

RDR outcome can be a springboard

What now for the RDR? What relevance does it have in the post-banking-crisis, credit-strapped economy we now inhabit? Do the original RDR objectives remain valid to an increasingly sceptical public who could be forgiven for cursing all financial services, not just the banks, with a plague on all your houses attitude? After all, consumers do not generally differentiate between banks, insurers and investment companies.

As a result of consumer and political demand for answers as to why the authorities allowed the banking crisis to happen in the first place, the regulator, led by its new chairman Adair Turner, is under pressure to look at regulation afresh. So will the FSA's final feedback statement on the RDR be a damp squib or will it point to real and meaningful change that will register with consumers?

We have come a long way since Callum McCarthy's Gleneagles' speech in September 2006 which first indicated how determined the FSA is to promote a step-change in the retail financial services industry. Working groups were established, a discussion paper in June 2007 and an interim feedback statement followed in April this year so it would be understandable if the industry was exhausted by all this endeavour.

But in some ways, the forthcoming final feedback statement is merely the end of the beginning. In 2009 and beyond, we can look forward to FSA consultations and the implementation of new practices.

To answer the original question – what now for the RDR and what is its relevance?

The original objectives of the RDR remain valid. There has been talk of kicking the

whole process into the long grass. But after the economic turmoil, consumers feel alienated and let down by the financial services sector. Trust needs to be rebuilt quickly and the reputation of the profession, and of the industry, restored. If the system was sick, the past few months have proved the illness crippled it and it is now in the recovery unit.

Seeking to improve the current standards of professionalism can play a part in the after-care for this industry. Finding more cost-effective ways of making advice available to a wider range of consumers and improving understanding of what they are getting for their money are issues more valid than ever.

Now is our best opportunity to lead the industry towards an outcome that supports a vibrant marketplace where public support for advice grows and advice is prized. The CII and PFS have one common message, which is that exams alone are not the answer.

Achieving the accolade of becoming the first body to accredit ISO22222 in the UK means the CII can offer its members a full suite of products to tackle the post-RDR environment.

Increased commitment to standards and ethics is a central part of the financial adviser's armoury for the future. Adopting best practice standards must be underpinned by a strong disciplinary process.

If Lord Turner, however, sticks by his promise that "this is no longer the time for lighter-touch" regulation, more rules could soon apply to the industry.

Our RDR proposals for professionalism are there to give the industry a chance to set its own house in order. Better-trained employees, improved best practice and an ethos of professionalism within the financial advice sector should help keep draconian regulation at bay. Improved professionalism alone cannot provide all the answers to unlock customer trust and confidence but it can play a central role.

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