



Financial Planning
Institute of Southern Africa

THE PROFESSIONAL STANDARD



Why RFP™ and AFP™ designations
lost value

Our Vision

Professional financial planning for all.

Our Mission

Is to advance and promote the pre-eminence and status of financial planning professionals, while always acting in the interest of the public who the profession serves. We aim to do this by:

1. Improving the quality and accessibility of professional financial planning for all in Southern Africa.
2. Acting as an advocate for professional financial planning and imparting the importance and need for financial planning to the general public.
3. Providing a framework that members can use to achieve qualifications and maintain a high level of competence, so that they can give greater value to their clients, practices and employers.
4. Ensuring that members maintain the highest ethical standards while carrying out the duties of their profession.
5. Taking on a leadership role within the financial services industry, giving balanced, credible input and commentary to government and the public.
6. Facilitating transformation within the profession.

Why RFP™ and AFP™ designations lost value

“The major value in life is not what you get. The major value in life is what you become.” Jim Rohn
(entrepreneur, author and motivational speaker)

How the designation came into existence

Since our inception, Financial Planning Institute’s objective has always been to set the highest standards of competency that our members need to uphold. Planners in the industry, who could not meet the stringent requirements to attain the CFP® designation, were offered the RFP™ and AFP™ designations. The purpose of the designation was to distinguish planners who had reached a level of education, between NQF Level 5 and NQF Level 6, from other people providing financial advice who had no formal qualification. They were also required to write a board exam before being accepted as a member and were expected to adhere to our Continuous Professional Development (CPD) policy; so dealing with an RFP™ and AFP™ professional meant you were dealing with someone who met three important elements: Education, Examination and CPD.

What made the AFP™ and RFP™ designation lose its value?

Initially RFP™ and AFP™ professionals were better qualified as having a qualification, before the introduction of FAIS in 2004, was not a requirement in the industry. When FAIS was instituted, advisors in the industry had to obtain a qualification or at least earn 60 credits on a minimum NQF Level 4 before December 2009. This meant the bar of competence was being raised and that more and more advisors were meeting the qualification requirements we had set for our RFP™ and AFP™ professionals.

As a result, the value of these designations started losing value because advisors in the industry without the RFP™ and AFP™ designations were performing the same duties on the same level as our members who had the designations. The only thing that set our members apart was that they wrote and passed our board exam; they were doing CPD and were abiding by the FPI Code of Ethics.

The more advisors understood what the Financial Services Board’s (FSB) General Code of Conduct required, the more they improved their operations; which suggested they were getting closer to meeting the standards set out in our code.

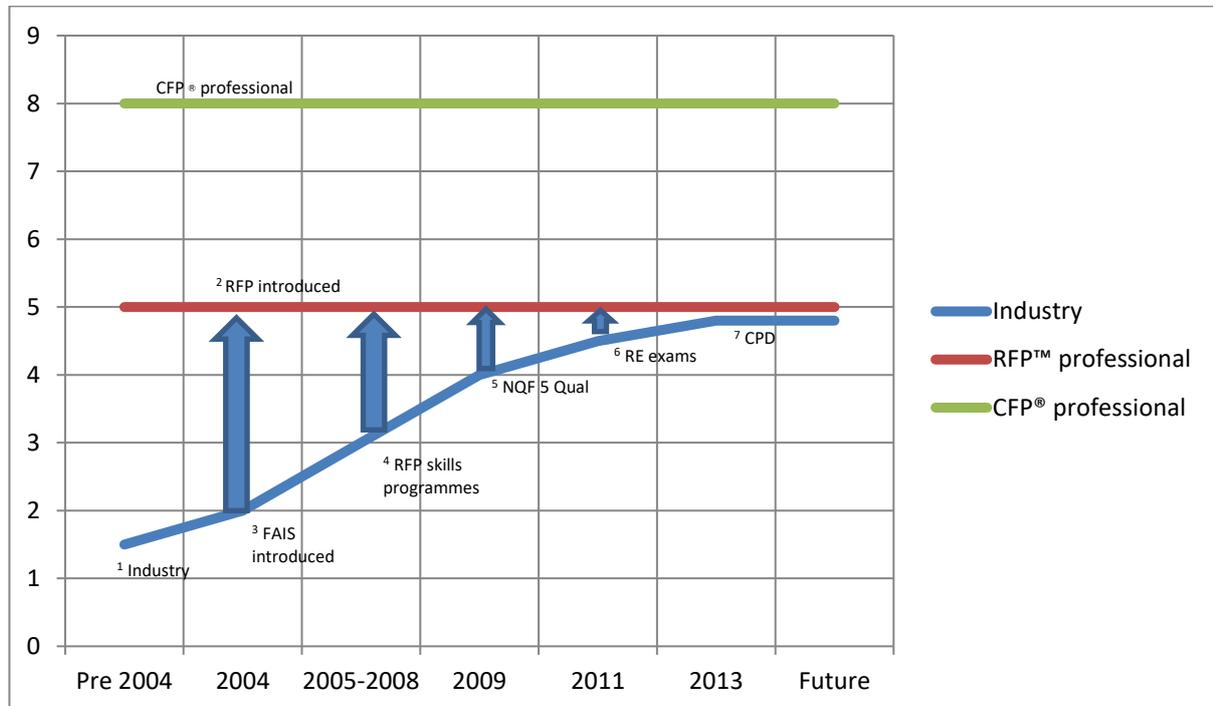
In 2010 FSB introduced regulatory exams, which brought the industry to a much higher level of competence. Now having the RFP™ and AFP™ designation, as well as complying with CPD was the only differentiating factor setting our members apart.

Then the announcement came that FSB was introducing CPD for the whole industry; taking away another aspect that set our RFP™ and AFP™ professionals apart from the rest. Once the regulator enforces compliance to the CPD requirement, there will be nothing that places our RFP™ and AFP™ professionals at a higher, more competent level.

We had to take stock

In 2011, we were faced with the very difficult decision of having to consider the relevance and future of RFP™ and AFP™ designations and probe a little deeper to assess why our membership numbers were dropping. Below we detail the factors that influenced the decision we made regarding the phasing out of these designations.

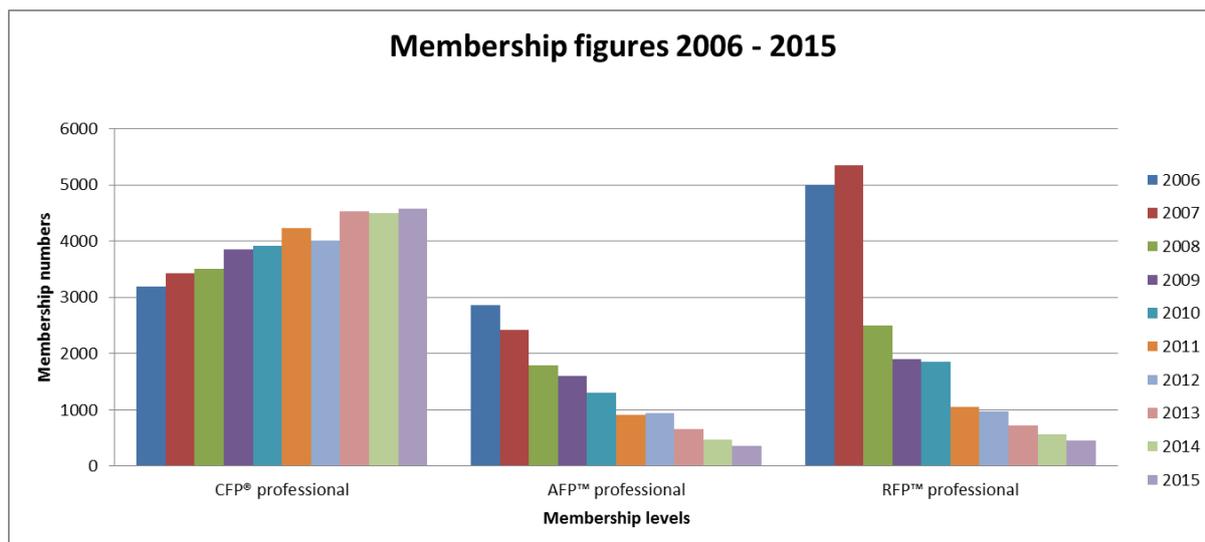
The timeline below shows how the industry has been raising the bar and how quickly the gap between our RFP™ professionals and the industry advisors without the designation has shrunk.



1. Majority advisors in industry did not have a qualification specific to the industry and had until the end of 2009 to achieve one.
2. RFP™ professionals were distinguished - qualification, board exam, 1-years' experience, CPD, ethics
3. Whole industry required to meet the qualification requirement by Dec 2009.
4. Industry started to do skills programmes, many RFP1, 2 and 3.
5. Everybody who were in the industry had to meet the qualification requirement, gap between RFP members and the rest decreased (some only needed 60 credits = partial qualification).
6. FSB started with regulatory exam, gap decreased further.
7. FSB introduced CPD for the whole industry, gap disappeared.

Research conducted informed us that our RFP™ and AFP™ professional members felt that the designation no longer set them apart from the rest of the industry as they were now seen to be equally competent as someone who did not have the designation. The RFP™ designation, and to a lesser extent the AFP™ designation, was at risk of becoming irrelevant due to the increased regulation-regulatory requirements set by FSB.

In 2010 and 2011, the RFP™ and AFP™ professional membership numbers were decreasing to an all-time-low, which led us to conduct a comprehensive research study to determine the reasons for this drop. We also then looked at what remedial action would be necessary.



We invited all levels of membership, corporate partners, industry leaders and the regulator to participate in this research. The results were very clear as it revealed four major themes which led to the drop in member numbers. One specific area focused on members who used the RFP™ and AFP™ marks; the results of the research indicated that there was a confusion in the marketplace due to the difficulties in the industry not differentiating between the three “financial planning” designations. The study confirmed that a large percentage of financial planners at the lower levels focused on financial advice and not financial planning. The perceived value was that CFP® professionals offered a completely different level of experience than that of members carrying the RFP™ and AFP™ designations.

An interesting finding was the vast difference in the way RFP™ and AFP™ professionals as well as CFP® professionals experienced FPI.

The table below summarises the findings of the research.

	RFP™ /AFP™ professionals	CFP® professionals	Corporates
Attitude	FPI is seen as remote, not top of mind	Engaged; critical; passionate	Necessary standard to give their staff credibility
Image	Unfocused, weak relevance	The CFP® mark is the gold standard; lacks objectives and a clear direction	The professional body - even as they criticised; need a higher profile
Value	Low; a necessity in introduction	CFP® professionals want more in terms of standard and support	Upgrades perceived quality of staff; endorsement of service and advice
Promotion	Build awareness of FPI and marks with customers	Build awareness of FPI with CFP® professional emphasised	Build awareness of FPI with customer
Role of the FPI	Setting standards; a voice of the financial planner	Continue increasing standards to be advocate of professionalism	Maintain standards and to be the voice of the planner

We had to consider how to deal with this situation. The fact that CPD (which has not yet been enforced), would be the only way to distinguish our members from the rest of the industry, we would have to look at ways to differentiate our members once again.

We considered that this could be done by:

- 1 Raising the competency levels of our members by setting an even higher standard of admission to the Institute;
- 2 Increasing the minimum NQF qualification level and awarding a different designation that will clearly set our members apart; and
- 3 Phasing out the RFP™ and AFP™ designations; and/or replacing it with a higher, different designation.

If we want to remain relevant, the minimum standards of certification will have to be higher than that of the regulator. To remain relevant for a longer period of time, the minimum standards should be substantially higher compared to what it currently is.

After careful deliberation and consultation with RFP™ and AFP™ professionals, we came to the decision to phase out these designations over a period of six years. The phase out period started in January 2013 and will end by December 2018. We have already launched the Financial Services Advisor, FSA™ professional designation, where the minimum requirement for this designation is a recognised B-Degree and two years' accumulated industry experience.

Ideally, all our current RFP™ and AFP™ professional members should strive to achieve the CFP® professional status; however, realistically not everyone will be in a position to achieve this level. Challenges that may be experienced could include:

- RFP™ and AFP™ professionals potentially not having a university admission.
- Not having the funds to study further.
- Not having the financial support from employers to assist them study further.

We therefore have the following options for the affected members:

- 1 They could stay as an RFP™ and AFP™ professional until 31 December 2018. At this date the designation will cease to exist and they will not be able to use it any longer. They will remain an affiliate member (without a designation) of FPI but will not have any voting rights.
- 2 They could stay as an RFP™ and AFP™ professional while studying towards an NQF Level 7 B-Degree (for FSA™ professional membership) or a postgraduate qualification at an NQF Level 8 (for a CFP® professional membership). This qualification must be obtained before the end of 2018 if they want to have access to and use a professional designation.
- 3 If any RFP™ or AFP™ professional has obtained one of these qualifications since becoming a member of the Institute, they can apply to be upgraded to the FSA™ or CFP® designations.

Ultimately our aim is to reposition the CFP® mark as the symbol of excellence in the financial services industry. Although it may take time and be costly, anyone wanting to become a CFP® professional must see it as an achievable possibility.

With this in mind, we have come up the following solutions to assist in achieving this:

- 1 We created a learning pathway to make if possible anyone to achieve a higher qualification.
- 2 We negotiated reduced fees with some education providers and will continue to do so in a bid to make studying towards a higher qualification more affordable.
- 3 We plan to establish a bursary fund which deserving applicants can access.
- 4 Together with various education providers, we will assist candidates prepare for the FPI board exam which forms part of the certification process.

Below is a list of the FPI Approved Education Providers and approved qualifications:

The approved qualifications and providers

Provider	Qualification
Milpark Education	Advanced Certificate in Financial Planning (SAQA 62795, NQF Level 6)
Moonstone School of Excellence	Advanced Certificate in Financial Planning (SAQA 83347, NQF Level 6)
University of Johannesburg	B Com Finance (SAQA 73774 NQF Level 7)
University of Free State	B Iuris (SAQA 8877, NQF Level 7)
Nelson Mandela Metropolitan University	B Com Financial Planning (SAQA 87056 NQF Level 7)
University of Stellenbosch	B Com Management Sciences (SAQA 19587 NQF Level 7)

The road map to 2018

In order to pave the road to CFP® certification, here are a few paths our RFP™ and AFP™ professionals can take.

Path 1 (partial - part qualification or less than 120 credits - RFP qualification)

Jerry is a 45 year old male. He received the RFP™ designation in 2005 without a formal qualification. He does not want to lose his FPI membership and decided to study towards attaining the FSA™ designation. He could apply to any university that would give him access to a B-degree through Recognition of Prior Learning (RPL). Alternatively, Jerry could decide to do an NQF Level 5 Wealth Management qualification through any of our Approved Education Providers, then move onto an NQF Level 6 qualification which would allow him to apply to study the B-Degree. Once he has achieved this, he could apply to study towards the Postgraduate Diploma in Financial Planning and become a CFP® professional.

Path 2 (Full NQF Level 5 qualification - 120 credits)

Nomsa is an RFP™ professional and has obtained her RFP1, 2 and 3 through FPI in 2009. She can apply directly for an NQF Level 6 qualification or follow the RPL route to attaining an FSA™ designation. After obtaining her NQF Level 6 qualification, she will have access to the NQF Level 7 B-Degree with any of our Approved Education Providers. She can also apply to any of these education providers to be considered for RPL to obtain an NQF Level 7 or NQF Level 8 qualification.

Path 3 (NQF Level 6 qualification)

Pieter is an AFP™ professional member and has an NQF Level 6 Certificate in Financial Planning. He will qualify to convert to the FSA™ designation, or he can apply to study the Postgraduate Diploma in Financial Planning through making use of the RPL route.

Path 4 (NQF Level 7 Qualification)

Sibusiso, AFP™, has obtained his B-Degree through part time studies in 2011 and he can apply to be converted onto FSA™ professional status with immediate effect. He can also apply to study the Postgraduate Diploma in Financial Planning in order for him to attain the CFP® designation.

In conclusion

The only constant in life is *Change*. We experience it on a regular basis when new economic data is released, when legislation is adapted, when being forced to face the fact that in order to improve our circumstances, we need to make changes to the way we do certain things. We always need to strive to be better, more competent and more capable than the next person, not because we want to be in competition with others, but to improve our circumstances.

We have found through our consultation process with members that it is easy to get confused between a “qualification” and a “designation”. No one can take away any person’s qualifications obtained through blood, sweat and tears. Your qualification that you obtained through a registered training provider is untouchable. However, a designation is a status that can be awarded, but also taken away.

We have worked very hard behind the scenes to ensure that you still have three more years to get ready for this change, and have ensured that our training providers will be able to give you the best possible solution in order to improve your qualification, both in terms of advice and price. We negotiated reduced rates with Milpark Business School for NQF Level 5, 6 and 7 qualifications; we submitted a project proposal to Inseta for funding towards the Postgraduate Diploma and B Com Honours in Financial Planning through our other universities and we are building up a bursary scheme to be utilised for deserving candidates.

In closing, James Allen said *“Men are anxious to improve their circumstances, but are unwilling to improve themselves; they therefore remain bound.”* Let us work together to free ourselves from the restraints and soar towards new heights. Soldier on with us towards 2018!

Sherma Malan, CFP®

Head: Membership and Corporate Relations