

Consultation Response

FSA CP09/18: Delivering the Retail Distribution Review

October 2009

SUMMARY

- We are the UK's largest professional body for financial advisers.
- **RDR is on track to achieving objective of raising professional standards:** we think that implementing the professionalism proposals in the CP will help promote and improve public trust and confidence.
- **Clear support from members:** our research indicates continued support among financial advisers for raising levels of professionalism, despite the difficulties brought about by the recession. Many advisers are going beyond the likely new benchmark qualification and heading towards chartered, indicating a sector move to professionalism on its own accord.
- **Uplift in Diploma exam take-up:** There has been a major uplift in the numbers of advisers who are already on the way to the new benchmark qualification consistent with the FSA's 'no regrets' policy.
- **Need to clarify the benchmark level and size:** the FSA should be specific that the new financial adviser benchmark qualification should be set at QCF Level 4 *Diploma* (i.e. 37 credits or 370 hours of study time). We believe that this would be the most appropriate level and size of qualification to deliver to the public a demonstrable step-change in adviser standards. The FSA must declare that the required level is QCF Level 4 Diploma.
- **Need for a robust alternative assessments scheme:** we have submitted detailed proposals to the FSA on a model for this which we believe must be equivalent to the level 4 exam as well as have a robust process to ensure there is consumer confidence in its rigour. We are currently working to develop these proposals in a practical form.
- **Timetable is challenging but achievable:** we believe that the professionalism aspects are achievable by 2012 though we suggest the FSA maintains a regular check on the overall progress of the progression towards the benchmark qualification.
- **Proposals for a Professional Standards Board (PSB) are central** to unlocking the door to increased public trust and confidence. We look forward to contributing in more detail to the forthcoming FSA consultation.
- **Need for a mass-market advice solution:** it is important that there is a workable solution for the mass market in the RDR proposals.
- **The Money Guidance project will play a vital role** in supporting future consumer confidence through helping to guide consumers 'dipping their toes' into financial services for the first time or with very basic, but important, needs.
- **We think that while the RDR project has made progress, its success will be undermined unless the results and their benefits are clearly explained to the public. The regulator should work closely with industry, consumer groups and media to ensure there is a clear, coordinated message to the public.**

The full consultation response (23 pages) is available on the CII website: http://www.thepfs.org/downloaddata/CII_Response_FSA_CP09-18_RDR_29Oct2009.pdf