals awarded the designation.

For those of us inside the industry we typically restrict our consideration of the merits of a particular certification to this relatively simple perspective of the consumers understanding, or acceptance, of the designation. We rarely consider the hidden value within the attainment of the designation itself however.

The **single greatest benefit** to clients of the CFP certification process is not the brand, or the market acceptance of the designation, but it is the certification process itself. Not the designation at the end of it, but the process of attaining it.

With the CFP certification program revolving around all the essential elements of personalized financial advice it is holistic in scope, resulting in a class of practitioners with the broadest technical expertise and an extraordinary ability to assist consumers regardless of their particular area of financial need. The process of attaining such broad technical expertise is metamorphic however.

Herein lies the greatest value to consumers of the CFP certification. It transforms aspirational financial advisers of relatively narrow expertise into thoughtful and prudent professional planners of great technical scope. This growth in technical expertise, together with the professional focus on ethics and professional process and the demands of the technical learning and certification process results in each certification participant being a very different type of adviser upon completion.

The most valuable aspect of the CFP certification is the metamorphic process that produces qualified caring fiduciaries. Consumers cannot get better than that in a professional adviser.

Martin Iglesias, CFP, Brazil



Tony's text is very enlightening and brings up important points about the value of CFP certification and financial planning for clients.

I would supplement with only one point which seems to me very important in emerging markets and I think that also gained importance in the developed world after the sub-prime crisis, which is the perception of independence and ethical quality of the recommendation, supported by a **code of ethics**. These values are essential and must be maintained carefully by all members, because in it lies the deep trust of the client to delegate their financial future to a planner.

Some time ago I wrote an essay on the importance of ethics and impartiality in the recommendation process where I quoted that:

“... entities that seek to ensure the construction of a particular profession – that of financial planners – is recognized and respected by their ethical standards and quality, must look at their self-regulation codes not as obstacles or mere formalities, but as a treasure, a pillar from which reputation and brand positioning will be built.”

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