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PLANNING  
STANDARDS  
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# 2017 IDFA NATIONAL CONFERENCE: *THRIVING IN THE NEW WORLD ORDER*

November 2017

Cary List, President & CEO





# FPSC's Purpose

We exist to drive value and instill confidence in financial planning.

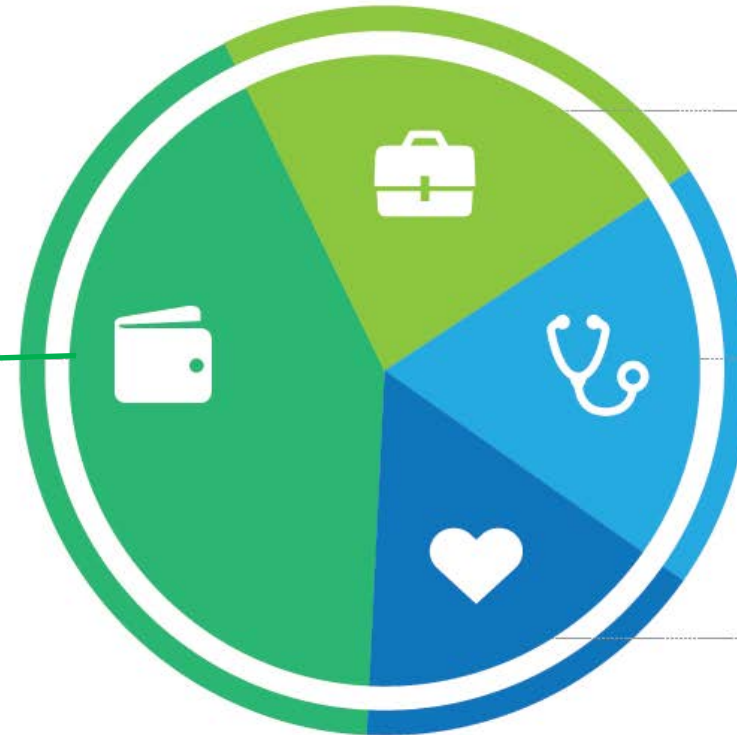
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Without sound financial planning from a qualified and trusted professional, the well-being of Canadians is at risk and only a qualified financial planning **professional** can understand your whole financial picture, bring clarity, and guide you to financial well-being.

# FPSC National Survey Results

**42% of Canadians**

(excluding Quebecers) ranked 'money' as their greatest stress



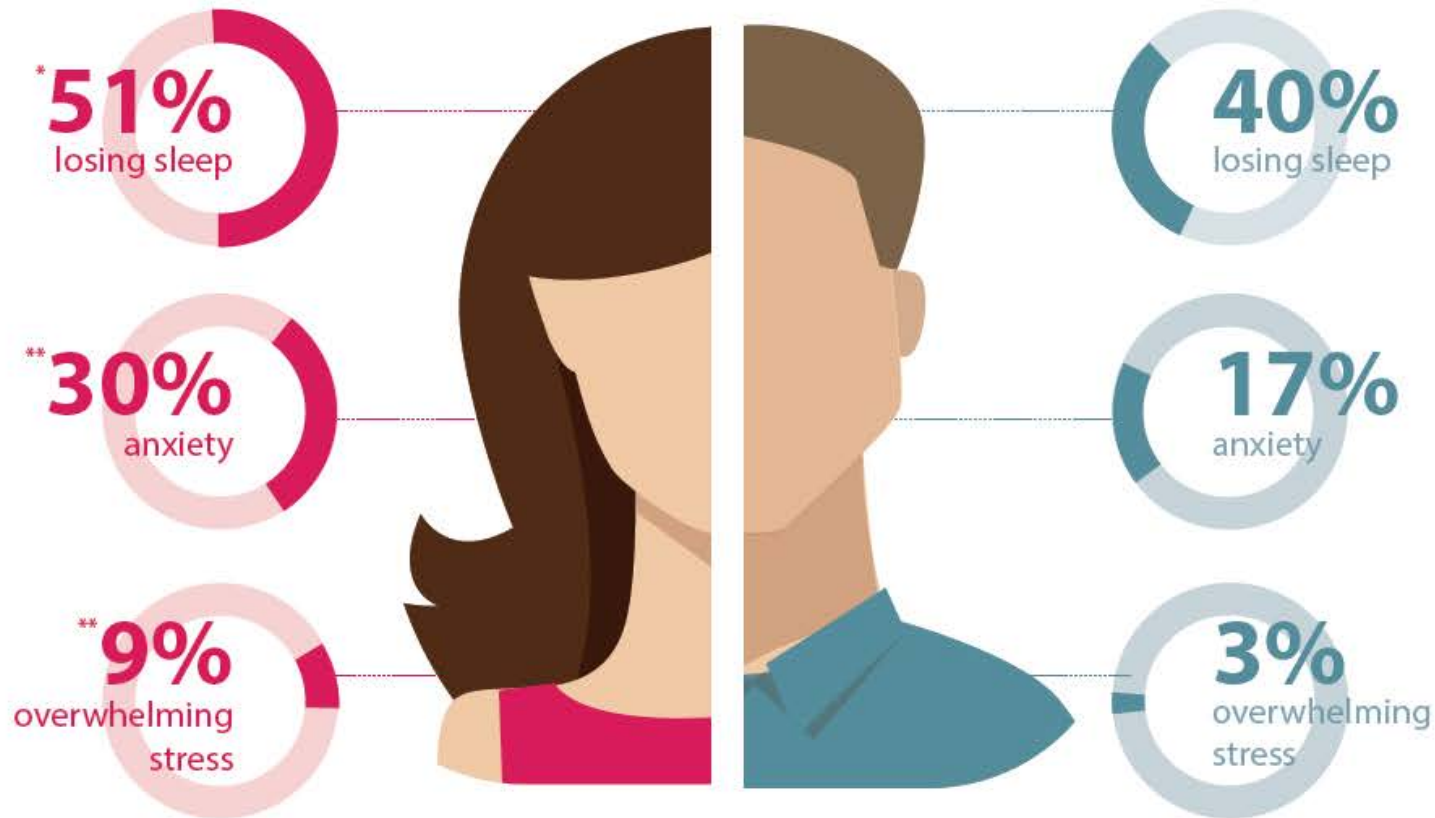
**23%**  
Work

**19%**  
Personal  
Health

**17%**  
Relationships



# Women Report More Financial Stress Than Men



## Women are:

- Earning more
- Increasing their share of jobs
- Living longer
- Becoming primary money managers in the household

Sources:

\*Leger, for Financial Planning Standards Council (FSPC)

\*\*Financial Finesse, 2011



# Embarrassment, Arguments, Inadequacy



87% of Canadians wish they had made better financial decisions earlier in life.



45% of Canadians are embarrassed about their lack of control over finances.



4 in 10 people in relationships with shared finances argue regularly over finances<sup>2</sup>.

# We Know Financial Planning Matters

## On-Track with Financial Affairs

81%

44%

Comprehensive /  
Integrated Planning

No  
Planning

## Feel Prepared in Event of Unexpected Emergency

60%

28%

Comprehensive /  
Integrated Planning

No  
Planning

## Feel Prepared to Manage in Tough Economic Times

65%

36%

Comprehensive /  
Integrated Planning

No  
Planning



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# Impact of Canadians Working with a Professional

Canadians Report	CFP® Professional	Non-Certified Planner
Their financial affairs are on track.	78%	54%
They have greater peace of mind.	73%	63%
They are closer to achieving some of their life goals as a result of planning.	70%	61%



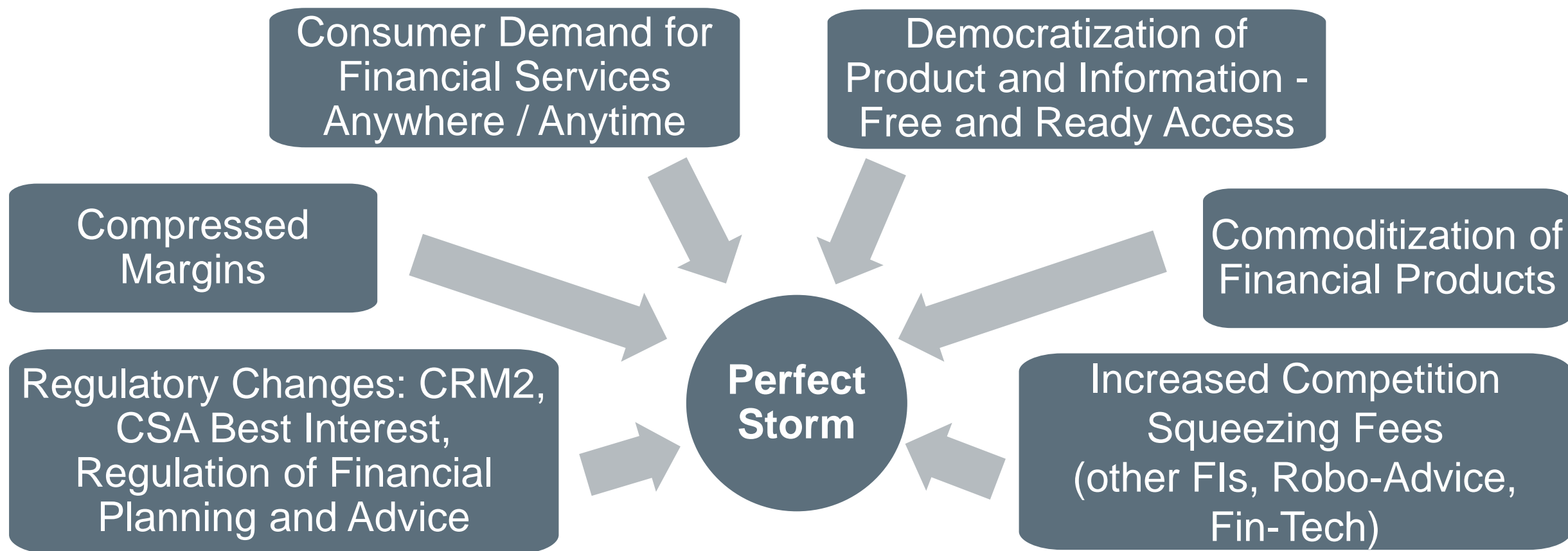
SO BODES WELL FOR ADVISORS....BUT



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# Forces Creating The Perfect Storm



# Financial Services Industry: A State of Upheaval

...all adds up to a squeeze on fees and margins, fee disclosures, computer-generated portfolios, move to higher industry standards...

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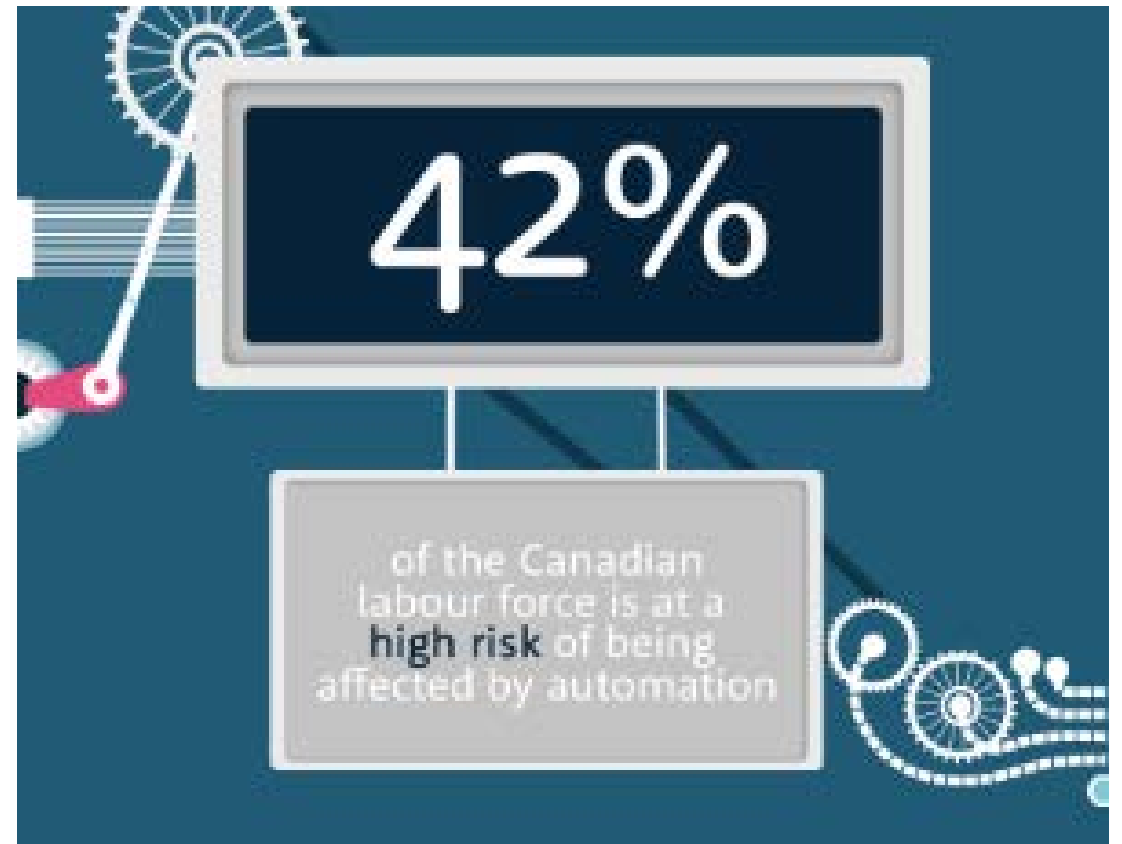
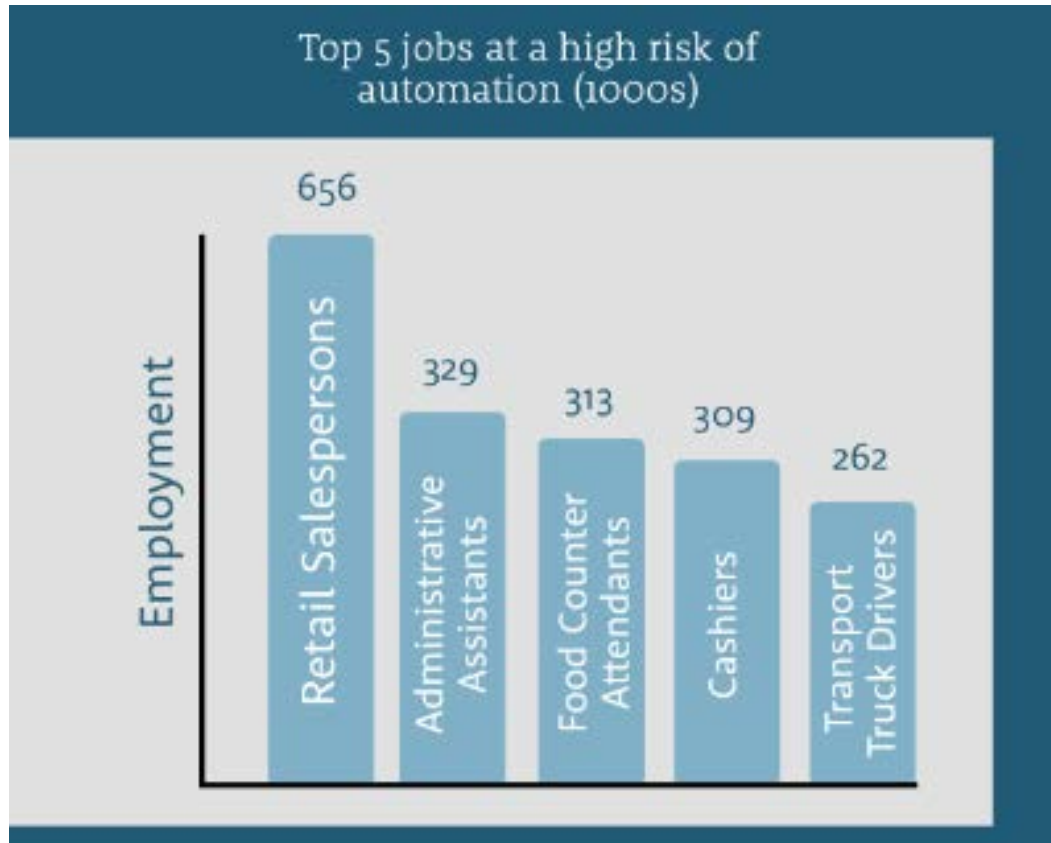
## DISRUPTION



# Advisors' Worlds Turned Upside Down

Technological and regulatory reforms posing a threat to traditional advisors with a focus on product sales and advice in isolation.

# The Impact of Automation on Canada's Workforce Over the Next 10-20 Years



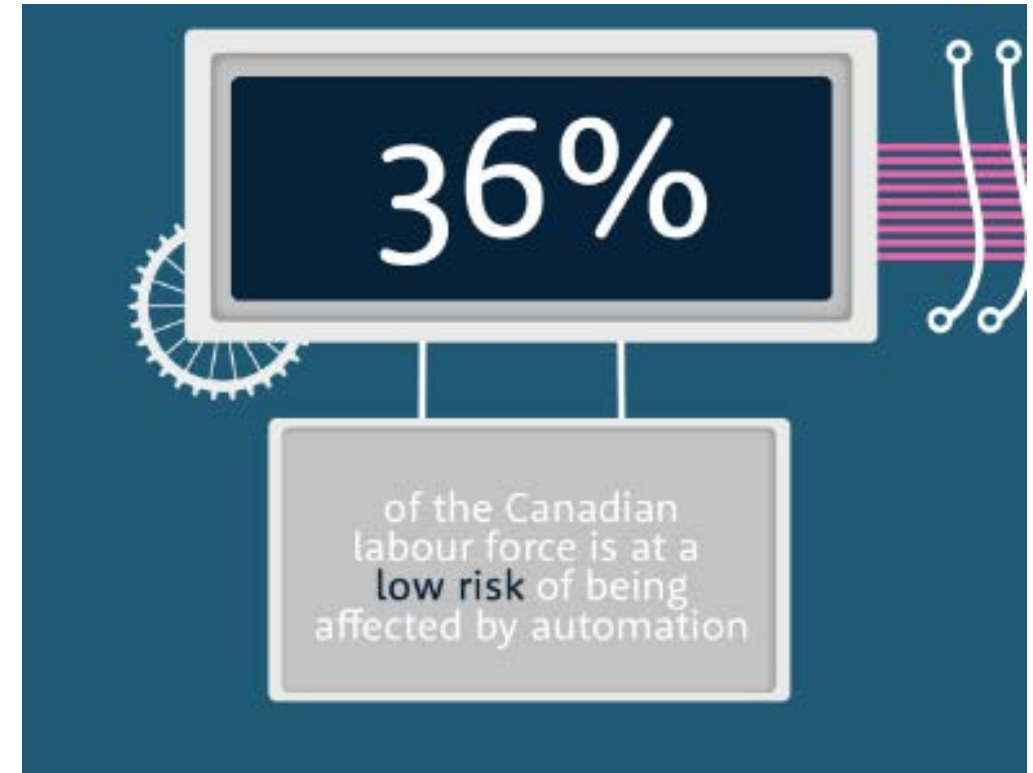
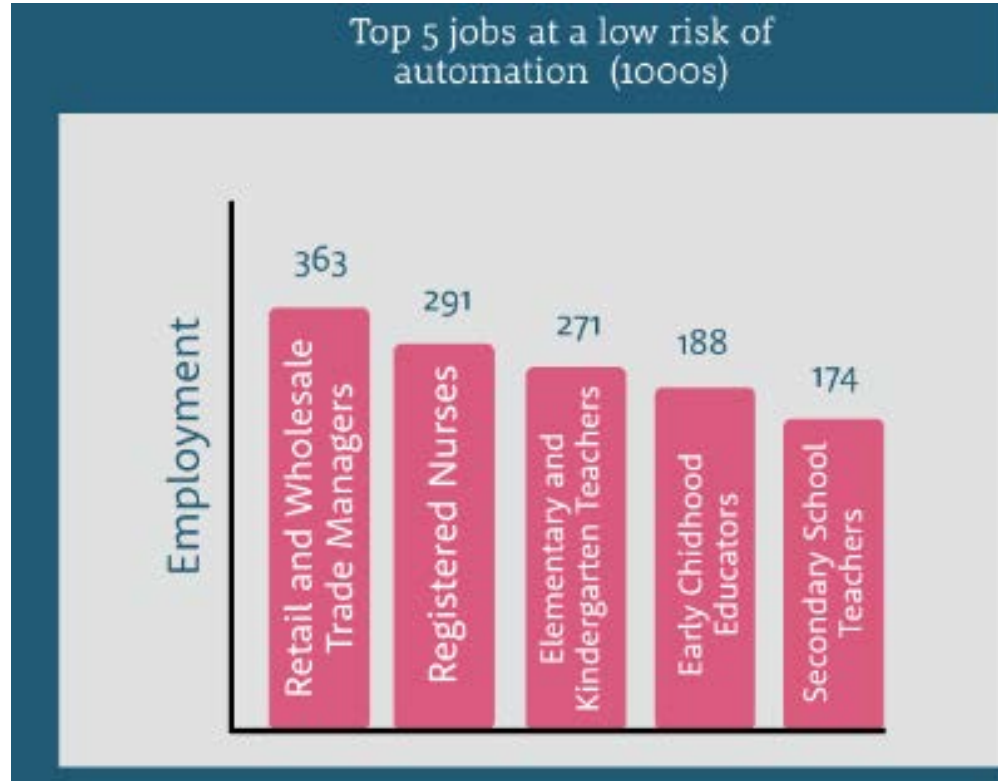


# Accenture Survey of 1,300 Investors

- Don't believe human advisers provide sufficient value
  - 56% of investors (net worth of US \$1.5-10MM)
  - 72% of investors (net worth of US \$10MM+)
- 69% of millennials are amenable to receiving investment advice from Google, Facebook, Amazon, and other non-financial companies



# The Impact of Automation on Canada's Workforce Over the Next 10-20 Years





# Disruption Occurring in Every Industry and Every Profession

## Already Disrupted

- Travel Agents

## Professions: The Next Wave of Disruption

- Real Estate Agents
- Medical Profession
- Law
- Accounting
- *Financial Advice*

# Professions Are Not Immune to Change

- The Legal Profession
  - DIY Wills and POAs
- The Medical Profession
  - WebMD & Mayo Clinic Online
  - Robotic surgery
- The Accounting Profession
  - Commoditization of number crunching
  - Automation of assurance, audit function, tax preparation





# The Medical Profession

*“Doctors today are well schooled in the science of medicine. What’s been missing is the science of health-care delivery.”*

Susan Skochelak  
Vice-President, Medical Education  
American Medical Association



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There's a Storm Coming....

*“It wasn't raining when Noah built the ark.”*

Howard Ruff

A famous American financial advisor



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# The Medical Profession

For the first time in history, the medical profession is now testing:

- Behavioural and social sciences principles
- Critical analysis and reasoning skills

# The Legal Profession

*“The great, disruptive potential of technology is coming late to our sector, but it’s coming – everywhere – to reshape how we think about law, how legal services are delivered and how legal problems are solved.”*

Lorne Sossin  
Dean of Osgoode Hall Law School  
York University



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# The Legal Profession

Increasingly, courses offered by the Canadian Bar Association focuses on:

- Emotional intelligence
- Building superior communication skills
- Relationship building

# Need to Adapt or Risk Losing Relevance

Those who adapt survive.

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Those who continue to rely solely on their technical acumen or ability to do things that technology has automated are left behind.

# ADAPTING THE FINANCIAL ADVISORY WORKFORCE OF TOMORROW



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# The Future of Professions

- Offer knowledge and skill that technology can't supplant
  - Deliver the human side of the equation
  - Offer deep specialization in complex areas that computers will be more challenged with



# The Future of Professions

Advisor of the Past	Professional of the Future
Technician	Clinician
Information Manager	Relationship Manager
Collector of Information	Analyzer of Information
Number Cruncher	Interpreter
Consistency of Solutions	Behavioural Manager
Quality Assurance	Trusted Advisor



# The Future Advisor will...

- Take a holistic view of the client
- Collaborate with clients to help define their goals and needs
- Motivate clients' action
- Manage clients' behaviour
- Use technology (including robo-advice) efficiently as an extension of their toolkit to increase productivity
- Offer specialized professional knowledge, skill and/or service



# The Future Advisor will...

- Must shift from “technician to clinician”
  - Focus on the relationship, and use technology to give advice in an economical way
- Focus on unique individual and family needs, provide custom solutions and reports
  - Value isn't entering your client's data into a spreadsheet, but finding out what and why it is relevant
- Needs change, complexity exists
  - People still value relationship with a credible professional they trust
- Will either be the consummate generalist or offer a unique specialization

# Need for a Professional Model

- Understanding of whole person
- Professional skills to help define needs / goals, motivate decision making and facilitate action
- Unwavering ethics





# Elevating Today's Advisor to Tomorrow's Professional

## TODAY'S ADVISOR

Robos taking place of advisors



Mutual Fund Advice  
Investments / Securities  
Insurance

## TOMORROW'S PROFESSIONAL

Value of human advisor is in understanding client's full circumstances, behavioural skills and professional conduct.



Holistic View of Client  
Client Best Interest  
Professional Skills

Holistic View of Client  
Client Best Interest  
Professional Skills  
Deep Specialization

**Financial planning capability to address less complex client needs.**

**Financial planning capability to address complexity at the highest level expected by the profession.**



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# Key Differentiators

- Ability to see client as a whole person
- Discovery skills
- Critical thinking and judgement
- Integration of many personal and financial issues
- Communication of strategies and solutions
- Emotional intelligence to drive action and manage behaviour
- Unwavering ethics
- Ability to apply the latest technology
- Specialized knowledge



# The Future Financial Professional

- **Human and Ethical**
- **Holistic and Specialized**

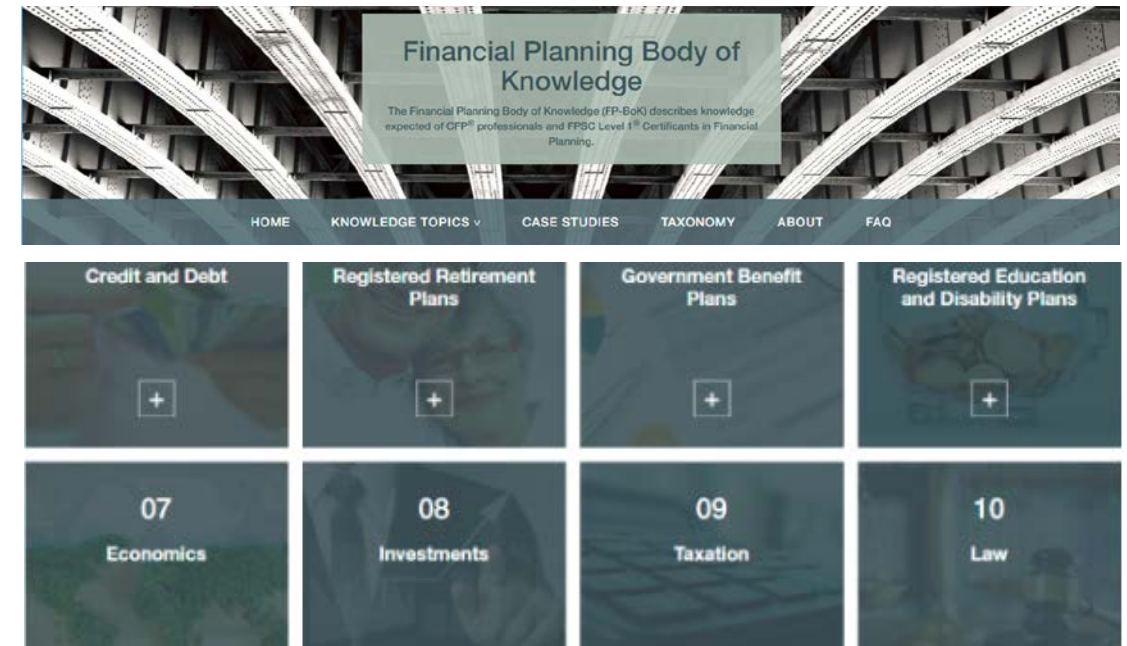
# Specializations

- Aging clients
- Owner-managers
- Divorce
- Specific communities
- Taxation
- Etc.



# Financial Planning Body of Knowledge

- Describes knowledge expected of CFP professionals and FPSC Level 1 certificants
- 12 knowledge topics
- Case studies illustrate the application of knowledge for each topic
- Human Behaviour: how brain works & makes decisions, including values, heuristics, emotions and disorders related to money



# Evolution Requires Transition

*Let's not let the world pass us by.  
The time to adapt is now.*





# THANK YOU

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