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No **pain,** no **gain...**

If acquiring qualifications were easy, they would have little value. But is it possible to quantify the reward you can expect for all the hard study you put in? Kevin O'Donnell reports

Pain and pleasure sum up striving for professional qualifications, almost in equal measure, but is the pain really worth the gain? And if it is: what exactly is the qualification dividend? Can good qualifications really add £10,000 or more to your salary?

The pain is certainly the long, thankless hours of study when others around you are enjoying leisure time with their families and friends, but the pleasure is most definitely the joy at passing a tough exam and reaping the rewards from a fatter pay cheque or a better job. And yes, you really could add £10,000 or more to your salary, according to the recruitment consultants, as long as your new qualifications are in demand.

Everyone wants to know that they will be rewarded for their hard work and study and insurance professionals are no different. Increasingly, though, studying for professional exams is no longer an option but a necessity. This is especially true for anyone giving advice to clients but also for back-office staff, especially those who want to develop their careers in the longer term. An increasing number of call-centre and back-office staff are also opting to study voluntarily for professional exams.

Change over the past decade has been spurred mostly by regulatory pressure. The regulator now demands that financial services professionals, especially those who give advice, are appropriately qualified. It has learned by the mistakes of the past that poorly qualified advisers equal mis-selling. Insurance is rarely associated with mis-selling, but the regulatory embrace is pushing qualifications further into the spotlight here as well.

But professional development is about more than salary rewards and regulatory requirements. Experts say that studying for qualifications provides an intellectual and professional challenge which helps insurance staff keep up to speed in a rapidly changing market. Professional development also provides a strong sense of achievement. It's also a confidence booster, encouraging individuals, especially brokers, to try new areas they may have referred to other professionals in the past, often to the benefit of their clients. The pride in adding letters of designation on your business card should not be underestimated too.

It would be fair to predict what is likely to happen in the general insurance arena by assessing the impact of qualifications in the financial services arena. Nick McBreen, an IFA with Worldwide Financial Planning in Truro, is 55 but still pursuing additional qualifications. He believes that qualifications are increasingly expected by clients: "Recently, for the first time, two prospective clients noticed the letters after my name on my business card. I asked them if they knew what they meant and one said 'it means you're fully qualified to do the job.' It suggests to me that clients are becoming more aware of the value of qualifications and beginning to recognise them."

Like several other advisers I spoke to, McBreen says his additional qualifications have boosted his confidence to develop new lines of business. He believes the growing number of specialist qualifications is encouraging more advisers to become experts in a few areas rather than trying unsuccessfully to be a jack of all trades.

But there is a personal price to pay for higher qualifications, and it would be unwise to underestimate the amount of time needed to study, although changes to the CII's qualifications framework will help ease some of the pain. Employers are getting better at offering study leave, often using it as a way to keep good staff, although most people have to study in their free time.

The desire to raise professional standards in financial services and insurance has been reinforced by the Treasury's view that higher standards will help combat the mis-selling scandals which did so much to damage the reputation of the financial services sector. It is sobering to recall that until 1997, independent financial advisers were not required to have any professional qualifications. Although many voluntarily undertook exams, many did not.

The regulator realised, however, that this could not go on and the CII's Financial Planning Certificate (now replaced by the Certificate in Financial Planning) was introduced. General insurance brokers, regulated previously by the Insurance Brokers Registration Council, became authorised from early 2005 and mortgage brokers became fully regulated by the FSA from 31 October 2004.

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One area which has been transformed by qualifications is compliance. Financial services recruitment consultant Joslin Rowe estimates that some compliance salaries have been rising by 30% per annum and bonuses of 100% of the salary have been paid to keep some staff from moving jobs as demand for good quality compliance staff has outstripped supply. Even today, despite a slowdown in the economy, the jobs market for highly qualified financial advisers and brokers is extremely buoyant and showing every sign of further growth.

There are some exceptions, though. The general insurance sector has seen job opportunities dip slightly recently as brokers have merged to cut costs but there are signs that employers remain reluctant to let highly qualified staff go, even during a downturn. This is another reason to increase your value to your employer by becoming better qualified – it provides at least some redundancy protection.

Employers are quick to sense when new qualifications can add value. Recruitment experts say many are already demanding advisers with the CII's new Chartered Financial Planner status or equivalent, even though there are so far only 900 of these in the UK.

So how much can a good set of qualifications add to one's value?

Based on salaries in London and the Southeast, consultants say that highly qualified financial advisers and planners with chartered or similar status can expect starting salaries of £50,000 to £60,000 per annum. Salaries as high as £80,000 are on offer from some of the private banks seeking the best calibre candidates for high net worth wealth management roles.

Recruitment expert Richard Cowan of City-based Hillman Saunders says that people at this level are seen as the cream of the financial adviser market. Because there are so few of them, their value is high.

Specialist or technical advisers with appropriate qualifications such as AF3 Pension Planning can expect salaries of over £50,000. In the mainstream IFA sector advisers with the Diploma in Financial Planning can expect salaries of £40,000 to £60,000. IFAs without this can command £30,000 to £40,000, underlining the difference a qualification can make.

This difference is evident in the growing para-planning sector. Para-planners are the backroom admin people for IFAs who often go on to be advisers »

CRASH COURSE

The Financial Services Association – Good general insurance library and financial services sections.
www.fsa.gov.uk
Lloyd's of London
www.lloyds.com

The British Insurance Brokers Association –
www.biba.org.uk
For careers in insurance –
www.insurancecareers.cii.co.uk
The Broker Academy – **www.cii.co.uk/brokeracademy**

Course List
- Revision courses - general insurance and financial services qualifications
- Exam techniques

themselves. At the starter level those without the full Certificate in Financial Planning can expect salaries of £20,000 to £25,000 but with the higher level Diploma they can command salaries of £35,0000 to £40,000, almost as much as an IFA.

In the general insurance market, tougher market conditions have kept salary growth down but people are moving to boost their remuneration. Top policy technicians can earn up to £80,000 and claims managers £50,000 or more. In the mortgage sector, specialists, especially in the high net worth area, are rapidly catching up with IFAs.

This boom in demand for qualified staff is not without its downside. Employers are sometimes

FACT: Top policy technicians can earn up to £80,000 and claims managers £50,000 or more. In the mortgage sector, specialists are rapidly catching up with IFAs

having to lower their sights to fill some vacancies as they struggle to find suitably qualified staff and there has been some evidence of greed exceeding common sense. Some para-planners, for example, have been unrealistic about their earning potential, say consultants.

Another key issue, which has altered little in the past decade, is the lack of graduate training. This is changing as employers, forced partly by a dearth of talent, turn their attention to graduates. Graduate recruitment is rising and there is a strong argument to suggest that the CII's new credit-based module and diploma system of qualifications may suit graduates mirroring, as it does, university-style education. Some see it as inevitable that the credits, widely accepted by academic institutions as proof of status, will fuel growth in financial services and insurance degree-level courses. Advisers and brokers with appropriate credits may well want to progress to a diploma or degree in future, using their credits towards a higher qualification.

In the mortgage sector, many IFA firms, previously sniffy about the formerly unregulated mortgage market, are actively seeking qualified mortgage specialists, particularly in the high net worth area, as exams are now trusted and understood.

For general insurance brokers, while authorisation is relatively new, exams have been part of working life for longer than most other financial sectors and the development of specialist qualifications in everything from aviation insurance to private medical cover has encouraged greater specialisation.

So what of the future? How will rising professional demands affect the industry and how is the industry addressing work-life balance issues?

One person with views on this is Peter Williams, head of industry development for Aegon UK, and one of the most respected financial training and competence experts in the UK.

He believes that one of the biggest improvements in CII study is the new module-based qualification system which breaks down long, specialist courses into bite-sized chunks, enabling students to study for credits at their own pace. This means that study can be better fitted flexibly around modern lifestyles allowing a steady build-up towards a significant qualification rather than the intensive, short-term slog of the past.

It could well be that, with this bite-sized approach, the real dividend for insurance professionals will be a better balance between study and free time. Few would argue with a bit less pain and a bit more time for pleasure.

Kevin O'Donnell is a freelance journalist specialising in the finance sector

VOICES

Helen Laidler
Cert CII. Commercial account handler at PB Curran &co

The young broker

"I got the bug and did three more exams that year, obtaining my Cert CII in October"

"I got into insurance by chance when I applied for a job as an office clerk. It wasn't until I had been working in my first brokerage for a few months that I found out what was available in terms of qualifications.

"My then manager and the company director were FCII and ACII respectively and it was my manager that gave me the encouragement to try the FIT exam. I then got the bug and did three more exams that year, obtaining my Cert CII in October. I am now into my second job and have moved from Personal Lines to Commercial Lines and am constantly learning new skills. I have been lucky in that I have had two very helpful employers who support CII training."

Derek Capelin
FCII, FPFS, Chartered Financial Planner. Owner of IFA Capelin Financial Management

The well-qualified pros

"I want the best people around me, so I have to be prepared to support their development"

"Are qualifications useful in career development? Absolutely. With a CII qualification under your belt you will always get an interview. Whether you get the job or not will then be down to you, but employers will always want to see someone who's worked hard enough to pass their examinations. It means you will be taken seriously."

"I began taking CII examinations while a pensions clerk with Eagle Star in Cheltenham. In my case, there was some parental pressure. But there was also a head office culture where most people simply did their CII exams. I didn't go to university, so the FCII was my way of demonstrating that I was capable of getting a degree.

"Finding the time and motivation to study is not that hard. Studying becomes a habit and when you see what qualifications can do for you, you are happy to make the sacrifice. I want to learn more. I want to use my qualifications in a competitive way.

"We are currently looking for qualified staff as part of our expansion plan but we are struggling to find a para-planner. Ideally I would like someone who is already qualified but I would happily put the right person through their CII exams. I want the best people around me, so I have to be prepared to support their development."

Heather Singleton
FCII, FPFS, Chartered Financial Planner. Capelin Financial Management

"Having qualifications is a tremendous boost for anyone's self-confidence"

"Clients are increasingly asking about qualifications. You can't hope to do a comprehensive financial plan without proven knowledge in all areas, and clients are beginning to understand this fact.

"Qualifications have definitely helped my career progression: they are a way for me to demonstrate that I know my subject. The FCII designation commands respect. Having qualifications is a tremendous boost for anyone's self-confidence.

"But the most important thing is acquiring knowledge for the benefit of clients: I take courses as they become available because I want to know about market sectors, as was the case with pensions simplification and long-term care."