Presenter: Hello. And welcome to this Akademia round table on the regulatory change which is coming to the fore now that we're under the RDR regime. To discuss it, I'm joined by an expert panel. They are: Peter Hicks, Director of Peter Hicks Financial Advisers; and Steve Jenkins, Director of Financial Markets at the CII. Well, that's our panel, and I suppose a key theme here is the move from the principles of regulation to putting them into practice. Well, Peter Hicks, you're a practitioner so if I can come to you first. It didn't feel like the world changed on the 1st of January 2013, what's actually happening out there? Peter Hicks: Well, it probably didn't, because there's been a bit of an evolution rather than a revolution I would say. So what I mean by that is on the topics of qualification, robust research processes, particularly in product selection, and also in providing ongoing service for an annual ongoing remuneration for the client, large swathes of the IFA industry have been going down that route for many, many years. Now, not everybody has, but a large proportion of it has, and so to that extent I haven't changed my view on this. RDR has accelerated that process rather than revolutionise things. It's also imposed that I suppose on people who weren't going on that particular direction and therefore to them it might seem like revolution. But what I would say is a big however is that a lot of things have changed, particularly from the providers and how they do things, and at the moment I think in January 2013 it's somewhat chaotic. I can go into it more if you want me to. Presenter: Okay. Well, let's leave the view from 30,000 feet there for the moment. Steve Jenkins, evolution or revolution? Steve Jenkins: I think in the short term evolution. I think many people carry on doing what they were already doing or what they'd already built their businesses towards, which is to market advice as opposed to marketing products. I think longer term though I think symbolically the RDR will signal the start of a whole new regime and hopefully over the longer term will create an environment where financial advice is universally viewed as a profession rather than perhaps in the past where it had been seen as an industry. Presenter: And so, if that's the revolution, that's not until it reaches the end consumer will it have really taken place? Steve Jenkins: Indeed so. I mean in terms specifically of the aspect of the RDR that the CII has been focussed on, which is the aspect which relates to professional standards, I mean I think the original objective was that the RDR should in a sense create an environment which inspires consumer trust and confidence. By definition, you're not going to be able to do that overnight. But for many, many firms they have been marketing their expertise and their service proposition and marketing their ability to provide good quality advice as opposed to products for some time, and for those people I think in the short term at least it'll be an evolution. But then that will become the norm across the market rather than something that perhaps the early adopters were already doing. Presenter: If you were a lawyer or a doctor, what's the equivalent QCF level that you'd be at? I mean they're the best known professions, because we're at four for financial adviser. Steve Jenkins: Well both those professions have been professions for over a hundred years, and clearly your straight answer is QCF Level 6. So both require graduate level professional qualifications; in fact require a degree for entry. So our profession, profession of financial advice is very much on a journey. I consider it an emerging profession rather than like law or medicine which is in a sense a mature profession. So we're moving in the right direction, but have got in the longer term more to do. Presenter: And Peter, you referred a little earlier to the chaos that's around at the moment. Is that going to be a permanent state of play or is that something that will die back once the new regimes? Peter Hicks: Well I'm an optimist and I hope it's not going to be a permanent state of play. I'm hoping it'll be something that lasts a few months, but I wouldn't be surprised if it lasted the first six months of this year. Now briefly what's happened is as we know all the providers have had to change the way in which they do things, and if you look at each provider in isolation the changes they've made are eminently sensible, very logical and easy to understand. But collectively, not only has every company changed the way they do things, but they all seem to have changed to doing things in all different ways from one another. So as an adviser to try and get a handle, this is providers, platforms as well, and they all changed very late last year, you know, so for us to try and get a handle on well who's got clean share classes, who's got semi-clean share classes, who hasn't got clean share classes, who's doing adviser charging, how they're doing it, there's an awful lot of work. And you've got new client agreements, new service and payment agreements, and the poor old client's stuck in the middle of this with lots of things going on that they're unfamiliar with. And I think there are probably a couple of reasons why this has occurred. One is I think the FSA was very late in introducing their final rules; it was the summer of last year. Then there was lots of clarification following that, and the final platform rules are still not out, and providers and particularly platforms need a lot of lead time to make changes. So I don't blame the providers at all. They've got different operation systems, different technology systems and they didn't have a lot of lead time, but this is where we are, a lot of admin work. Presenter: And Steve Jenkins, a lot of the focus of RDR has been how it's going to affect the adviser. Picking up on Peter's point there, have we sort of missed out the way that RDR's meant to affect product providers? Steve Jenkins: Well as you rightly say the focus has been around the adviser, because of it being a retail distribution review, but it impacts any part of the market that is dependent upon distribution or advice as well. And I think it's important that providers embrace the spirit of the RDR, particularly in relation to value for money for their products and particularly in relation to transparency of remuneration and particularly in relation to the way in which they conduct themselves in terms of professional standards. Indeed, we've seen recently the FSA issuing Dear CEO letters to certain providers in respect of aspects of remuneration to major distribution firms. And I think there's a lot to learn there from the spirit of what the RDR is trying to achieve that organisations should reflect carefully on. Presenter: Is there anything the CII can offer in terms of professional qualifications that would help product providers up to QCF Level 4 or 6? Steve Jenkins: Well I think it's more than exams. I mean part of me wants to say yes, and in fact many providers, particularly those with large relationship management teams or compliance or risk functions, have as part of their individual policies ensured that their relevant staff have moved through the qualifications themselves, so it can show empathy with advisers. I'm not sure actually that it's about qualifications. I think it's far more about conduct, about CPD and about operating in a professional way that's important in this sense. Presenter: Peter Hicks, product provider charging post-RDR, does it really look that much different to product provider charging pre-RDR? Peter Hicks: It does, yes. I mean I can give you a couple of examples so how. You've got firm A for example, I won't name the firms, because none of them are doing anything wrong, so firm A has introduced clean share classes, so instead of 150 basis points annual management charge it's now 75. So if you buy those through a platform, the platform will then charge 25. I'll have my adviser charge on top. Firm B has their version of clean share classes, which is 100 basis points, but the platform charge of 25 basis points is included within that. And then you've got firm C, which hasn't got those share classes at all. They've still got the 150 basis points share class and then the platform fee will get taken out of that. What used to be trail commission will now get rebated to the clients either in cash form today potentially or unit form. And somewhere in there you've got a lot of transactions for clients, and then there's my adviser charge. You could theoretically have a client who has ½% rebate into their fund, and then the same ½% gets taken out in order to pay my adviser charge. So yeah there's lots of different models out there already. Presenter: And do you think the market over time will sort of hone all of this choice down into one established standard? Peter Hicks: I do over time, yes. But as I say the rules came out with not an awful lot of lead time for the providers to get their act together and have uniformity. Each provider has different management with different ideas. They've got different distribution models, different systems. And so it's not a surprise that in making the changes that they needed to they haven't all done it in the same way. But over time I would hope there would become a sort of uniform look and feel to how the pricing works. Presenter: As a practitioner will that affect the products or the product providers that you use when putting portfolios together for clients? Peter Hicks: It's not supposed to and it shouldn't. I think realistically it possibly drives more business towards platforms, and I'll give you an example where it might drive me to do that and I wouldn't be flouting the regulations in doing so. So there's one provider, which has a post-RDR share class, which instead of charging 150 basis points they charge 100. They're not doing adviser charging, but unless your client's investing £100,000 in their fund, you know, the only way the fund's available is through a platform. So the answer to your question's I think it will. Not in a way that flouts regulations, but I think a lot of the providers now are also taking the opportunity to try and direct increasing amounts of business for them through platforms. Presenter: Steve Jenkins, one of the aims of RDR is to get greater consumer confidence and trust, do you think we're well on the road to getting that for the profession? Steve Jenkins: No, not yet. I think we do have a big, collectively, professional bodies, practitioners, the Regulator have a role to play in articulating what changes are taking place and how that is very much in the customer's interest. I think this kind of short term challenge, which is the bedding of the post-RDR environment is important to have completed first, and I think then collectively there's a very big, if I can describe it, communications role for us all to play in articulating the changes that the market has gone through. I mean when you think about from a customer's perspective, customers and indeed whether they're personal customers or whether they're corporate customers their affairs are becoming much more complex, people are living longer into retirement for example. The role of financial advice in the economy is going to play a much bigger role in the future than it did in the past, therefore seeking financial advice from someone that one can trust is going to be absolutely critical. So I think what we're effectively doing now is putting the foundations down to enable us to embark upon that communications programme from a much stronger perspective, whether it's better qualified people, people whose status is very clear to themselves, whose proposition is clear, whose expertise and service proposition is clear. I think that is a very strong and compelling story, but we need to put the foundations in place first so that that becomes a universal experience for customers to fulfil what's a very important role. Presenter: The risk of sounding a little bit cynical, what would you say if somebody said well do you know what trust's always low when markets are low and trust's much higher when markets are higher, this has got nothing to do with regulation, distribution, it's all to do where the markets are? Steve Jenkins: I think there's an element of truth in that, but individuals can only influence the way in which they conduct themselves. They can only influence the level of expertise they have themselves. So, so long as individual practitioners invest in themselves, embrace the changes of the RDR, they're putting themselves in a stronger position as possible to inspire that consumer trust and confidence. Presenter: And Peter Hicks, one of the original objectives of RDR was to widen the basis of financial advice across the population as a whole. With all this professionalism, will people be able to afford financial advice? Peter Hicks: Yeah. I mean this was back in 2007, it was one of the original objectives, but it disappeared very, very quickly without much iteration on the fact that it had and certainly not why from the Regulator. And I think it's a shame, because I think the opposite has occurred, which is that instead of having more people with greater access to advice there'll be a large of people who are disenfranchised. And partly it's because what's the economic value to the client of what I provide compared with the fee that I will have to charge them? Albeit maybe through adviser charging, but compared with what they will have to pay me for the service, and just give you an example for me. I mean I focus on investments more than anything and for anybody with less than £50,000, you know, probably if I'm charging them what I need to charge them for the work I do to me I find it hard with a clear conscience to charge them that, because I'm taking in my opinion sufficient out of their portfolio to make it difficult for their investments to be effective and do what they need them to do for growth. Presenter: So does that mean you sort of fear you might not be treating customers fairly? Peter Hicks: Yeah. I mean if I don't take on that client then I'm treating the customer fairly. I can't be accused of not treating them fairly. I think if I'm charging the client upwards of 1¼%, because I'm charging them a particular monetary amount and their portfolio is quite small, then to my mind that's not treating them very fairly. You know, it's militating against what they're trying to achieve with their investments. Now you could argue that at the moment if we've got small clients as advisers, we're perhaps doing this already. We're either providing the client with little or no ongoing service or alternatively be running the client at a loss, and perhaps RDR is just the thing that's flushed that out. So I think that that's a counterpoint someone could make to me. But with the cross subsidy rules I think it does flush that out and as a consequence I think the clients of smaller values and perhaps with no or little prospect of further investable amounts in a way that they're likely to be orphaned and abandoned. Presenter: Steve Jenkins, are you getting, the CII, any sort of feedback from the front line as to whether there's going to be an awfully large number of orphan clients or not? Steve Jenkins: Well I think it's a bit early for that. I mean a number of people are expressing the views that Peter's expressing. Obviously Peter can speak from his own actual experience, and many others are fearing that situation as well. I think in the short term there is a risk of this. I don't think that original objective of the RDR to broaden access to financial advice has been the one around which there'll be a big tick quite yet. In the short and medium term though there are firms that are looking at ways in which they can serve clients with smaller portfolios or with simpler needs in a way that doesn't involve full financial regulated advice. So for customers that want if you like conduct basis financial transactions. And whether that can be done remotely or through the internet or over the phone firms are looking at that. I think however in the longer term if we can focus on how we can promote financial advice more as a profession there is the prospect that people will be attracted to work in that profession. Different roles will emerge within different financial advice practices that may culminate in someone becoming a fully qualified financial adviser, but the role of people such as paraplanners and other people creating career structures within their firms does allow for alternative means of transaction. So in the longer term I think there could be the prospect for those customers to be engaged, but I do share Peter's apprehension that under the current model there is a risk that some people will become disenfranchised. Peter Hicks: Yeah, and I've looked at that from a point of client segmentation. So I've looked at it closely and carefully, because it affects how I run my business immediately really starting from this year. In 2015/16 things will have moved on, but this is an issue right away as well. And you can look at providing clients with a real skinnied down service and strip out costs from that, give them a telephone update rather than face-to-face meeting, those kind of things, but I still come up with a conclusion that even then someone with £20,000 for example what they'd have to pay me to provide me what I think would be considered a sort of reasonable ongoing service would be too much for the size of portfolio that they have, and the answer I think lay in one of the previous consultation papers, which was simplified advice, which hasn't seen the light of day. But at the end of the day however it's skinnied down, whatever decision trees I use etc., I'm still on the hook for having made a personal recommendation or my firm's still on the hook for having made a personal recommendation, and that's an unlimited, in terms of time, liability. Now if you knew you could provide simplified advice and you knew what simplified advice would look like, the parameters with which you could operate that, yeah, you could skinny things down, cut out a load of costs and be able to service the clients, but right now you don't know if it's going to come back and bite you X number of years later. Presenter: You mentioned simplified advice, but Steve Jenkins, has it not caught on because the market is not interested given what somewhat Peter's been saying about it or has it just not been particularly actively pursued? Peter Hicks: Everyone's terrified of it. Steve Jenkins: No, I think Peter's point is absolutely the right one. I think if you look at what practitioners have suggested versus what the Regulator is willing to accept, it's this ongoing liability that is actually the sticking point. And I think that there will come a point where if people are disenfranchised from accessing the financial world at all, then that is the problem that needs addressing, and frankly there has to be some sort of accommodation in the middle. There needs to be controls in place so that simplified or whatever you call it doesn't accidentally drift into full financial advice through another route, but those controls need to be put in place once some kind of pragmatic solution has been arrived at. Presenter: Earlier you were saying that we need to bed the RRD in and then the industry as a whole can start to look at how it gets this message of professionalism out to the broader market. Practically, once the bedding in process has taken place, what are the next steps? Steve Jenkins: Well, let me start by kind of painting the picture about how this coming together I think does form a compelling story. You know, people will respect the profession of financial advice more once they know how people invest in their education, how that education and expertise now bears parity of esteem with the more mature professions, such as accountancy and law. Once they actually recognise that financial advisers as part and parcel of what they do every day regularly reinvest in their education relevant to their roles, and once they realise that financial advisers all formally commit to a code of conduct, which is free of conflict of interest, and run the risk of actually being struck off if they don't actually conduct themselves properly, that I believe is quite a compelling story. But the market is very fragmented. Providers focus on what's right for providers, practitioners focus on what's right for practitioners, the regulator focuses - people need to come together to see what they have in common. Other markets work much more collaboratively than our market does. We're focussing on what we have indifference in and operate very often in silos. I think across profession messaging needs to be something that everybody focuses on by working together to articulate those improvements more succinctly and more coherently to the outside world. Presenter: And Peter, are you confident in the new world that clients are going to pay out for advice? Peter Hicks: Yeah, I mean some clients will; some clients won't. Effectively, if clients are currently having trail commission taken out of their investment products for example or whatever kind of products they're paying today. So I personally haven't had a problem. It's still early days. You know, we're talking about the past four months or so since I've sort of been having these conversations with clients. And yeah, I think clients if they value what they're getting, if they understand what they're getting and they think the price that you're charging is reasonable compared with what they're getting in return, then they will pay. Presenter: As a rule of thumb, because fees there's always this whole debate around what attracts VAT and what doesn't, what's the rule of thumb on what's a service and what attracts fees and what doesn't? Peter Hicks: Yeah, I mean we could do a 10 or 15 minute video on this, because of all the quirks and anomalies. However, essentially, and the HMRC website has a really good guide to this, other than that as an adviser as I'd ask my accountant, but for self-help the HMRC site is very good. They have a finance manual and an insurance manual both fairly prominent dealing with RDR and VAT. And essentially your contract that you have with the client, because we all have shiny new client agreements and service and payment agreements now, so a contract with the client includes the intention to intermediate. So you're not only going to advise the client, do the research etc., but you're also going to arrange an investment, then it's okay not to add VAT. Even if the client doesn't complete the transaction, he changes his mind, not going to do it, he'll go off and do it himself or whatever, if the intention was there then that's okay. If on the other hand I come to you Mark and I say Mark I'm going to do the research for you and I'll do the asset allocation etc. and I might lay out a few funds that you might be interested in, but I'm not interested in doing the arranging or intermediating, anything of that, then that's a pure service with no intermediation involved, so I would have to charge you VAT. Presenter: Okay. Thank you very much for clearing that up, but as you said the HMRC website is the place to go and get the devil in detail. Peter Hicks: Yeah, and that's only applicable to RIPs, retail investment products, because they're exempt. So, for example, when I talk about the anomalies, if you do an introduction to a DFM, discretionary fund manager, that's not an exempt product, so you'll find that your fee or your charge will probably be subject to VAT, so it's worth having a look. Presenter: Okay. And Steve Jenkins, there's been this whole debate about should you stay independent or restricted, why would anybody want to be independent in the post-RDR world? Steve Jenkins: Well I think the different organisations are kind of interpreting the stretch of new independence in different ways. Some people believe it's not tremendously different from what it is; for others, it is a significant move. I think what we are seeing though at the CII is almost like a shift really towards organisations not focussing on about whether they're independent or as tied as previously. We're seeing a significant increase in organisations interested in chartered status and a significant number of organisations who achieve chartered status, articulating the benefits of that to their customers and professional introductions much more effectively. I mean effectively what that does of course is put them onto a similar footing as lawyers and accountants. Presenter: Because chartered status is Level 6. Steve Jenkins: Yes. So chartered status commits people not only to Level 6 qualifications, but it formalises their commitment to CPD and ethical practices as well. So it's something that extends beyond qualifications. But at the core of it has a qualification that is much more akin to the one that a lawyer would have or an accountant. Presenter: Peter Hicks, you're independent, what's your reaction on that? Peter Hicks: Yeah. I thought quite carefully about this, because restricted isn't necessarily the same thing as being tied. You know, you can just say I don't do pensions, I do investment and I'm restricted, but I have no obligation to any particular investment provider, platform whatever, so you could do that. And my conclusion was that I would stay independent. It's interesting the question's always asked that way round, because we're the same standards on qualifications, on adviser charging, inducement, suitability. No-one ever asks why would you bother to go restricted, since you've got to do pretty much the same things. But I think it's one that's worth looking at dispassionately and really starting from the point of view of the clients that you have and want to attract and your business model, and if you think you need to be independent, you know, on those bases, then you should be independent. The best thing to do is to be restricted, perhaps, because you can offer the same service as perhaps and maybe, yeah, different products etc., but roughly the same thing bearing in mind your client's needs and your business model, and you can do that at a cheaper price to the client, then why wouldn't you go restricted? There's one thing which not many people will talk about, which is that why wouldn't you be independent and also have a restricted style? I mean obviously as an individual firm you're one or the other, but you can as a holding company have two trading styles with different people within them. And again going back to that lower value or lower asset value clients I wouldn't say that I would never have a restricted arm to the firm. Steve Jenkins: I think it's important to recognise it rather than one being good and one being bad, both are fine so long as they do what they say on the tin. Now so long as a firm or an individual can articulate precisely what their client can expect by way of service, by way of expertise, by way of resource, and it's clear and it's well communicated and it's transparent, that's fine. The customer will then judge the price that they're willing to pay for the service that they're going to receive. So I think it's quite a good thing to move away from very industry driven terminology to something that enables a customer or a prospective client to judge exactly what they get and make an individual decision based on the person that they're talking to. Presenter: So if I asked you whether chartered status or being independent had a greater gravitational pool for clients you'd say that was an unfair question. Steve Jenkins: I mean but forgive the pun, in this particular case I'm biased, I'd say chartered. Presenter: Peter. Peter Hicks: Yeah. No. Again it comes back to the clients that you have and the clients you want to attract, so if I've got a client, let's go back to the lower asset value client, £20,000, they're going to get pretty much the same advice from me whether I'm on a restricted model or whether I'm independent. It's not going to be that complicated and it'll probably be some sort of managed solution. Okay. So the fact I'm restricted wouldn't matter to them. With the higher value clients or if they expect me to be independent or if they've got more complex issues for example I would want to be independent. And the biggest question that I've had from clients doesn't relate to our terminology actually, independent or restricted, it's are you unbiased? And when you explain independent and the concepts of that, the whole of market then they're okay. I think there's a big difference just to finish off on that between let's say again I said I'm not doing pensions, I'm just doing investments, but that's whole of market. My clients I think would be okay with that, those who didn't need pensions advice, but I think there's a big difference between that sort of restricted model and the one which operates on the sort of vertical integration, pretty much the same as the old tie, where it's your company, your product and your sales guys go out and sell the product. Steve Jenkins: And yeah, so all of these models have merit, so as long as they're articulated in an accurate way and then customers can make decisions from an informed perspective. Where it goes wrong is where all of this language just blows somebody's mind and they think they're getting one thing when actually they're getting something else, because independents can mean various different things to different people. Presenter: And in terms of you talk about articulating independents, but Peter, how will you articulate it to the FSA if and when they come round and say oh you said you were independent, what exactly did you mean by that Peter Hicks? What are you going to have that says well this is what I mean by it, here's how I've discussed it and here's if you like almost an audit trail on it. Peter Hicks: It's not almost an audit trail it is an audit trail on it. Yeah. So you have plenty of documentation to show that - I mean let's just use an example of, well there's two things. Okay, so let's say I decided I didn't want to use structured products, because for most of my clients they're not going to be of any use or any interest whatsoever. I must still keep aware in the back of my mind that I might come across a client for whom a structured product is suitable. It could be an ETF or whatever. So with those clients if I choose not to use one, I have to say not necessarily in the suitability letter to the client, but on my files yeah I also with this client looked at structured product, but I decided not to because, and that would have to be on the file, okay. So that's on a sort of panel basis. If on the other hand I come across a client and maybe they, you know, individually, I'm looking at, I don't know, an American investment, American equity, I really ought to look at investment trusts as well as OEICs, whereas in the past you could have been perhaps forgiven for not doing that, but even again if you discard it you still have to keep a record. So what I would do is I'd keep the research that I did on North American funds, and those funds would include ETFs and investment trusts as well as OEICs. Presenter: Okay. And I suppose talking about sort of ongoing training and being up on things it brings us onto CPD. Steve Jenkins, what's your take on CPD, is it unnecessary burden or a positive force for good? Steve Jenkins: Well I think it is a positive force for good and for many, many advisors for a long, long time this is what they've been doing day in day out. I mean PFS has 30,000 members, events, e-learning, numerous programmes for CPD for a very long time, so nothing in that sense has changed. I supposed the RDR has kind of formalised the recording of that to a certain extent. But in any profession you would expect a practitioner to regularly invest and reinvest in their education. I mean Peter's been talking about the research that he's been doing, this is just part and parcel of what people do rather than it being something that, it'd be a mistake to think this as a box ticking exercise. This is something that should add to the expertise, add to the service proposition that an adviser gets. And CPD providers such as us need to make sure that the CPD that they're providing advisers with access to is relevant to the market and relevant to the jobs that people are doing. Presenter: And any tips, Steve Jenkins, on the best way to go about working out what your CPD requirements for the year are, because you could go there's so much in financial services, you go almost anywhere to hit your 35 hours a year. Steve Jenkins: Yeah. All practitioners now will be accessing a statement of professional standing from an accredited body. The accredited body that they should affiliate themselves to should be one that provides them with valuable CPD. That is the core delivery if I can describe it that way of an accredited body. An accredited body that's just issuing SPSs doesn't add value. Look into the different professional bodies, look at the technical guidance that they provide, look at the events they give people access to, look at the network opportunities and the business development ideas that they provide and what'll be right for one adviser will be different from another, but the richness and the variety of content I would suggest is the basis on which decisions should be made. Presenter: Peter Hicks, you're running a small business, how do you work out what CPD that you need to get and how to get it as efficiently as possible? And I declare an interest here, we've set up academia to provide half hour long videos to help advisers get CPD. Peter Hicks: The obvious answer really, which is to plan it in advance and I have to say that the CII programme is good, the providers have really stepped up to the plate as well, and a lot of networks for their members do similar things, but I think the thing is to plan it. So with investment for example just in the normal course of things I'll build up enough sort of CPD and that, because I need to keep on top of it anyway, so the events that I need to go to, the reading I do, possibly even exam or something, you know, that'll be taken care of. For me, it's the areas which I don't get so heavily involved with. So for example protection and pensions as well. So for me, you know, with the beginning of the year, which is now, I'd be planning these areas, which I could easily fall back on my up to date knowledge and plug things in. So I'm going to a protection seminar, which carries CPD accreditation in February for example, deliberately doing that consciously, and one on pensions next week, which is just an hour and a half in the morning sort of breakfast time meeting. So I think that's the way to do it is organise it early rather than leave it, because 35 hours out of your life in the last quarter of the year is quite a lot, so organise it early, but think of the areas that you're going to pick up quite quickly and without much effort, because it's part of pretty much your every day business and what you do, and really put some focus on those areas where you're more likely to perhaps fall behind. Presenter: And Steve Jenkins I mean the PFS and CII have got thousands and thousands of members, can you just run us through how are you going to police CPD? What's going to make you as an organisation confident you're doing it properly? So again if a regulator knocks on your door and says can we go through all those records, you can hand them over and think we're going to be all right here. Steve Jenkins: Well firstly we've been doing this for a very long time both at CII and PFS. There's effectively a 10% sampling of CPD that has taken place both in PFS and CII for some time. CPD needs to be relevant to people's needs in this 35 hours, 21 of which are structured, in the way that Peter's just described CPD about people at the beginning of the year planning what their needs are likely to be is absolutely the right to go. But in terms of CII and PFS's approach to it, we will sample people's CPD, which is something we do with investment advisers and in the general insurance market just in the way that we do it at the moment. Presenter: Okay. So if you're in that 10% it will get sampled. Steve Jenkins: Yeah. Presenter: But you're assuming that the 90% are okay. Steve Jenkins: Yes, because we're in a profession remember and, you know, the professional bodies aren't regulators. We're not looking to have boxes ticked. What we're looking to do is for people to embrace the principles of professionalism, such as ethics, CPD and higher qualifications, and this is really business as usual from our perspective. Presenter: Almost out of time, but one topic we've touched on it, but I want a little bit more detail, is platforms. Peter Hicks, how many platforms should an advisor use? Peter Hicks: How long's a piece of string, you know. Generally I've used two platforms, I won't say which ones, but they're very different from one another and sort of suitable for different clients depending on their needs. I don't see any point in using two platforms that are so similar it makes no difference, because either one would be suitable for the same client and therefore why shouldn't you just put all your clients on one? Now I know that the FSA have, and I think perhaps it's their own fault, perhaps not, I think they've perhaps been misinterpreted on this, and there's a perception out there that even if it's a box ticking exercise you have to use a spread of platforms otherwise the FSA will jump down on you on a ton of bricks. I think that to be more precise they're saying, because they've said it's unlikely you could use one platform for all of your clients, all investments, and I think this is the precision that they haven't really got the message across, you know. So if I only use one platform ever, but between all of my clients some of them are not on that platform, because we've gone direct to providers where the client is on a platform, if they want a pension and the platform's pension is clunky and expensive and I go off platform for that pension, you know, my understanding is that that is all okay. There'll be some clients for whom the platform isn't suitable at all, because they might be paying more than they would going direct to the provider anyway and I'm not providing an ongoing service of great note, because they've got £50,000, three managed funds and telephone update once a year or something like that and the platform's just an added expense they don't need. So to come back and answer your question, I don't think there's any answer to how many you should be using. I don't think if you're using a platform properly and going off platform where appropriate there's a problem behind using one platform. I think if you're using more than one platform, again if you're using one platform for most of your clients, but you use another platform because that's more appropriate for a few of your clients, that's okay as well. I'm not sure whether that ramble makes sense but. Presenter: I suppose essentially what the FSA is saying is do what's best for the client, and if that happens to be one platform, and some off platform fine, again it's not a box tick saying I've got two platforms or three, you've got to think about it from the perspective, right. Peter Hicks: Yeah. I mean they've specifically said they're not looking for us to have an artificial spread of platforms just because we think it'll look good on their regulatory visits or thematic reviews or whatever else, but if a client is on a platform it must be suitable for them. If there's a client for whom it's more suitable not to be on a platform or for whom a particular investment or pension or investment bond or other type of product, you know, there's a more suitable product off the platform, even if everything else is on a platform for that client, you really need to go off platform for that product. Presenter: Okay. We'll leave it there and final question if I may, Steve Jenkins, the FSA disappears a little later on this year, what impact is that going to have on the RDR environment that we're in? Steve Jenkins: I can't see it's going to have much of an impact at all. I mean the Financial Conduct Authority I would expect to have, as the name implies, a very strong focus on conduct and if that raises the profile of importance of professional standards within that that's going to be a good thing, but our focus is ensuring that we play a part in raising professional standards and most importantly in encouraging consumers to recognise financial advice as a true profession and I think we're well on the way as a profession to go in that right direction. Presenter: We're out of time. Steve Jenkins, Peter Hicks, thank you both very much indeed. And thank you very much for watching. I do hope there was some content ideas that you can use in your business and with your clients. That's all from us here at Akademia. Goodbye for now. Disclaimer required...