

Private certifications of financial planners and investment advisors

Category : Regulation of Financial Advisors and Investment Advisers

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Summary: Private organizations grant and oversee the certifications or designations that financial planners and investment advisors hold. For an advisor to hold any of these designations is a matter of choice. No financial planner or investment advisor is required by law to hold any private certifications. Advisors can fulfill regulatory obligations and offer services to the public after successfully completing certain testing, licensing, and other requirements. Many very competent advisors have no private certifications, while others hold more than one. For more information on advisor registration and licensing, see the links at the bottom of this article. Historically, certain practitioners in the highly fragmented financial services industry have attempted to meet the comprehensive financial and investment planning needs of individuals. In addition, to assist in the sale of its financial products, the industry has increasingly provided personally oriented financial planning and advisory services that have varied widely in quality. Customers who are more sophisticated, have increasingly demanded a comprehensive understanding of how their needs would be met by the financial and investment products that they are being asked to purchase. Therefore, many industry professionals have increasingly focused on the overall planning needs of their clients, versus just emphasizing the sale of financial products. The recognition of planning needs on the part of clients and advisors has led to greater professionalism within the industry. Hand-in-hand has come the rise of private certification organizations that grant certifications to practitioners. Industry certification organizations meet a variety of professional and customer needs including:

->improving professional education and skills ->promoting ethics and higher standards of business conduct ->providing referral networks ->easing the sale of products and services
->conferring legitimacy in the minds of clients Industry fragmentation also has given rise to a myriad of certification organizations and the designations they issue. There are so many certifications and designations that The Skilled Investor has published a separate article featuring information on seven of the most frequently encountered certifications. (See: [Widely recognized private financial and investment advisor certifications](#)) The most extensive index of professional certifications that The Skilled Investor has found is on the website of the National Association of Securities Dealers (NASD) <http://www.nasd.com>. This NASD list will allow you to find the websites of most certifying organizations. It also notes the educational and work experience requirements of certificate holders plus any complaint and disciplinary process. If you cannot locate what you need on an organization's web pages, look for their contact information and call them. As of July 2005, the NASD list contained 51 different designations that you might encounter, when selecting an advisor. Not all of these designations will be of equal interest to the average person. Many cover narrow specialties, and some are granted following only a short course of study and without other prerequisites. NASD's index of designations is found at this webpage: <http://apps.nasd.com/datadirectory/nasd/prodesignations.aspx>. To access the NASD list either use the pull down menu entitled: "What Does a Professional Designation Mean?" or select "View all designations in a printer-friendly chart."

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