

FSA moves to clarify meaning of 'level 4' qualification under RDR

On Friday the FSA responded to calls for clarification regarding the proposed structure of a 'level 4' qualification by issuing a statement reiterating its expectations of a 'step-change' under Retail Distribution Review (RDR) proposals. All modules of the new benchmark qualification will need to be at level 4.

A lack of clarity for many advisers has led to delays and misunderstanding. I am pleased that the FSA has clarified what they mean by a level 4 qualification. Firms and advisers need to know where they stand when selecting a route to the qualification and they will now be able to make an informed choice.

Reassurance that there is no short-cut to professionalism

This clarification reiterates the need for advisers to focus on established professional qualifications as part of a "a step change in standards of professionalism of advisers in the retail investment market, to help deliver high standards in advice, build trust and inspire consumer confidence." FSA also pointed out that there must be a greater rigour of learning and application of critical thinking to demonstrate a clear difference in standards from the current level. The deadline for completion remains 2012.

CII Diploma Students remain right on track

Whilst FSA has stressed that no qualification can be marketed as 'RDR compliant' until the FSSC has consulted and the new threshold been set, the clarification will bring reassurance to hundreds of Personal Finance Society members studying towards the CII Diploma in Financial Planning who remain on track and "have nothing to fear" according to CII Chief Executive, Dr Alexander Scott.

The FSSC needs to complete its work before any qualification can be guaranteed to be RDR compliant but Friday's announcement clearly indicated FSA's preference for a modular qualification structure, such as the CII Diploma. The detail still has to be worked through with regard to existing qualifications and the Personal Finance Society will be working to ensure that advisers, who have attained additional qualifications in the past, are not jeopardised in any way.

Some new qualifications have exacerbated the confusion, positioning themselves as 'tailor-made solutions to RDR'. Those that had hoped for some apparently quick, easy and low-cost route to the new benchmark qualification will now find the goalposts moving, certainly in terms of study content, and probably in terms of cost too.

A possible alternative to examinations?

Some members will be interested to see that part of the FSA's statement also keeps the door open to the possibility of non exam-based alternatives. FSA said they would be exploring "some form of competency based assessment as a possible alternative", adding that it "would need to be rigorous and based on the same core threshold requirements as the new qualifications".

PFS supporting members every step of the way

The Personal Finance Society recognises that the move to higher standards of professionalism will put considerable short-term pressure on some members, so we will continue to do our utmost to support them in their studies towards Diploma. A wide range of benefits are available to Personal Finance Society members, including the following that may be particularly appropriate in the course of Diploma studies:

- Flexible study paths to match career objectives
- A range of study options to suit learning styles
- Discounted study materials, exam entry and courses
- The expansion of member facilitated regional exam study groups
- Online learning and a comprehensive web-based knowledge library
- Free regional meetings, focusing on technical 'hot-topics' and professional development
- Regular news, technical and regulatory update emails
- Online CPD recording and monitoring tool

Good luck with your studies. It is reassuring to know that pass rates for PFS members are on average 12% higher than for non-members!

Fay Goddard - Chief Executive, The Personal Finance Society