Our Heritage

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Opportunities and Challenges of Financial Planning Profession in India: An Exploratory Study

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Abstract: Relevance of personal financial planning for individuals and families has increased in the last decade after 2008-09 global economic downturn. Various studies showing major trends which helped to shape the emergence of the global financial planning profession as we know it today are examined. As issues like longevity, a shrinking workforce, declining wealth, and market complexities increases, opportunities for competent and ethical financial planners who work in the client's interest becomes even more evident. In India, financial advisory and distribution are both managed by a single person or entity. Here the distributor is the agent of both the product provider and customer. This has been found to work against the interests of customers, in the form of high commissions and perverse incentives in sales practices. It is one of the major challenges for the development of Financial Planning as an independent profession.

Current study is based on personal interviews with industry experts and practitioners along with extensive literature review across major countries where financial planning is practiced as an independent profession. Various opportunities and demand for financial planning along with the major challenges faced by the practitioners is elucidated. This paper proposes segregation of financial advice from financial distribution as a solution based on previous studies and inputs received from the practitioners. Also suggested is some policy guidelines to include financial planning as recognised profession.

Keywords: Financial Intermediation, Financial Service, Personal Finance, Financial Advice, Policy, Regulation

JEL Code: G000, G200, G500, G530, G280

INTRODUCTION:

Financial Planning for individuals, families and small business owners is popularly known as Personal Financial Planning (PFP). Kapoordefines Personal financial planning as "The process of managing your money to achieve personal economic satisfaction"(Kapoor, 2012). Uncertain economic environment intensifies the importance of wise personal financial decisions. People becoming bankrupt and losing life and people investing their hard-earned money in fraudulent investments are the common difficulties resulting from poor personal financial planning and incomplete information.

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Well planned Personal Finance leads to Financial Satisfaction and Well–being. As Every person, family, or household has a unique needs and financial position, their financial planning must also be carefully planned to meet specific needs and goals.

Financial planning is consistently ranked as a profession with good earnings potential, low stress and excellent future job growth in all the major global economies. The US Department of Labor believes that job growth for financial planners will be a whopping 27% throughout 2022. Existing structure of financial advisory consisting of stockbrokers, bankers or insurance advisors make consumer interact with multiple sources for achieving their financial goals. Now, personal financial planners help their clients get all the pieces of the financial puzzle right by providing customized advice. The demand for such services continues to rise (FPSB, 2014). In this context, studywas conducted to identify the opportunities and challenges of personal financial planning as a profession in India. Personal interviews of experts and practitioners were conducted using a structured questionnaire.This questionnaire was prepared based on an exploratory literature review carried out looking into the opportunities and challenges for personal financial planning to be considered as an independent profession in India.Descriptive cross-sectional quantitative researchis adopted with a diverse mix of sampling universe consisting of all CFPs, Investment Advisors registered with SEBI and all non-CFPs who are projecting themselves as financial planners by registering with a free financial advisory firm in Bengaluru, India. The sampling frame is consisting of CFPs, FPs and IAs residing in Bengaluru city.Thesubgroups in population as given in the table below and as subgroups do not have equal number of elements, disproportionate stratified sampling is selected.

According to Sample Size table published in Determining Sample Size for Research Activities by Krejice & Morgan, Educational and Psychological Measurement (1970, 30, 607-610) for a population of 3375, sample size considered be 346 at 95% confidence level and 5% margin of error (Krejice & Morgan, 1970).

Table 1. Sample size and response

Categories of Advisors (as on 30/11/2019)	**All India**	**Bengaluru**	**Data Collected**	**Percentage of Response**
CFPs(source FPSB)	1863	151	128	85%
FPs (reg.with IndianMoney.com)	730	144	123	85%
IAs (source SEBI)	782	55	44	80%
TOTAL	**3375**	**350**	**295**	**84%**

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Taking the sample universe of 350 financial planning practitioners from Bengaluru, respondents for the questionnaire and personal interviews from the three categories are cumulatively 295 with a response rate of 84%.

Table 2: Demographic Details of financial planning practitioners

AGE	Nos.	Percentage
a. 20-30	75	25%
b. 30-40	120	41%
c. 40-50	79	27%
d. 50-60	21	7%
e. Above 60	0	0%
Education Level		
a. Higher SecondarySchool	0	0%
b. Diploma	18	6%
c. Under Graduation	9	3%
d. Graduation	140	47%
e. Post-Graduation	128	43%
Gender		
a. Female	33	11%
b. Male	262	89%
c. Other	0	0%
Marital status		
a. Single	93	32%
b. Married	202	68%
Work Experience		
a. Less than 1 year	25	8%
b. 1-3 years	19	6%
c. 3-7 years	105	36%
d. Over 7 years	146	49%
Experience in Personal Financial Services		
a. Less than 1	30	10%
b. 1-3 years	51	17%
c. 3-7 years	78	26%
d. Over 7 years	136	46%

The majority of financial planning professionals are in the age group of thirty to forty years (41%) and are graduates (47%) or post graduates (43%). Overwhelmingly, the majority of the practitioners are men(89%). The gender gap is very much greater as financial planning is still an emerging practice area (Table 2). This is in line with the FPSB research on the Global Practice of Financial Planning (FPSB, 2014).

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Table 3: Credentials and Mode of Practice

Certifications	Received Responses	Percentage
a. IRDA Certified Life Insurance Advisor	45	15%
b. IRDA Certified General Insurance Advisor	7	2%
c. IRDA Certified Composite Advisor (Life + General)	7	2%
d. AMFI Registered Mutual Fund Advisor	18	6%
e. Registered Investment Advisor with SEBI	12	4%
f. Certified Financial Planner from FPSB-I	113	38%
g. More than ONE Certification	107	34%
Financial Planning Practice		
Employed	60	20%
Self-Employed	193	65%
Started Own Company	22	7%
Not in Financial Planning	20	7%
Service Delivery		
Part Time	105	36%
Full Time	190	64%

From the 295 responded practitioners, self-employed or independent financial planning practitioners are 65%. From the total respondents 64% are practicing full-time as an independent profession. One more important parameter collected was about the certifications. 38% of respondents are certified and registered as CFP from FPSB-India. 2% (7) are composite insurance advisors having a general insurance and life insurance certification from IRDA. Including them 34% of practitioners have more than one certification.

Opportunities:

Financial Planning Standards Board (FPSB), manages, develops and operates certification, education and related programs for financial planning organizations to benefit the global community by establishing, upholding and promoting worldwide professional standards in financial planning.It also owns the international CERTIFIED FINANCIAL PLANNER^{CM} certification program outside of the United States. The CERTIFIED FINANCIAL PLANNER^{CM} credential is the most desired and respected global certification for those seeking to demonstrate their commitment to competent and ethical financial planning practice. CERTIFIED FINANCIAL PLANNER professionals meet initial and ongoing education, experience and professional development requirements, pass a rigorous exam that assesses competency, and adhere to a code of ethics, pledging to provide financial planning in the interests of clients and with the highest ethical and professional standards.

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Today financial planning is rapidly growing as a profession with close to two hundred thousand Certified Financial Planners (CFPs) worldwide (FPSB 2018). Financial Planning Standards Board Ltd. (FPSB) defines financial planning as a "process of developing strategies to help people manage their financial affairs to meet life goals."

As per FPSB report (December 2018), the total number of CFP professionals worldwide rose to 181,360. With a net increase of 5,787 CFP professionals over the previous year, FPSB and its global network of affiliate organizations in 26 territories experienced annual growth of 3.3%.In India, as per the report, 2018 December, there are 1513 certified financial planners (FPSB, 2018), which is increased to 1863 as on 30th November 2019, an increase of 23%.

Figure 1: CFP Professionals by Territory as on 31st December 2018

Rank	Territory	Count	Rank	Territory	Count
1	United States	83,106	14	Chinese Taipei	1,540
2	Japan	21,631	15	India	1,513
3	China	20,047	16	Germany	1,511
4	Canada	16,419	17	Singapore	963
5	Australia	5,694	18	U.K.	915
6	South Africa	4,744	19	Ireland	642
7	Hong Kong	4,489	20	Austria	343
8	Brazil	4,001	21	Switzerland	325
9	Rep. of Korea	3,893	22	New Zealand	285
10	The Netherlands	3,305	23	Thailand	261
11	Malaysia	2,287	24	Israel	160
12	Indonesia	1,729	25	Colombia	10
13	France	1,547	26	Turkey*	-

Source: https://www.fpsb.org/wp-content/uploads/2019/02/R2-FPSB-0365-2018-Growth-Infographic-GLOBAL-1.pdf

According to Noel Maye, CEO of FPSB, FPSB has an ambitious goal of having 250,000 CFP professionals in 40 territories by 2025 and to establish financial planning as a recognized global profession.From 1st April 2019, the CFPCM certification program in India is directly administered by U.S.based Financial Planning Standards Board Ltd. (FPSB Ltd.) which partners with its global network of Affiliate organizations.

Personal interviews with industry experts and practitioners (primary source) along with extensive literature reviews (secondary sources) helped to identify some pointers which forecasts bright opportunities for financial planning:

1. **Longer life span and lack of social security**

According to economic survey 2012-13, the average life expectancy which was around 60 years in 1980-81, has increased to 64.6 (for males) and 67.6(for females in 2010-11). People live longer now as compared to the earlier generations. Few generations ago, someone would start earning by the time

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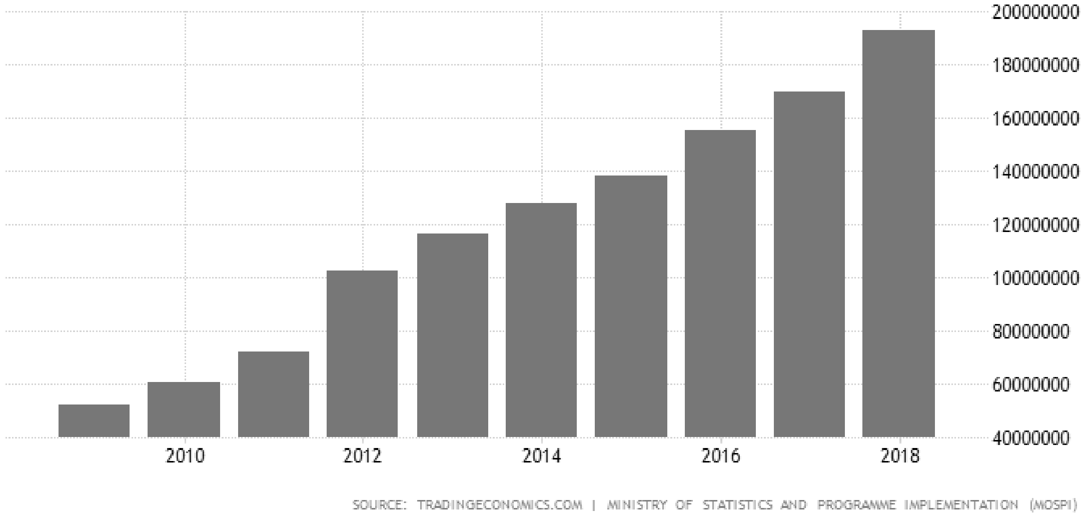
one reached the age of 20 years, work till the age of 58 years and live till around 65 years. In such a case, one earns for 38 years and lives off the retirement savings for the next 7 years. In recent times, one starts working at 25 years of age. Retire at age of 60 years and life span of 80 years. So, an individual works and earns for 35 years to support post retirement life of 20 years. Government of India has withdrawn Pension Plans for government employees and introduced New Pension Scheme (NPS), which is defined contribution plan.

2. Increase in disposable personal income

Figure 2: 14% Raise in Disposable Income from 2017 to 2018



Indian Economy has been growing at good rate of GDP. This growth is mainly drivenby domestic consumption. The educated and urban middle class has experienced increase in income levels. At the same time, unlike our counterparts in many of the developed countries, Asians, and especially Indians believe in saving money. India has a considerable household savings ratio which is more than 25%. Here again investors need guidance to channelize their savings. As perRBI data, average Gross Domestic Saving was Rs.1067.30 Billion in 1980-81 which has increased to 24819.31 in 2010-11 (RBI).

As one of the fastest-growing economies in the world, the Indian economy has witnessed significant growth. It is evident from a report published by Oxfam which states that India had another 18 new billionaires join the elite list in the year 2018, raising the total number of billionaires in the country to 119. The report also stated that the combined wealth of Indian billionaires touched approximately Rs.30 lakh crore in 2018 as compared to approximately Rs 21 lakh crore in 2017. Although the reports draw attention to the inequality in wealth distribution existing in India, it also highlights the extent of wealth creation and the increase in the number of billionaires in the country which is nothing short of amazing.

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With the accumulation of wealth comes the most difficult part – efficient management of the accumulated wealth. The Indians are not very efficient in managing their wealth andit is well known that Indians are wise savers but poor investors (Visa 2012). Even today a large part of their savings is found to be invested in physical assets like real estate and gold and traditional risk-free products like Bank FD, Saving Bank Account, Insurance.However, economic uncertainties coupled with inflationary pressure warrant a far more proficient investment policy to manage the corpus. A well-balanced Financial Plan is required to protect the investors from the impact of inflation. The financial awareness is slightly better among the youths of the country who are digitally connected which exposes them to information and reports of all kinds.

According to a report by Kotak Wealth Management (KWM), around 60% of the country's Ultra High Net Worth Households (UHNH) are under the age of 40 years.

A growing number of wealthy class people have resulted in the emergence of a large number of wealth management firms in the country. Consequently, the demand for talented wealth management professionals has also surged. The UHNH clients seek professionals who command expertise in advising customized investment plans. However, the India wealth management industry is still in its early days and as such it suffers from a lack of quality wealth managers. The industry faces huge talent gap and thus most of the wealth management firms are scouting for promising candidates to fill the gap. According to FPSB India, 1863 CFP's in India (as on November 2019) while experts believe that the Indian market requires around 1,00,000 CFP's.

Traditional Indian social system of Joint families provided great safety net for most individuals as it shared the resources and difficulties. Growing urbanisation during the past decades have led to the birth of nuclear families. These smaller families have a need to plan better. They can no longer depend on the support of the larger family since they might be geographically distant. Also, to meet the expenses and use the time profitably, dual income families are on the rise. It is very common in urban India that both husband and wife working. This is a desirable problem of plenty leading to change in lifestyle. So, one needs a comprehensive financial plan to meet the contingencies and to attain the short term and long-term goals.

This exploratory study about the opportunities of personal financial planning as an independent profession and as a lucrative career option providing self-employment similar to chartered accountants, company secretaries, or advocates with special reference to Bengaluru city be helpful for the large graduate and post graduate qualified population of India, financial services distribution houses, mutual fund companies, life insurance companies, and financial advisors.

The present study has been undertaken at a time when there is a lot of focus on *Make in India*, *Skill India* programmes which aims to boost self-employment, entrepreneurship and also enhance employability.

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3. Career Opportunities

The concept of financial planning as a distinct professional practice got its start in the United States in the early 1970s with the introduction of the CERTIFIED FINANCIAL PLANNER certification program.CFP is a globally recognized certification and as such it will open doors for you to the ample number of opportunities. As per FPSB India, there are over forty (40) Charter Member companies who have resolved to give first preference to CFP Certificants in recruitment.

From the personal interviews with practicing CFPs in Bengaluru, it was evident that some of the career opportunities available to a qualified CFP are:

Banks: On successful completion of CFP certification, one can opt for a career in the wealth management division of Banks. As a wealth manager, responsibilities will include advising requisite investment plans to HNI and UHNH clients.

NBFCs: Non-Banking Financial Companies (NBFC) is another set of financial institutions that recruit CFPs. In this profile, require one to be pitching various products, such as shares, stocks, bonds, debentures, etc. to the customers of the NBFC.

Insurance Companies: Insurance Companies recruit CFPs for assessment of the client's requirement and then prepare a goal-based plan for advising them on a suitable insurance policy.

Mutual Fund Companies: Today world one of the most popular channels for building wealth relatively safely but at a rate better than the savings accounts is through Mutual funds.This is one of the sought after roles for a CFP as it offers the opportunity to work in an Asset Management Company where you will be able to suggest best-suited funds to clients through a Financial Planning approach.

Financial Planning Companies: Another ideal place for an aspiring CFP would be Financial Planning Companies. In this profile you will be interacting with clients, suggesting financial plans, which will be followed by implementation and monitoring.

All these corporate career options are predominantly involve sales, as in India, financial services is distribution of financial products. Here the distributor is the agent of both the product provider and the customer, leading to work against the interests of customers, in the form of high service fees and perverse incentives in sales practices. M.Sahu andR.Sane in their paper "A regulatory approach to financial product advice and distribution", in 2011 proposed Financial Advisers Bill, 2012, to promote the development of a market for advice. The Bill suggested that financial advisers be recognised as professionals and be regulated under a new statutory body called the Institute of Financial Advisers of India.

Despite of this, from the study it is evident that 65% of practitioners are self-employed and 7% of them have started their own financial advisory companies (Table 3). This makes it evident that

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financial planning with good education background, experience and certifications makes one an independent professional having essential skillset to be successful.

CHALLENGES

Every industry face challenges and financial planning industry is no different. Some major hurdles faced by the financial planning industry identified from the structured interviews with practitioners who are CFPs, and non CFPs for the study.Many factors play a role in determining the quality of advice clients receive from a financial planner, including: the qualifications of the financial planner; duty of care to a client; conflicts of interest; disclosure; transparency; fully informed client consent; remuneration; a firm's business model; a client's level of sophistication; a client's investable assets; a client's intent; and the comprehensiveness of data gathering.

1. Investor Awareness

Only 24 per cent Indians are financially literate as per the global financial literacy survey done by Standard & Poor. This means that 76 per cent of the country is not aware of even the basic financial concepts. On top of that they have blind faith on real estate and gold, without realising the drawbacks of these modes of investments, people still continue to own them and buying more of them. There is very little awareness about concepts like asset allocation, risk management and financial planning. The term "personal financial planning" or "financial planning" is used by insurance advisors/agents, mutual fund distributors and wealth managers in the same breath. Awareness about the certification and particularly about CFP is not pervasive. Though government has set up the National Centre for Financial Education (NCFE) to create financial awareness across various sections of the population, future looks promising.

2. Trust

For long Indian investors have faced losses due to mis-selling of insurance products or mutual funds and the people they trusted (insurance agents or mutual fund distributors) earned maximum income in the form of commissions. And now, these investors are afraid of trying out any investment other than safe investments like post office savings scheme or bank FDs. This has made it difficult for an individual investor to believe in financial planning as well, as financial planning doesn't offer any guaranteed returns. Through financial planning, a financial planner ensures that his clients meet all their financial goals well in time. If a tree is planted today, it would take some time to begin yielding fruits. Likewise, one year is a short time to evaluate the success of any financial plan. One has to be patient and financial planners need to educate their clients from time to time.

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3. Changes in regulations

Since this industry has been witnessing various mis-selling activities, Securities and Exchange Board of India's (SEBI) main objective is to cure these malpractices and bring advice-based system to this industry which is ethical via various regulations. This is to safeguard investors' interest. This brings SEBI (RIA) Regulations 2013 in to picture. In the long run, these regulations will prove to be good for both the investors as well as the industry. However, in the short run, it is creating a lot of difficulties all over as making earnings through only fees becomes more difficult than making earnings through commissions.

4. FinTech

Financial planning industry is changing at a very fast pace due to digitalisation. Innovation in FinTech companies is changing the landscape and redrawing the boundaries. There are new business models in place which claim to operate on lower costs, hence saving substantially on investors' money. Customers are getting attracted to these new non-traditional online modes of investment known as robo-advisory. People are getting attracted to such platforms as it makes their lives easier with mobile-friendly applications and no paper intervention. Most of the Financial Planners have shown their uneasiness towards these platforms and they believe that financial planning is a very customised process, the success of which highly depends on the quality of interaction between planner and the client. But due to the online availability of all the products, expectations on the service and innovation levels have changed dramatically. As per a research report on global Fintechs and their growing influence on financial services conducted by Price Water Coopers, 67 percent of the industry incumbents acknowledge that these FinTech companies post a threat to their business.One of the biggest threat facing investment advisory firms and independent financial planner today is disintermediation. People can invest by themselves rather than hiring an investment professional to manage their money.

5. Remuneration Model

Employed financial planners will get salary from the company; an independent self-employed financial planner can get paid by two ways – commission-based compensation and fees for the advice or financial plan. When a financial planning practitioner sells any investment product or insurance or any financial product, he receives payment on a commission basis. But this commission usually creates conflicts and can be harmful to both.

6. Professional Status

At present, financial planning is not considered as a profession in India as per the Income Tax Act, 1961. According to the Act, occupation, practice, or vocation requiring mastery of a complex set of knowledge and skills through formal education and/or practical experience. Every organized

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profession (accounting, law, medicine, etc.) is governed by its respective professional body. It was observed by Indian Supreme Court in CIT vs. Manmohan Das (1966) 59 ITR 699 (SC) that *a profession involves occupation requiring purely intellectual or manual skills.*

The following have been listed out as professions in section 44AA of Income Tax Act, 1961and notified thereunder (Notifications No. SO-17(E) dated 12.1.77 and No. SO 2675 dated 25.9.1992):

1. Accountancy
2. Architectural
3. Authorised Representative
4. Company Secretary
5. Engineering
6. Film Artists/Actors, Cameraman, Director, Singer, Story-writer, etc.
7. Interior Decoration
8. Legal
9. Medical
10. Technical Consultancy

The following activities are considered as business:

1. Advertising agent
2. Clearing, forwarding and shipping agents - CIT v. JeevanlalLallubhai& Co. [1994] 206 ITR 548 (Bom).
3. Couriers
4. **Insurance agent**
5. Nursing home
6. Stock and share broking and dealing in shares and securities -CIT v. LallubhaiNagardas& Sons [1993] 204 ITR 93 (Bom).
7. Travel agent

As Insurance Agent is recognised as business activity, due consideration should be given to financial planning in accordance with other major countries where it is a recognised profession.

To meet the socio-economic changes and demographics requirement, this list needs updating in accordance with the global trends. In the United States, United Kingdom and Australia, there are already legislations passed to make financial planning as a recognised profession. This will help a large youth population of India to choose a recognised and rewarding career to become an employee or an entrepreneur and also extends the reach of various financial services companies.

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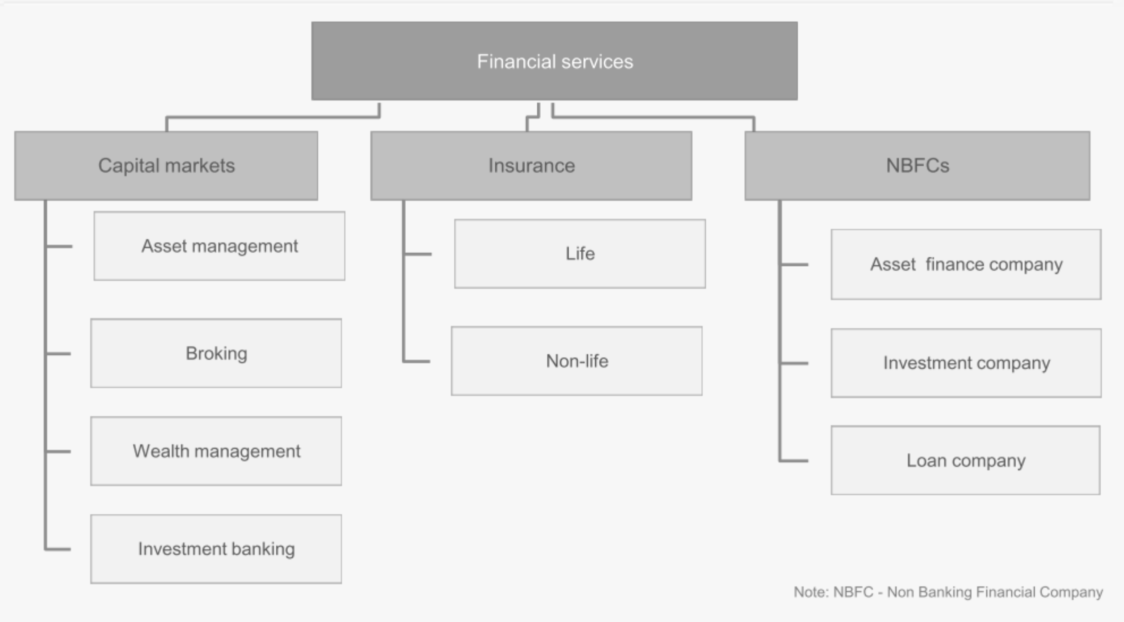
ANALYSIS, INFERENCES AND SUGGESTIONS

Indian Financial Services is broadly explained through Figure 3. to understand the responses of practitioners and analysis of the data.

Figure 3: Broad structure of Financial Services sector in India

Source: IBEF Report on Financial Services, www.ibef.org



Capital Markets are regulated by Securities and Exchange Board of India (SEBI), Insurance by Insurance Regulatory and Development Authority of India (IRDAI) and Banks and Non-Banking Financial Companies by Reserve Bank of India (RBI). In the current distribution model of financial services, the intermediary or advisors or agents sells to the consumer but is remunerated by the manufacturer. Regulators of the producer is regulating the advisors too. Advice given from distributor is likely to be biased because the incentives and commissions comes from higher sales by the product provider and not from end customer after his satisfaction.The approach to financial services regulation in India, like in many markets, is oriented towards product regulation.Within the current regulatory framework in India, support for the notion of "financialadvising" or "financial planning" appears to be limited as the sale of financial products is increasingly undertaken within transactional sales relationship.

Practitioners responded to the questions about regulatory, remuneration and professional aspects in India. The responses with percentage are tabulated in Table 4 followed by the interpretations and findings.

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Table 4. Regulatory Aspects

No.	Regulatory and Professional Aspects	Strongly Agree	Agree	Neither	Disagree	Strongly Disagree	Don't Know
1	The statutory regulatory regime for financial services in India is not conducive to the emergence of the profession of personal financial planning	**104**	**119**	11	29	0	32
		35%	**40%**	4%	10%	0%	11%
2	The traditional professions of law, accountancy and medicine do not provide an established model for the emergent profession of personal financial planner	**73**	**134**	30	9	14	35
		25%	**45%**	10%	3%	5%	12%
3	The multiplicity of examinations and examining bodies has impeded the establishment of recognised professional status for the activity referred to as personal financial planning	**54**	**157**	52	32	0	0
		18%	**53%**	18%	11%	0%	0%
4	Perception of general public about financial advice is about retailing of financial products	**118**	**72**	*66*	29	10	0
		40%	**24%**	*22%*	10%	3%	0%
5	The prevailing regulatory regime for financial services in other countries has been conducive for the development of the professional relationship that should exist between advisor and advisee	**55**	**94**	13	0	9	124
		19%	**32%**	4%	0%	3%	42%
6	The prevailing regulatory model has increased your operational costs to the extent that a substantial segment of your potential client base is now unable to meet the economic cost of professional, fee-based financial planning advice	63	89	**107**	**19**	**13**	36
		21%	**30%**	**36%**	**6%**	**4%**	12%
7	CFP is a world-wide recognized certification for personal financial planning profession.	**73**	**95**	74	9	9	35
		25%	**32%**	25%	3%	3%	12%
8	The existence of competing marketing/sales teams of financial services & insurance companies has impeded the establishment of recognised professional status for the activity referred to as personal financial planning.	**60**	**174**	33	10	18	0
		20%	**59%**	11%	3%	6%	0%
9	Uniform and standard remuneration model and other operational, professional services charges will help in making personal financial planning as independent profession.	**66**	**116**	54	18	41	0
		22%	**39%**	18%	6%	14%	0%
10	Unified certification examination from one centralised body covering all aspects of personal financial planning will definitely provide the professional	**58**	**120**	99	9	0	9

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	qualification.	**20%**	**41%**	34%	3%	0%	3%

a. Analysis

1. **The statutory regulatory regime for financial services in India is not conducive to the emergence of the profession of personal financial planning:** Respondent practitioners who strongly agreed and agreed are 35% and 40% respectively. In total 75% of respondents are looking forward for a pro-advisory regulations for the benefit of customers.
2. **The traditional professions of law, accountancy and medicine do not provide an established model for the emergent profession of personal financial planner:** Twenty five percent respondents strongly agreed and forty five percent respondents agreed to this point. Financial Planning being a multidisciplinary subject borrowing from economics, finance, behavioural finance, should be statutorily considered as an independent profession.
3. **The multiplicity of examinations and examining bodies has impeded the establishment of recognised professional status for the activity referred to as personal financial planning:** Fifty three percent of respondents agreed that multiplicity of examinations have fragmented the purpose of unified financial plan. Different producer of financial service under different regulator has their own certifications to be complied with to become an advisor.
4. **Perception of general public about financial advice is about retailing of financial products:** Majority of the respondent practitioners agreed to this point (40% Strongly Agreed and 24% Agreed), endorsing the lower financial literacy as well as the trust factor discussed earlier. This response also makes it important to understand the prevailing advising distribution model has set a wrong perception in general public.
5. **The prevailing regulatory regime for financial services in other countries has been conducive for the development of the professional relationship that should exist between advisor and advisee:** Thirty-two percent agreed and Nineteen percent strongly agreed to this point, but forty-two percent of respondents are not aware about regulatory policies in other countries.
6. **The prevailing regulatory model has increased your operational costs to the extent that a substantial segment of your potential client base is now unable to meet the economic cost of professional, fee-based financial planning advice:** Only fifty-one percent of respondents agreed and strongly agreed, whereas a significant thirty-six percent neither agreed nor disagreed. This calls for a thorough research about the financial implications on the consumer in terms of commission based advice and fee-based advice.
7. **CFP is a world-wide recognized certification for personal financial planning profession:**Fifty-seven percent of respondents reiterated this fact. But twenty-five percent of

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the respondents are not too much agreeing to this fact. This suggests that the existing multiple certifications and regulators are not providing the conducive environment for financial planning to thrive.

8. **The existence of competing marketing/sales teams of financial services & insurance companies has impeded the establishment of recognised professional status for the activity referred to as personal financial planning:**Overwhelmingly fifty-nine percent has agreed and twenty percent strongly agreed that the product companies distribution model is a main threat for the professional status of personal financial planning.
9. **Uniform and standard remuneration model and other operational, professional services charges will help in making personal financial planning as independent profession:** Totally sixty-one percent of respondents agreed (22% strongly agreed and 39% agreed) that this is a major requirement for establishing personal financial planning as an independent profession in India.
10. **Unified certification examination from one centralised body covering all aspects of personal financial planning will definitely provide the professional qualification:** For this point also, a total of sixty-one percent respondents agreed to have a unified certification for all personal financial planners.

b. Inferences & Suggestions

Based on the suggestions of practitioners, it is suggested to continue the existing regulatory body for financial services products.However, in the current regulatory approach, the focus ends up being primarily on regulation of the product and the producer with very little focus on the mode of financial advice and distribution.

In India is an agent/advisor who can sell products of several mutual funds and an insurance company. Investors/customers can receive very different information about products, which are similar in economic terms, depending on which product provider is paying a higher commission. Stoughton, Wu, and Zechner (2011) find that kickbacks to advisers from product providers are always associated with higher portfolio management fees and negatively impact fund performance, regardless of investor understanding.

Therefore, a complete segregation of advice from distribution to solve the incentive-compatibility problem arising out of conflict of interest is recommended. We suggest that financial plannersto be the agents of the customer, while distributors to be the agents of the product provider. In this regard, Financial Advisers Bill with provision for setting up of a professional body to develop, regulate and certify the profession of financial planners is also recommended. Also, to include financial planning as a recognised profession under section 44AA, Income Tax Act, 1961.

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CONCLUSION

A detailed extensive study of CFPs and other so-called financial planners in Indian financial services with a detailed quantitative analysis should be taken up on the multiple factors responded by the practitioners. Giving professional status to financial planning with a unified regulatory and certification body for advisors/financial planners will help a large population of graduates coming out of Indian universities and will spread financial literacy across the country.

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