



***RDR Professionalism –  
raising standards in retail investment  
advice***

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**Professional Standards Policy**

**FSA**

# What am I going to cover?

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- **Issues**
- **Outcomes**
- **Proposed changes**
- **Challenges**
- **Next steps**

# Issues



- **Lack of consumer confidence and trust**
  - Minority of consumers seek advice
  - Issues over suitability of advice
- **A profession?**
  - Relatively low entry requirements
  - Inconsistent standards of ethical behaviour
  - Variable commitment to CPD
  - Action against firms, not individuals
- **New recruits**
  - Investment advice not seen as career of choice

# Outcomes

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- **The outcome**
  - Increase in standards of professionalism
  - Inspire consumer confidence and build trust
  - Create a profession over time
- **And (in achieving these outcomes):**
  - Reduction in miss-selling / more suitable advice
  - Consumer engagement Market efficiency
  - Long term sustainability of the sector
  - New entrants

# Proposed changes

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- **Ongoing consultation**
  - Advisory Group
  - Current Consultation paper
- **Higher, more consistent standards**
  - Minimum QCF Level 4 or equivalent
  - Consistent and visibly enforced Ethics standard
  - Consistent and effective CPD
- **Monitoring and sanctions**
  - Internal model - more emphasis within FSA
  - Professional Bodies
  - Less complex and costly (than external option)
  - Existing FSA provisions

# Proposed changes

- **Greater certainty**

- List of transitional qualifications out for consultation
- Alternative assessments: more flexible
- CPD top-up: proposals and 'Guidelines'
- The cut off date for existing advisers
- 'Staging posts'?

- **Role of professional bodies**

- Independent confirmation of technical competence
- PB membership acts as evidence for FSA

# Challenges

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- **Improving perceptions**
  - Consumers
  - Potential recruits
- **How to capitalise?**
  - Attracting new entrants
  - Co-operation with government bodies
  - Engaging with educational establishments
  - Apprenticeships
- **Further competition**
  - Professional bodies
  - Awarding bodies / employers - new qualifications

# Next steps

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- **Progress on qualifications**
- **FSA consultation closes on 16 March**
- **Next publication in Q3 2010:**
  - Feedback on current consultation
  - Decision on governance
  - Consultation on the professional standards themselves
- **We welcome your ongoing input**