

The Case for Unifying a Profession

CARY LIST, CA, CFP¹

The Financial Planning Standards Council (FPSC), the certifying and oversight body for the Certified Financial Planner (CFP) credential in Canada, has a mission to certify financial planners, establish and enforce standards for the profession and raise awareness of the importance of financial planning to Canadians. Such a mission is intended to unite the financial planning profession and take it out of the fray of the financial services industry, thereby elevating it to a position as a recognized profession, alongside medicine, law, architecture, and accounting.

Through its CFP certification program, FPSC is currently working to (1) end the internal competition within the space for professional financial planners and eliminate the “alphabet soup” of financial services designations; (2) lead both industry and government to rally around a single set of professional standards with a single certification; (3) establish a self-regulating profession; and (4) establish protection in law for the title of financial planner.

In the early years of the organization’s existence, FPSC looked to the accounting profession as a model for professionalization. However, FPSC remained concerned that if it stuck too close to the Canadian accounting model, financial planning might ultimately fail in its pursuit of professionalization. For all of the strengths of the accounting profession, two lingering doubts and consequent questions remained.

1. Multiple designations:

- Why are there three independent professional bodies in each province conferring three independent accounting designations?
- In the age of globalization and a shrinking world, why does the United States use a different designation entirely? Why are there at least three competing designations in the United Kingdom?
- Why is there such competition and turf war when the profession otherwise seems to be rallying around common standards, both in Canada and globally?

Oversight versus advocacy:

- Other professions appropriately separate their professional associations from their professional regulators or professional orders (e.g., Law Society versus Bar Association, College of Physicians and Surgeons versus Medical Association) – so why does the accounting profession continue to mix member advocacy with public advocacy?

¹ President and Chief Executive Officer of the Financial Planning Standards Council.

- Advocating on public policy issues for the benefit of the public is appropriate and fair, but how do the accounting associations manage the inherent conflict that may arise between the interests of their members and the interests of the public?

Within this context, it was interesting to learn about the revival of merger or unification talks among the three Canadian accounting designations

PROFESSION OR BUSINESS: WHAT'S THE DIFFERENCE, AND WHY DOES IT MATTER?

The crux of the discussion in the merger talks between the three accounting bodies in Canada may come down to the question of the difference between a profession and a business, and why this difference matters.

While there may be a good *business* reason to merge the accounting bodies, there may be a more compelling reason: the accounting profession should end its infighting and the internal competition amongst its members for its own good and for the good of the public if it is to continue to be seen as a true professional pursuit.

Principles of Professionalism

The subject of what constitutes a profession has been the root of much debate. While the subject may be controversial, there seems to be acceptance that a profession is different from a business.

Professions are arguably founded on the following generally accepted principles²:

- *There exists a clearly defined and articulated body of knowledge, skills and abilities that define the profession.* That is, the combined competencies ascribed to members of the profession are unique to that profession and are clearly understood by society.
- *Professionals are held accountable for their competence and their actions by a professional body.* A distinguishing feature of a profession is that members of the profession are willing to submit themselves to accountability for a common standard of care that will serve to protect the public interest, which, in turn, offers the profession integrity in the eyes of the public.
- *Professions exist first and foremost for the welfare of society.* While professionals certainly can and should be able to exist as successful business propositions in the interests of their stakeholders, the businesses must be grounded in dedication to public service where the well-being of society comes before the well-being of any individual professional or organization.

It is also generally accepted that individuals holding themselves out to be members of a profession uphold the following core values:

- *Ethics:* professionals agree to act honestly and in good faith.

² Webster's New International Dictionary

- *Altruism*: professionals are devoted to serving clients and society, ahead of their own personal interests.
- *Personal responsibility*: Professionals support the tenets of the profession (described above) and behave in a responsible matter; they take responsibility for their actions and those of their subordinates.
- *Commitment to the profession*: Professionals identify with the profession and take part in professional organizations while articulating the values of the profession to the public.
- *Competence*: Professionals demonstrate the ability to think critically and to apply theory and technical knowledge in the performance of their duties.
- *Commitment to continuous learning*: Professionals develop themselves professionally and personally with formal and informal continuing education.

The above principles and values also suggest that they must be embodied by professionals who participate in a unified professional membership and who avoid anti-professional activities. This extended definition of a professional could offer the accounting bodies with the grounds for their merger. The accounting profession in Canada has a unique opportunity to eliminate a key challenge to its future credibility and to ensure its sustainability and the ability to continue to self-regulate.

Although the debate rages on in financial planning, few would argue (at least from within) that accounting should not be considered a profession. There exists a clearly defined set of knowledge, skills and abilities that is unique to accounting. Through professional oversight, accountants are held personally accountable for their actions.

If accounting is to be recognized as a profession, it should exist first and foremost for the welfare of society. If one accepts this, how then can one argue that there is a place for competition in the assessment of who meets the criteria for entry to the profession and in who undertakes professional oversight? The notion of competition amongst professionals about who is “more professional” is alien to virtually all other recognized professions, and arguably contradicts the principle that professions exist for the public good. Moreover, the money spent on branding individual designations for the purpose of competing against one another can be considered anti-professional, especially since the funds could be used to enhance the profession itself.

The question of profession versus business has direct relevance for the merits of a merger of the three professional designations in Canada: broad public interest should trump narrow territorial interests. Since all three accounting bodies are recognized in law and allowed to license their members for public accounting, doing so under one designation and one professional body would better serve the public.

THE POTENTIAL DOWNSIDE

Some accountants claim that they and the public will lose with the merger of the three designations. They argue that they worked hard to earn their particular designation of which they are justifiably proud, and that it is superior to other designations because it was more difficult to attain. These accountants may further argue that is unfair for their professional body to recognize others as equals, and that the public may be misled by lumping them with other “lesser” accounting designations.

However, for the most part, the “others” that form the crux of this argument are already recognized in law as equals across Canada, and are allowed to perform the same tasks.

Enduring professions evolve, improve and learn from history. In the short term, some individuals who may have not met current standards may be accepted into the newly unified profession. However, this may have happened regardless of whether there was a single accounting body or three. In the early 1980s, public accounting firms had partners who had no university education, even though the students reporting to them were all required to have a university degree. As professions evolve, so do the standards—this is the nature of all professions.

It could be argued that CAs, CGAs and CMAs perform different functions and have different skill sets. However, this does not require each of them to have their own accounting body. Family lawyers, real estate lawyers and criminal lawyers perform different functions and have different skill sets, but they all still belong to the same law society and are considered as equals in the eyes of the public, as lawyers. The same argument can be made for the medical profession. In both law and medicine, differences in skill sets and specializations are built on a common foundation—a single profession with multiple specializations.

Reputational Risk

If the merger attempt is thwarted, the public may perceive that the profession is unable to manage its own internal challenges and unable to put the public interest ahead of narrow organizational interests. Such a profession may no longer be trusted to serve the public interest without external intervention and oversight.

POST-MERGER ISSUES

Protecting the Title

If the concept of a single profession founded on a single designation is taken a step further, the designation itself may eventually become irrelevant. Like law, medicine, architecture or engineering, one may be able to say simply “I am an accountant” and be immediately recognized as a member of a self-regulating profession without having to qualify one’s comment with the CA, CGA, CMA or CPA descriptor.

The best indication that the profession has truly arrived will be the day when the letters may be eliminated entirely. However, this requires two prerequisites:

1. The existing competitive marketplace of accounting bodies must be eliminated (i.e., the merger must happen); and
2. The use of the title “accountant” needs to be protected in law.

Separating the Interest of the Public from the Interest of the Accountant

There has been a move in recent years to ensure the separation between the interests of the members of a profession from the interests of the public. Most recognized professions have both a professional oversight body (e.g., the College of Physicians and Surgeons, the Law Society, and the College of Optometrists) and a professional association (e.g., the Ontario Medical Association, the Ontario Bar Association and the Ontario Association of Optometrists).

In each of the above examples, the two related bodies remain independent, autonomous and have very different functions. Both play important roles in the maintenance of their respective professions and are necessary to sustain the profession. However their independence is also critical.

Professional oversight bodies establish both the entrance standards and ongoing standards for the profession, overseeing the activities of their members with a mandate that is clearly and unequivocally designed to protect the public interest. The professional association plays a very different role of assisting in professional development and advocating for its members.

While professional bodies often began with a single combined organization (as is the case with each of the three professional accounting bodies), the move towards clear lines of separation between professional oversight and member support and advocacy has become the norm. The merger of the three accounting bodies will reduce intra-professional competition and the resources required for brand differentiation, and allow the merged organization to focus on the separation between the association, whose role will be to serve and protect the interests and needs of the accountants, and the professional regulatory body, whose role will be to serve and protect the interests and needs of the public.

CONCLUSION

For the better part of the last 20 years, FPSC and Certified Financial Planner® certification have enjoyed growth and success, and CFP certification has contributed positively to a maturing financial services industry. However, almost 17 years after FPSC’s creation there is still no single recognized designation under law as to who can hold out as a “financial planner”. There continues to be confusion within the industry and certainly amongst the public.

Financial planning’s plight can be compared to that of accounting. Although the accounting profession has succeeded in achieving statutory recognition, several challenges

remain for both professions. Unlike many other recognized professions, financial planners and accountants share the following issues:

- there is no protection in law or regulation as to who may hold out as offering accounting services or financial planning services;
- the titles “financial planner” and “accountant” are not protected. Anyone can hang out a shingle;
- significant energy, time and money is spent promoting one designation over another at the expense of the profession and to the confusion of the public; and
- there is a lack of clarity regarding the professional bodies and associations that exist for the profession and for the public. The accounting associations in all provinces simultaneously serve both the public and the members, while the financial planners continue to have competing associations and blurred lines between the associations and the professional standards and certifying body.

FPSC and financial planners will watch the accounting profession closely as it struggles with these issues. Hopefully the accountants will rally around a single designation, set a clear path toward title protection for those who wish to call themselves accountants, and clarify the respective roles of the professional bodies. This will create a win-win situation for both the accountants and the public served by them. The only thing holding the profession back from this eventuality is itself.