Professions model proposed

Advocis has moved to support new, stricter credentials and standards for those calling themselves "financial advisors"

By Clare O'Hara | March 2013

Canadian investors seeking financial advice should be wary when it comes to those they are dealing with, says Greg Pollock, president and CEO of Advocis in Toronto. Without any clear definition of who can or cannot be called a "financial advisor," Pollock says, the industry needs to raise the bar for those using the term.

"It's all about consumer protection and who they are trusting with their wealth," Pollock says. "Currently, anyone in Canada can hold themselves out as a 'financial advisor' - and that is a major concern."

In a proposal released in February, Advocis called for the implementation of a "professions model" for advisors. The model would tightly regulate the use of the title "financial advisor," as well as require all advisors to be a member of a recognized professional association.

In addition, financial advisors would have to meet proficiency standards, regularly update their education and training, and adhere to a code of professional and ethical conduct.

Investor reviews

Regardless of training or education, any individual can now identify themselves to the public as a financial advisor. Advocis's proposal would include any person who is selling financial products, as well as anyone who is offering financial advice and planning to the public.

People using titles such as "financial advisor," "investment advisor," "wealth advisor," "financial planner," "estate planner" and "retirement planner" would be required to maintain a membership in a recognized professional association.

Those not covered by the proposal include mortgage brokers, real estate agents, bank tellers, licensed accountants and lawyers who offer financial and tax advice.

With all advisors having to be associated with a professional association, consumers would have easier access to material that would allow them to review an advisor's credentials and complaints history. Such a professional association could be an existing organization, although, says Pollock, it would not prevent other organizations being created as a result of the proposal.
This isn't the first proposal of its kind. In 2000, Quebec became the first province to pass a regulation that requires any individual who uses the title "financial planner" in Quebec or is serving Quebec residents in that capacity to be authorized to do so by the Montreal-based Bureau des services financiers and use the title “financial planner” or ”F.PL” only.

Coalition remains

In 2011, five financial planning organizations created a national coalition to try to set guidelines for individuals calling themselves "financial planners." The Coalition for Professional Standards for Financial Planners continues to meet with government, regulators and other stakeholders. Advocis left the group last summer after deciding to focus on more than financial planners. Remaining as members of the coalition are: the Canadian Institute of Financial Planners, the Financial Planning Standards Council, the Institute of Advanced Financial Planners and the Institut québécois de planification financière.

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