



Maurizio Capra

“People are pretty much in favor of **shifting away from public pensions** because in **Italy** we believe that there are going to be **big problems** in the near future for **state pensions.**”

in Canada has become a very important subject to Canadians.”

Canada, Johnston says, has the highest number of CFP professionals per capita in the world. “We have nearly 15,000 CFP professionals in Canada,” Johnston says. “And we have probably another 14,000 to 15,000 enrolled in educational programs leading to the CFP designation.”

Johnston, who is an accountant, says that the establishment of the CFP designation in Canada in 1995 took the fear out of financial planning and helped the public understand the importance of the CFP professional's role. “It's not a mysterious exercise at all,” he says. “And it is best performed by the individual taking an active role and working with a professional.” Johnston says that the high awareness of the CFP mark among the Canadian public is demonstrated by the likelihood that a prospective client will first ask if a planner has the CFP designation.

Financial services are regulated at the provincial level in Canada. In some provinces, someone wishing to operate as a financial planner must have the CFP designation. Yet a CFP designation is not required in Ontario, Canada's most populous province. “We have a mixed regulatory environment,” Johnston says.

He does not regard the issue of compensation as important. He says that some CFP professionals in Canada are fee-only,

some are commission-only and some are mixed. “The key,” Johnston says, “is to make sure the consumer knows exactly what he's paying.”

Johnston says that the Canadian association has done well on the international scene. “I think many of the new and emerging countries getting involved in financial planning tend to look at Canada. I think we have a solid program and platform and very high standards.”

Italy

The CFP mark has not yet been established in Italy. But Maurizio Capra, a member of the Practitioner Advisory Committee (PAC) of the European Financial Planning Association (EFPA), is hoping this will change. Capra, a self-employed financial advisor in Brescia in northern Italy, says that the EFPA and the FPSB Council have not yet been able to agree on the issue.

Capra says that Italian planners now have the chance to earn two designations under the auspices of the European Financial Planning Association. The lower level is European Financial Advisor. The higher level is European Financial Planner. In 2002, he says, about 250 candidates earned the lower designation. Capra, who is helping to devise the test for the higher level,

expects it to be in full effect in 2004. Capra says that the EFP will be comparable to the CFP certification. Capra, a regular attendee at FPA gatherings in the United States, is chair of the FPA's European focus group. He is studying for his own CFP certification.

Capra says that the development of the financial planning sector in Italy has been held back by the fact that financial planning advice still tends to be dispensed by people who sell financial service products for large institutions. This, he contends, creates a conflict of interest in that the advisor sells only those products made available by his employer. “It's not objective advice,” Capra says.

But Capra, who estimates that only one percent of Italian financial advisors are truly independent, detects a gradual shift toward the creation of an independent sector. He says that this trend has been partly driven by a lessening of the trust the public is willing to place in tied agents. But there is a long way to go. Capra says the Italian consumer, for example, is not yet aware of the option of fee-paid financial planning.

According to Capra, Italy's financial services regulators are in favor of allowing Italian advisors to move toward independence by allowing them to function simultaneously as sales people and consultants. He suggests that such a transitional stage would be “very delicate.” He believes that it might take a couple of years for an Italian advisor to become independent. It won't be easy, Capra suggests, for people to break away from large companies. These organizations are adept at offering incentives and bonuses to discourage good employees from leaving.

Capra is optimistic that clients will eventually accept the argument that fees, rather than commissions, are in their economic interests. He says: “It is easily demonstrable that paying a fee is going to be much better than supporting yearly commissions.”

Capra believes that a move toward pri-