

Personal Investor: Anyone can be a financial advisor. Really.

By Dale Jackson



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Your Personal Investor
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Lawyers and doctors need degrees to practice their professions. Truck drivers, electricians, plumbers and even morticians need formal educations to be licensed. So, why is there no formal accreditation for those who provide financial advice that could have profound impacts on people's lives?

That's the question Advocis, the Financial Advisors Association of Canada, has been asking for years. The association for financial advisors and planners says although a licence is required to sell financial products in Canada, there is no minimum education requirement to provide financial advice. There is also no single registry or database where an investor can go to verify their advisor's credentials and disciplinary history, and no consistent continuing-education requirements.

Advocis argues the lack of regulation for financial advisors puts investors at risk of not only receiving poor advice, but also falling victim to fraud.

To highlight just how vulnerable investors are, Advocis commissioned a survey by Abacus Data that found only 24 per cent of respondents are aware that anyone, regardless of education, training or membership in a professional governing body, can legally call themselves a financial advisor. The research also found that younger people between 18 and 30 and those with lower incomes place the highest levels of trust in the financial advisor title.

The survey also found 80 per cent of respondents felt all financial advisors should be subject to a mandatory code of professional conduct, and 91 per cent said they would support the Ontario government passing new legislation to regulate the title of financial advisor.

"For years, we've recognized the dangers that lack of title protection presents for the financial well-being of hard-working families seeking professional financial advice" Advocis CEO and President Greg Pollock said in a release. "This survey proves there is

a tremendous amount of misplaced trust in the market, and reinforces just how badly new regulations are needed to protect the public.”

Advocis says the problem is nationwide but is calling on the province of Ontario to take the lead and require every financial advisor to be a member of a professional governing organization and adhere to a common code of professional and ethical conduct, maintain mandatory professional liability insurance, complete ongoing professional development, and commit to a fair and impartial disciplinary process.