

THE DEMOGRAPHICS THAT PREDICT SUCCESS IN THE AUSTRALIAN CERTIFIED FINANCIAL PLANNER (CFP®) CERTIFICATION PROGRAM

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ABSTRACT

Recent ethical concerns in the financial services industry have prompted renewed calls for reform in the area of professionalism of financial advisers. The Certified Financial Planner (CFP®) certification program exists as part of the ongoing educational and ethical framework established by the Financial Planning Association.

While research has been undertaken in relation to the international versions of the same program, to date the factors that predict success on the Australian version have not been examined. This project used data collected from the program enrolment forms which were accessed after permission was obtained from the Financial Planning Association. As many of the samples did not provide the required points of data, 109 complete data sets were analysed as a pilot study using cross-tabulation in SPSS with a chi-square 0.5 level of significance. The results of this pilot study suggest success in the Australian CFP® certification program is positively correlated between gender and the number of exemptions granted.

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Introduction

In light of financial collapses, poor advice and massive compensation payouts from Macquarie Bank Ltd (Macquarie), Australia and New Zealand Banking Group Ltd (ANZ), National Australia Bank Ltd (NAB) and Commonwealth Bank of Australia (CBA) (Sydney Morning Herald, 2016), the financial services industry is striving to be seen as professional. It is believed better education and ethical standards will help to win back customers' trust in the industry's ability to manage their finances more competently.

As a means of ensuring professionalism in the financial services industry, the Financial Planning Association (FPA) is leading the way in raising educational standards. From 1 July 2013, the FPA has required new members to have an approved degree before undertaking the CFP® Certification Program. The FPA suggests raising the educational bar will provide members the 'gold standard' when it comes to financial advice (FPA, 2013).

However, there appears to be no research to support the assumption that a degree entry to the CFP® Certification Program will provide better outcomes and, in turn, more capable financial planners.

The motivation for this research came as a result of reading similar studies undertaken in the United States such as Grange, *et al.* (2003) and its follow-up in 2005 which explored the factors that predicted success in the CFP® Certification exam. A review of the literature indicated that, to date, no similar studies had been undertaken in Australia. There was a significant gap in the existing literature, with none providing insight into the variables that predict success in an Australian context. This paper provides a first look into the Australian CFP® Certification exam results and how they correlate to the educational background of students, providing evidence as to how students with an approved degree perform in the CFP® Certification Program. The outcomes of this research will inform the professional body and tertiary educational institutions providing courses in financial services, better enabling them to prepare their students for the challenges of the CFP® Certification exam. It will also better inform students and their employers, in turn, enhancing their chances of success in the CFP® Certification exam. In addition, this research has examined the relationship between demographic factors other than educational status on entry to, and success in, the CFP® Certification Program. These additional factors include age, gender, geographical location and employment role.

Literature review

What can be learnt from other professions?

There are many different types of professions: for example, auto mechanics, project managers, software experts, medical professionals, chefs. However, the common denominator across these professions is certification—an indication that each profession has specific skill sets considered important in that field. Acknowledgement of these skills takes the form of accreditation or documentation indicating that the professional has the skills or qualifications that satisfy the minimum standards or qualifications required in their specified field. This certification is usually issued by an organisation with recognised expertise in the field able to guarantee that the professional has met the required education or qualification. The Professional Standards Council (PSC) aims to protect consumers by improving professional standards and is in keeping with the FPA's Certification Program's goals and objectives (PSC, 2017). The PSC defines a profession as:

a disciplined group of individuals who adhere to ethical standards. This group positions itself as possessing special knowledge and skills in a widely recognised body of learning derived from research, education and training at a high level, and is recognised by the public as such. A profession is also prepared to apply this knowledge and exercise these skills in the interest of others. Professionals are governed by codes of ethics, and profess commitment to competence, integrity and morality, altruism, and the promotion of the public good within their expert domain. Professionals are accountable to those served and to society.

Furthermore, in a rapidly changing world where knowledge and technology are increasing exponentially, education and skills will change according to the needs of a profession and, as a consequence, professional certification attesting to the expertise of the individual will also change within each profession.

Certification, in most career fields, involves an application process that takes many factors into consideration, including training, experience, references and other factors. Some certification further requires background checks. What is common is the requirement to meet a certain standard to apply for certification in the first instance, with an ongoing expectation, once certification has been attained, of continual learning, skill and professional development. Professionals with a specific qualification indicate a mark of high competence and quality of knowledge in their specific area. For example, a Certified Practising Accountant (CPA) is a professional accreditation that ensures a depth and breadth of quality knowledge in finance and accounting. The CPA accreditation is widely regarded by employers and is an internationally recognised qualification. To receive a CPA accreditation in Australia, an individual must complete a degree or a postgraduate award recognised by CPA Australia and then complete the CPA Program, which comprises four compulsory subjects, two electives and a practical component that provides the relevant skills, including three years of professional experience in finance, accounting or business. In addition, CPAs must undertake continuing professional development (CPD) each year to maintain their skills and knowledge and keep abreast of changes and emerging technologies within their industry. Furthermore, they must comply to a strict code of conduct (CPA Australia, 2015).

The Australian legal profession similarly demands certain eligibility requirements for admission as an Australian lawyer. In NSW, the Legal Profession Admission Board issues a compliance certificate to an individual who has attained the academic qualifications and satisfactorily completed the practical legal training requirements specified by the Legal Profession Uniform Admission Rules 2015 (NSW), and who is deemed a fit and proper person to be admitted to the Australian legal profession. Upon gaining admission as an Australian lawyer in New South Wales or another Australian jurisdiction, a person is then eligible to apply to the Law Society of NSW for a practising certificate to practise as a solicitor, or the NSW Bar Association to practise as a Barrister. Other states and territories follow similar certification pathways (Law Society NSW, 2015).

The financial services industry, in comparison to more traditional professions, is relatively new and many countries, including Australia, have had difficulties achieving professionalism within the industry. Many of these difficulties are the result of poor financial advice—a by-product of low levels of education and limited regulation within the financial services industry.

The International Experience in Financial Services

Adding to the confusion of clients seeking reliable and useful advice is the number of different designations around the globe. The Financial Planners Standards Council of Canada (FPSCC) is a not-for-profit standards-setting and certification body. By contrast, the ‘Personal Finance Planner’ (PFP) (www.fpsc.ca) was created for bankers, but is not particularly relevant as **independent financial advisors or planners**. The Professional Financial Planning Course (PFPC) is not a standalone designation, and the courses provided have now been discontinued. By contrast, **the Certified Financial Planner (CFP)**, and the **Registered Financial Planner (RFP)**, are both internationally recognised and regulated by the Financial Planning Standards Board (FPSB) which adheres to strict regulations and ethical standards designed to protect consumers. The CFP and RFP both require a minimum level of work experience, as well as continued education and testing to maintain their designation.

In the US there are again numerous designations accredited by the National Commission for Certifying Agency, including: Accredited Retirement Plan Consultant (ARPC), Certified Financial Planner (CFP), Certified Medicaid Planner (CMP), Certified Retirement Counsellor (CRC), Certified Retirement Financial Advisor (CRFA), and Certified Senior Advisor (CSA). In the US, financial planners entering the industry come from many different educational and professional backgrounds. However, many are investment advisers preferring to provide or recommend a narrow range of products, at times offering products that aren’t securities. These investment advisers are not financial planners able to assess all aspects of their clients’ financial lives and develop detailed strategies or financial plans to advance their clients’ financial goals (US Securities and Exchange Commission, 2015). Bigel (2000) suggests the abundance of these “so-called” advisers, and a clear lack of regulations, may be behind a series of transgressions by investment advisers and regulators.

It has also been suggested in research undertaken in the United Kingdom that the regulatory environment is a contributing factor that inhibits the growth of professionalism in the financial planning industry (Gaskell and Ashton, 2008). Research undertaken by Gaskell and Ashton highlights a continued dissatisfaction with financial services sales by consumers and the need for change. There is support to reduce market inefficiencies, for “financial advising” to be limited to the sale of financial products, and to substantially reassess the regulation of financial service professionals. However, like the Australian scenario, a lack of training, education and examination has negatively impacted on attempts to raise the level of professionalism in the industry (Gaskell and Ashton, 2008).

The Australian Experience in Financial Services

In Australia, regulations are in flux. Currently under Australian corporations law, any business or person that provides advice about financial products must be an Australian Financial Services (AFS) licence holder, a director or employee of an AFS licence holder, or an authorised representative of an AFS licence holder (ASIC, 2016). All individuals who provide financial product advice to retail clients must meet the minimum training standards as set out by the Australian Securities and Investments Commission’s (ASIC) regulatory guide (RG) 146 (ASIC, 2012). As the industry moves to attain professionalism, the Australian Competition & Consumer Commission (ACCC) has adopted the definition supported by Professions Australia: Knowledge and Skill requirements, and adapted from ASIC RG146 including the following tiers of knowledge and skills.

Generic Knowledge

Only required for Tier 1 advisers.

ASIC does not require advisers on Tier 2 products to meet the generic knowledge requirements.

Specialist Knowledge area(s)—TIER 1 PRODUCTS:

- Securities
- Derivatives
- Managed investments
- Superannuation
- Self-managed superannuation funds (SMSF)
- Foreign exchange
- Margin lending facilities

Specialist Knowledge area(s)—TIER 2 PRODUCTS:

- Deposit products and non-cash payment products
- General Insurance

Skills

Only required if the adviser is giving personal advice. An adviser giving *general* advice does not need to undertake skills (ASIC, 2012).

In Australia and most developed nations, the financial services industry strives to achieve a level of professionalism in the face of a litany of transgressions. In a rush to encourage advisers, organisations offer incentives to their brokers and agents to earn a professional designation (Phipps, 1999). In addition, while other firms seek to encourage women to enter the industry through affirmative action initiatives (CFP Board Women's Initiative, 2014). However, a persistent lack of clear regulation and inadequate adviser education are undermining these otherwise worthy initiatives and remain of concern throughout the industry.

In Australia, the FPA has taken initial steps to improve the industry standards. The FPA suggests raising the educational bar will ensure better advisers and, in turn, improve the quality of financial advice. From 1 July 2013, the FPA required new members to be qualified with an approved degree.

The Certified Financial Planner® designation is purported to be the 'gold standard' for financial planners. At present, however, there is no objective evidence to support this claim. This research project appears the first to provide an insight into the link between educational background and success in the CFP® Certification Program. In addition, this research project explores whether any correlation exists between demographic factors on entry and results in the CFP® Certification Program.

A salient piece of research in relation to key indicators of success in the CFP® Certification examination was undertaken by Grange, *et al.* (2003), where 4,829 candidates of the CFP Certification exam were surveyed with a 52 per cent response rate. The survey concentrated on the key attributes of:

- overall grade point average
- grade point average in the registered program coursework
- having an advanced degree
- taking a CFP® Certification review course
- taking the exam soon after graduation from the registered program
- studying more for the CFP® Certification examination
- studying more hours in the registered program.

This study, based on similar studies undertaken for the CPA certification in the United States, indicated a nexus between pre-existing educational qualifications and success in the certification (Whitten and Brahmasrene, 2002). The results indicated that: "educational achievement and performance, and taking the CFP® Certification Examination soon after graduation from the registered program are positively associated with success in the exam" (Grange, *et al.* 2003).

A follow-up study was conducted by the same researchers in Cutler, *et al.* (2005) who then reanalysed the survey data from the original three examination intakes, those being November 1999, March and July 2000. They also incorporated new survey data from the following three examination intakes—March, July and November 2001. In addition, statistical data analysis methods were utilised in the follow-up. Three univariate models were applied: cross-tabulation compared with chi-square test for independence, one-way ANOVA for mean scores within categories, and the Kruskal-Wallis test that allowed for analysis of raw scores without a normal distribution (Cutler, *et al.* 2003, p. 59). Two multivariate models were also applied, including a general linear model for exam scores, and a multiple logistic regression model for pass/fail outcomes (Cutler, *et al.* 2003, p. 59). This newer study identified five variables that predicted success in the examination, namely: retaking the test (decrease), participation in a registered program of study (increase), identification of financial planning as the primary industry of your occupation (increase), standardised test scores from prior studies (increase), and CPA membership (increase) (Cutler, *et al.* 2005, p. 70).

No similar study in relation to CFP® Certification examination performance has been, to date, undertaken in Australia. Our methodology in this study differs substantially from the US study with no survey instrument being used, data instead being obtained from enrolment forms and FPA records.

Background to Australian Experience and the CFP® Certification Examination

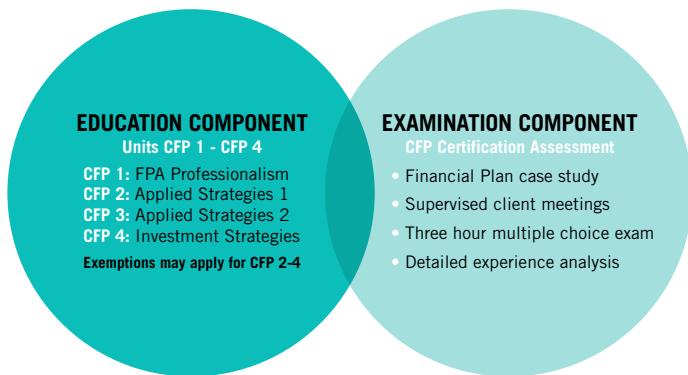
Program structure

The full CFP® Certification Program is split across five units and covers three core components of Education, Examination and Experience. Each unit is designed to advance the participants' existing knowledge and expertise, and ensure they meet the standards of excellence required to achieve the designation.

The program is delivered by distance learning over 12-week semesters and is structured in a way that provides flexibility and freedom in a self-paced delivery mode. The annual program intake includes two semesters and a summer semester. Typically, the program takes 2–3 years to complete.

The first CFP® Certification Program in Australia commenced in the spring semester of 1999. The original program consisted of four units, with a certification examination added to the CFP® Certification Program in 2003. The program as it currently exists is depicted in Figure 1.

Figure 1.



Source: Financial Planning Association

The program emphasises the competencies, knowledge and capabilities required to be demonstrated by a financial planning professional. The FPA states:

The successful completion of the program demonstrates that you have met technical competency and exceptionally high standards across the 4Es set by the international Financial Planning Standards Board – Ethics, Education, Experience and Examination.

Data collection and methodology

Based on the literature review, three hypotheses have been identified as requiring further investigation:

- H_0 —There is no identifiable variable which impacts on success in the CFP® Certification Exam.
- H_1 —Prior education attainment correlates positively with success in the CFP® Certification Exam.
- H_2 —Other identified variable correlates positively with success in the CFP® Certification Exam.

In order to identify the most appropriate variables for investigation, we sought out the pre-existing data available from student application forms for entry into the CFP® Certification Program. These forms were chosen because the data points would be consistent across the entire period and various cohorts, as well as being accessible to the researchers. In this study the CFP® Certification Program application forms (see Appendix 1) and result records were examined for the period 2006-2014 to determine if any correlation could be identified between the demographics chosen and performance in the CFP® Certification Program (course work) and the CFP® Certification exam. This period was chosen because it eliminated participants in the transition period from 1999-2003 which did not provide consistent information for analysis. The name and other identifying information for each candidate were removed from the data to ensure candidate confidentiality.

Data access was provided to the researchers by the FPA in Australia by allowing access to its computer files of enrolment and results. All analyses were carried out in the SPSS v22 statistical software package. This software was selected to be the tool used for statistical analysis because of its ease of use and availability to both academics and practitioners, allowing our results to be readily interpreted by a variety of audiences (Arrkelin, 2014). Brief descriptions of all the variables included in the analyses are given in Table 1.

This research is limited to the analysis of 109 randomly selected data sets as being representative of the entire population. The use of this sample size was chosen as the full population data sets were not available at the time of data collection due to the partial corruption of some student records. The remaining data had a degree of corruption which made the data unusable initially. It is intended to collect further data from the remaining population at a future time.

The CFP® Certification Program application form identified several demographic variables which included gender, age, geographic location, pre-existing educational qualifications and employment role.

Statistical methodology

The analysis began with a cross-tabulation of each examination result from the sample examinees against each demographic variable. Next, the cross-tabulations were analysed on the basis of the variables in pairs, including results in each course unit, as well as the exam scores at the Pass, Credit, Distinction and High Distinction levels. This permitted the examination of the correlations between the chosen variables and the resulting performance in the CFP® Certification examination.

Results

The first section of the analysis is related to the role of age and gender. The number of candidates in this category totalled 109; thus the impact of age and gender on the other variables was analysed only for the 109 candidates. In order to verify the relationship between any two variables the chi-square technique was applied. The relationships were then analysed at a chi-square 0.5 level of significance to determine the validity of any interrelationships.

Gender and Age

Table 1 below provides a brief description of gender and age data.

Table 1. Gender and Age

Gender			
	Frequency	Per cent	Cumulative Per cent
1.0 (Male)	76	69.7	69.7
2.0 (Female)	33	30.3	100
Total	109	100	
Age category			
	Frequency	Per cent	Cumulative Per cent
1.0 (<40)	55	50.5	50.5
2.0 (40=<x<50)	34	31.2	81.7
3.0 (>50)	20	18.3	100
Total	109	100	

The results of the analysis of the gender of the sample size indicate 76 of the candidates were male which represents 69.7 per cent. Thirty-three of the candidates were female, which represents 30.3 per cent.

Additionally, when analysing the age categories, it is interesting to note that over half the candidates are under 40, with only 18 per cent above the age of 50. Given that educational programs in financial planning only began in the 1990s it is reasonable to assume that the group under 40 has had greater opportunity to study the subject matter in a formal way than their older counterparts who tended to learn more on-the-job. Due to relatively recent changes in societal values—with increasing emphasis being placed on tertiary qualifications, adviser education and legislative compliance—it is reasonable to deduce that the under 40s group is more likely to undertake professional certifications.

Table 2 below represents a summary of the results of the tested hypotheses.

Table 2. Summary of the analysis done for age and gender

No	Hypotheses	The result of analyses
1	Gender * Success (Number of fails in CFP®)	The null hypothesis is rejected
2	Age category * Fail in CFP®	The null hypothesis is rejected
3	Gender * Number of exemption	The null hypothesis is accepted
4	Age category * Number of exemption	The null hypothesis is rejected
5	Gender * Mark	The null hypothesis is accepted
6	Age category * Mark	The null hypothesis is rejected

*Gender * Number Subject Exemptions*

H_0 : There is a relationship between gender and the number of exemptions.

H_1 : There is no relationship between gender and the number of exemptions.

The hypothesis is accepted based on the analysis summarized in the table below. The chi-square is less than 0.05. Men were exempted from the exams more than women.

Table 3 represents a summary of the results of the tested hypotheses.

Table 3. Results summary

Gender	No. of Subject Exemptions				% who received maximum (3 exemptions)	
	0	1	2	3		
Male	40	1	4	31	76	41%
Female	24	4	1	4	33	12%
Total	64	5	5	35	109	32%
Chi-Square Tests						
	Value	df	Asymp. Sig. (2-sided)		Exact Sig. (2-sided)	
Pearson Chi-Square	13.578	3	0.004		0.003	

The table above indicates that 41 per cent of males receive the maximum number of available subject exemptions, while only 12 per cent of females achieve the same number of exemptions. Given that exemptions usually relate to the attainment of previous tertiary qualifications prior to commencement of the CFP® certification, this leads us to conclude that a higher percentage of males enter the program having previously studied at a postgraduate level (as maximum exemptions are only available to those who have postgraduate qualifications of FPA approved programs). This suggests that women are statistically more likely to be entering the program with lower educational qualifications than their male counterparts.

*Gender * CFP® Final Exam Mark*

H_0 : There is a relationship between gender and the final exam mark.

H_1 : There is no relationship between gender and the final exam mark.

The hypothesis is accepted based on the analysis summarised in the table below. The chi-square is less than 0.05. Generally, men tend to obtain higher marks compared to women.

Table 4 represents a summary of the results of the tested hypotheses.

Table 4.

Mark achieved in CFP® Final Exam							
Gender	P	CR	D or HD	Total	%P	%CR	% D or HD
Male	12	36	28	76	16%	47%	37%
Female	14	11	8	33	42%	33%	24%
Total	26	47	36	109	24%	43%	33%
Chi-Square Tests							
	Value	df	Asymp. Sig. (2-sided)		Exact Sig. (2-sided)		
Pearson Chi-Square	9.000	2	0.011		0.012		

The table above indicates that males, on average, achieve higher marks in the CFP® final exam than their female counterparts. This is represented by 37 per cent of males receiving a Distinction or High Distinction mark, whereas only 24 per cent of females achieve a similar standard of result. Further, the statistics indicate that 42 per cent of females achieve only a passing grade compared to 16 per cent of males. This further adds evidence to support the view that males enter this program with higher pre-existing tertiary qualifications and knowledge.

Geographic Location

Table 5 represents a summary of the locations of the candidates in the sample organised by state based on reported postcode.

Table 5. Candidate Location

Postcode	Total	%
(NSW)	41	38%
(ACT)	1	1%
(VIC)	31	28%
(QLD)	11	10%
(SA)	7	6%
(WA)	16	15%
(TAS)	1	1%
(NT)	1	1%
Total	109	100%

Analysis of the above indicates that the majority of candidates were located in New South Wales closely followed by Victoria. This result would be expected given the locations of the large financial services firms. An analysis of the data indicated no correlation between location of the candidate and performance in individual CFP® subjects, number of exemptions granted, or final exam mark.

Licensees – Employment role

Table 6 represents a summary of the licensees reported by the candidates as their employer in the sample.

Table 6. Licensee

Licensee	Total	%
AMP	3	3%
ANZ	2	2%
CBA	2	2%
IPAC	2	2%
NAB	3	3%
WESTPAC	10	9%
Others	87	80%
Total	109	100%

The table above suggests that for the sample analysed the majority—that is, 80 per cent of candidates—work for small to medium-size licensees rather than the larger financial services companies and banks. An analysis of the data indicated candidates' licensee performance in individual CFP subjects, number of exemptions granted, or final exam mark.

Pre-existing Educational Qualifications

The FPA requires new members to have an approved degree as a starting point with the expectation that raising the educational bar will provide members the 'gold standard' for entry to the CFP® Certification Program, with improved program outcomes and, in turn, more capable financial planners.

Table 7 represents a summary of the prior educational studies undertaken as reported by the candidates in the sample.

Table 7. Prior Education

	Frequency	Per cent	Cumulative Percent
Diploma	16	14.7	14.7
Advanced Diploma	18	16.5	31.2
Bachelors	38	34.9	66.1
Post Grad Diploma	25	22.9	89.0
Masters	12	11.0	100.0
Total	109	100.0	

As can be seen from the above table, of the 109 candidates 69 per cent possessed undergraduate or higher qualifications. However, from the application forms we were unable to determine what areas of discipline these qualifications were achieved in, or how long it had been since the qualification had been awarded.

Table 8 represents a summary of the prior educational studies undertaken as reported by the candidates in the sample.

Table 8. Education * Mark Cross-tabulation

Education		Mark in Final CFP Exam			Total
		<40	>40<50	>50	
Diploma	Count	8	4	4	16
	% within Mark	50.0%	25.0%	25.0%	100.0%
Adv Diploma	Count	4	8	6	18
	% within Mark	22.2%	44.4%	33.3%	100.0%
Bachelors	Count	5	18	15	38
	% within Mark	13.2%	47.4%	39.5%	100.0%
Post Grad Diploma	Count	6	13	6	25
	% within Mark	24.0%	52.0%	24.0%	100.0%
Masters	Count	3	4	5	12
	% within Mark	25.0%	33.3%	41.7%	100.0%
Total	Count	26	47	36	109

This research has focused on exam results based on the previous educational background of students to explore how students with an approved degree perform in the CFP® Certification Program. Although the research undertaken in the US by Grange, *et al.* (2003) would indicate that doing the CFP® exam shortly after graduation is positively associated with a better exam result in CFP® exams, we are unable to determine whether the same correlation existed in our sample.

It can be seen from Table 7 that candidates with masters degrees achieve better results as a group, with 42 per cent of the examination mark being greater than 50. Additionally, the group with the lowest marks in the exam—that is, 72 per cent—had not achieved university qualifications. It is interesting to note that the candidates with the greatest number of exemptions (i.e. postgraduate qualifications) also delivered proportionately the best performance in the CFP® exam.

However, the chi-square measure at the 0.05 level did not indicate a correlation between pre-existing qualifications and exam performance. Although limited, it appears there is no clear relationship between the different educational status of students and their success in the CFP® Certification Program.

Table 9 below represents a summary of the exemptions granted for prior educational studies as reported by the candidates in the sample.

Table 9. Education * Exemption Cross-tabulation

Education	No. of Subject Exemptions				Total	
	0	1	2	3		
Diploma	Count	13	2	0	1	16
	% within Mark	81.3%	12.5%	0.0%	6.3%	100.0%
Adv Diploma	Count	15	0	2	1	18
	% within Mark	83.3%	0.0%	11.1%	5.6%	100.0%
Bachelors	Count	28	1	3	6	38
	% within Mark	73.7%	2.6%	7.9%	15.8%	100.0%
Post Grad Diploma	Count	5	0	0	20	25
	% within Mark	20.0%	0.0%	0.0%	80.0%	22.9%
Masters	Count	3	2	0	7	12
	% within Mark	25.0%	16.7%	0.0%	58.3%	100.0%
Total	Count	64	5	5	35	109

Table 9 above confirms that students receiving the largest number of exemptions were, as expected, those candidates entering the program with postgraduate qualifications in the relevant field. It follows that this must be the case since exemptions are only granted for students who have completed FPA approved programs at a postgraduate level. This data, combined with the data in Table 8, suggests that students with postgraduate qualification in a related discipline perform better in the exam. Although statistical analysis suggested that holding a masters qualification was not a significant predictor of success in the CFP® Certification Program, there is a strong inference that higher level and advanced learning—such as at masters level from an FPA approved program—does prepare candidates better, as those who had such a qualification and gained exemption for that prior study did perform better in the exam compared with those candidates with lower qualifications, such as diplomas, advanced diplomas and bachelors degrees, or non-approved postgraduate programs where no credits had been given.

Table 10 represents a summary of the 109 data sets as reported by the candidates in the sample.

Table 10. Final Examination Fail * Exemption Cross tabulation

Education	No. of Fails in Final Exam	No. of Subject Exemptions				Total	
		0	1	2	3		
Diploma	1.00	Count	9	2	0	1	12
		% within Exemption	75.0%	16.7%	0%	8.3%	100.0%
	2.00	Count	2	0	0	0	2
		% within Exemption	100.0%	0.0%	0%	0.0%	100.0%
	3.00	Count	2	0	0	0	2
		% within Exemption	100.0%	0.0%	0.0%	0.0%	100.0%
Adv Diploma	Total	Count	13	2	0	1	16
		% within Exemption	81.3%	12.5%	0%	6.3%	100.0%
	1.00	Count	10	0	2	1	13
		% within Exemption	76.9%	0	15.4%	7.7%	100.0%
	2.00	Count	4	0	0	0	4
		% within Exemption	100.0%	0%	0.0%	0.0%	100.0%
	3.00	Count	1	0	0	0	1
		% within Exemption	100.0%	0	0.0%	0.0%	100.0%
	Total	Count	15	0	2	1	18
		% within Exemption	83.3%	0	11.1%	5.6%	100.0%

Table 10. continued

Education	No. of Fails in Final Exam	No. of Subject Exemptions				Total	
		0	1	2	3		
Bachelors	1.00	Count	18	0	1	6	25
		% within Exemption	72.0%	0.0%	4.0%	24.0%	100.0%
	2.00	Count	6	1	1	0	8
		% within Exemption	75.0%	12.5%	12.5%	0.0%	100.0%
	3.00	Count	3	0	0	0	3
		% within Exemption	100.0%	0.0%	0.0%	0.0%	100.0%
	4.00	Count	1	0	1	0	2
		% within Exemption	50.0%	0.0%	50.0%	0.0%	100.0%
Post Grad Diploma	Total	Count	28	1	3	6	38
		% within Exemption	73.7%	2.6%	7.9%	15.8%	100.0%
	1.00	Count	3	0	0	17	20
		% within Exemption	15.0%	0	0	85.0%	100.0%
	2.00	Count	1	0	0	3	4
		% within Exemption	25.0%	0%	0%	75.0%	100.0%
	4.00	Count	1	0	0	0	1
		% within Exemption	100.0%	0%	0%	0.0%	100.0%
Masters	Total	Count	5	0	0	20	25
		% within Exemption	20.0%	0%	0%	80.0%	100.0%
	1.00	Count	1	1	0	5	7
		% within Exemption	14.3%	14.3%	0%	71.4%	100.0%
	2.00	Count	1	1	0	2	4
		% within Exemption	25.0%	25.0%	0%	50.0%	100.0%
	4.00	Count	1	0	0	0	1
		% within Exemption	100.0%	0.0%	0.0%	0.0%	100.0%
	Total	Count	3	2	0	7	12
		% within Exemption	25%	17%	0%	58%	100%

Education

More than 50 per cent of respondents did fail one exam more than once (irrespective of educational background). However, there appears to be a relationship between gender and the final exam mark with 70 per cent of males achieving at least 50 where only 60 per cent of women achieved 50. There appears to be no relationship between age and success in the different subjects, with more than 40 per cent of respondents in all three age categories having failed at least once.

Exemptions and Results

The results show students with higher degrees tend to obtain more exemptions as would be expected. Additionally, students who failed at least one subject had not been granted an exemption from any CFP units. From the results, there appears to be no relationship between gender and the mark for each of the four subjects.

Summary of Findings

The results indicate that in this pilot study there is no observable direct correlation between pre-existing educational qualifications and success in the CFP® Certification exam.

However, some interesting issues emerge from this research. Firstly, enrolments in the CFP® Certification Program comprise predominantly male candidates. The majority of these male candidates are aged between 40 and 50 years and, in the main, have higher pre-existing postgraduate qualifications than their female counterparts. This has led to these male candidates receiving a higher number of exemptions in the CFP® Certification Program, and it has been demonstrated that candidates with the largest number of exemptions achieve higher marks in the examination phase of the CFP® Certification Program. The results of the pilot study failed to provide evidence that any of the other variables tested had any direct bearing on the success of a candidate in respect of their results in the CFP® Certification examination.

The results have disproved the null hypothesis. In relation to Hypothesis 1, there is a positive correlation between prior tertiary educational qualifications at the masters level only and outcomes in the CFP® Certification exam. Hypothesis 2 relating to other identified variables, when analysed, indicated only gender as having a positive correlation with performance in the CFP® Certification exam. This factor may be further explained by the correlation between the holders of masters degrees being predominantly male.



This research has implications for tertiary education providers designing programs to better assist students to prepare for the CFP® Certification exam, with our research suggesting that those students who have completed FPA approved programs that provide credit towards the CFP® Certification Program outperform those who hold an unapproved masters degree. It informs both the Professional Standards Council and the FPA as to the factors that predict success in the CFP® Certification exam. Additionally, students and their employers may benefit from the results of this study by being better prepared for entry into the CFP® Certification Program, and better positioned to achieve successful outcomes. This, in turn, may serve to enhance professionalism in the financial services industry, with a resultant direct benefit to clients. These findings may also assist government and regulators seeking to professionalise the industry and protect its consumers through the provision of the most appropriate advice. Importantly, this may advance the outcomes of self-funded retirement. The results of this study may thus be used to inform government of the much-needed educational standards that should be mandated in order to professionalise the industry and reduce reliance on a social security funded retirement.

Future Research

Given the results in this pilot study, it is the researchers' intention to analyse the entire population to determine whether the current findings can be supported or other correlations determined. Additionally, there is perhaps an opportunity to undertake a study similar to that conducted by Grange, et al, (2005), where graduates are surveyed to obtain additional information that may indicate alternative factors associated with success in the CFP® Certification Program.

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