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News

Call for independent certification

by Anthony Davies | Thursday, 12 April 2007

Strategic Asset Management CEO Alex Fowler is calling for the financial advisory industry to embrace independent certification to offer more safeguards to investors.

His firm was this week awarded certification by the Canada-based Centre for Fiduciary Excellence (CEFEX), making it the first company in New Zealand to achieve what Fowler says is now a "globally recognised standard". He urges other advisory firms as well as trustees and fund managers to also seek CEFEX certification.

According to its website (cefex.org), CEFEX is an independent rating and certification organisation based in Toronto, Canada. CEFEX works closely with the international investment community and the fiduciary industry to provide comprehensive assessments that measure risk and trustworthiness of investment fiduciaries. CEFEX is affiliated to the US Center for Fiduciary Studies founded by Don Trone, and its New Zealand affiliate is fi360 which is run by Ross Fowler, Alex Fowler's brother. While Strategic Asset Management helped establish fi360, Alex Fowler stresses it now operates as an independent organisation and has no formal ties to his firm.

Fowler describes CEFEX certification as complementary to the likes of the CFP qualification and not an alternative or rival designation. In the USA, he says financial planners are now starting to seek CEFEX certification as an add-on to CFP.

"There are many in the financial industry calling for increased regulation to protect the investor, but even in Australia, where regulations are much tougher, there are still high profile collapses such as the one announced yesterday [Fincorp – Ed.].

"For that reason, it is time leading New Zealand financial institutions and investment companies stopped waiting for regulation and instead adopted global best practice methods for insuring investor safety and frankly – to clean up its own act," he says.

He adds that he has long been a champion for independent certification to assist investors looking for proof of competence and trustworthiness, and he thinks CEFEX certification has much to recommend it.

"We're not talking about market risk here, or risk of asset fluctuations. What CEFEX certification is all about is ensuring that the company is doing everything in the most ethical method possible – and thereby significantly reducing risk to the investor."

Institute of Financial Advisers president Simon Hassan also recommends advisers consider seeking CEFEX certification. He points out that whereas CFP is a qualification that demonstrates expertise and competence to give advice, CEFEX certification is all about transparency and processes. "It certifies that a business and its systems and processes are operating to standards acceptable to CEFEX. It's not a qualification, it's an overlay a qualified adviser could add," he says.

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