Demarcating designations: Chartered Financial Analyst and Certified Financial Planner

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Abstract Financial planning service professionals seek certifications in order to gain the necessary skills for their profession, to establish professional credibility, and to validate their knowledge base. This research provides insight and guidance for financial service professionals considering attainment of a professional designation as well as those who already hold such a designation by examining the differences and similarities between two financial analysis/planning designations: the Chartered Financial Analyst (having earned the CFA designation) and the Certified Financial Planner (having earned the CFP certification); 272 professionals who hold both designations were surveyed. The research showed that although some overlap exists, the skills, expertise and target market of these two designations remain quite distinct in terms of what they emphasise and whom they target.
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INTRODUCTION

Financial planning service professionals seek certifications in order to gain the necessary skills for their profession, to establish professional credibility, and to validate their knowledge base. Choosing the appropriate designation and designing an effective marketing strategy around that designation are important career decisions for financial service professionals. This research provides insight and guidance for financial service professionals considering attainment of a professional designation as well as those who already hold such a designation. It does this by examining the differences and similarities between two financial analysis/planning designations: the Chartered Financial Analyst (having earned the CFA designation) and the Certified Financial Planner (having earned the CFP certification). The overarching questions this research attempts to answer

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include: What are the specific skill strengths and who is the appropriate target market for the services of each designation? The answers to these questions help financial service providers better position, target and plan marketing strategies.

In order to address these questions, this paper provides background information about these two designations, outlines the theory on which the paper is based, develops hypotheses based on the emphasis, focus and requirements of these designations, explains the research methodology used to gather input from 272 professionals who hold both the CFA and CFP designations, reports on the survey results and indicates whether the hypotheses are supported or not. Finally, it discusses the results and managerial implications of the study and outlines the study's limitations.

CFA DESIGNATION AND CFP CERTIFICATION

The CFA designation and the CFP certification are international programmes of study for professional financial service providers. Both designations have grown significantly over the last decade.[1,2] Moreover, both designations have increasingly emphasised international growth, specifying it as a top priority and including it in their governing bodies' mission statement and goals. The US contingent of CFAs and CFPs make up just over half in worldwide membership of each group. In both the US and abroad, the CFP has been the most prevalent. CFA designation growth, however, has been quite robust recently, especially in Asian countries. In 2005, there were over 80,000 CFAs worldwide.[2]

The CFA and CFP marks are both registered. Because of the frequency of use in the text as well as simplicity, the ® is omitted. The CFA holder is a 'charterholder' whereas the CFP holder is a 'certificant'. Technically a person is not a CFA or CFP, but rather has earned the CFA designation or CFP certification. For simplicity, both are referred to as 'designations' in this study and sometimes the person is referred to as a CFA or CFP. An individual can earn either designation or both. They are mutually exclusive entities and there is no preferred or recommended career path in acquiring them together or separately. Neither the CFA nor the CFP designation gives the individual any kind of authority to advise or not to advise.

Both the CFA and CFP designations require certain levels of education, testing, and work experience to achieve the designations. The designations basically certify that the individual has met a certain level of education, experience, and training in the subject matter. The CFP requires the candidate to successfully complete a college curriculum in financial planning at a registered college, or university or to complete the equivalent coursework from approved education providers. As of 2007, both designations require a college degree. *The Economist* claims that the CFA is roughly equivalent to a specialised postgraduate finance degree that includes a mixture of economics, ethics, law and accountancy and transcends national boundaries. It points to its common language of finance as being a sought after 'global currency' for its designees.[3]

The CFA designation requires three exams that may be taken over a two and a half to three-year period. The candidate takes the exam at one of 274 test centres around the world.[3] The overall pass rate in 2005 was 48 per cent.[2] In contrast, the CFP designation requires a comprehensive ten-hour, two-day exam. In 2004, 6,541 candidates in 50 US and three international sites took the CFP certification exam; 60 per cent passed.[1] Experience requirements for the two designations are similar but are changing to better meet the needs of the global marketplace. Prior to 2006, the certification experience requirements were three years for both designations if the applicant had a college degree. In 2005, the CFA changed the requirement to four years experience. Through 2007, the CFP allowed non-degreed individuals to earn the certification with five years experience.

Chartered Financial Analyst (CFA) supports a body of knowledge grounded in financial analysis. It focuses on analysis of investments and the tools necessary for such analysis. Certified Financial Planner (CFP), on the other hand, focuses on the major areas necessary for a comprehensive approach to financial planning for individuals. In general, the CFA and CFP knowledge requirements overlap in (1) the time value of money, (2) knowledge of economic concepts, (3) a code of ethics and standards of professional conduct, and (4) investments and portfolio management. This last area includes the largest overlap. It accounts for about one-fifth of the CFP knowledge requirement whereas for the CFA it represents the majority of the body of knowledge apart from ethics and analysis tools.

The depth of study provides insight into the emphasis of each programme of study. With the CFP curriculum, the candidate must recognise certain concepts, define them and understand their relevance to personal financial planning. The CFA curriculum, on the other hand, requires thorough understanding of the topic necessary for its application. For example, the CFP curriculum would require a candidate to understand the concept of a callable bond. The CFA curriculum would require the candidate to not only know what it is but also know how to value it and to understand its use in portfolio management. Moreover, the CFP curriculum requires the candidate to know about derivative securities, while the CFA curriculum requires the candidate to know how to value options, futures and swaps and how to use them in portfolio management. The CFP topic list contains one half page of topics related to portfolio management, while the CFA Candidate Body of Knowledge™ (CBOK) list contains five pages of topics related to portfolio management. In sum, the CFA CBOK requires the candidate to be a specialist in the area, while the CFP body of knowledge seeks a general understanding of the area.

The CFP body of knowledge contains several topics that are excluded from the CFA CBOK including: estate planning, insurance planning and personal risk management, personal income tax planning, retirement planning (apart from the investment aspect), college planning, and employee benefits. Conversely, the CFA curriculum addresses topics not included in the CFP curriculum including investment performance measurement and reporting, and many international issues such as international asset pricing models, foreign currency issues, and international portfolio management. These areas of study better prepare the individual for investment analysis and portfolio management. The qualifications of each designation do not determine the areas the individual can work in. However, because of the curriculum of each designation, the career paths and the types of work are likely to be different. Table 1 provides a summary of the differences in prerequisites, educational requirements, course of study focus, and examination.

THEORETICAL BACKGROUND

In the US, some 75 million aging baby-boomers find themselves with money to invest, ever-increasing questions about retirement planning, and employers progressively shifting more investment decision-making to them.[4] In addition, almost nine out of ten people will seek professional financial advice once their investable assets top \$100,000,[5] and over \$10 trillion is expected to pass from one generation to the next by 2040.[4] As incomes climb, people increasingly seek the aid of financial service providers.[6] Yet, because of the increasingly complex and technical nature of financial services, many consumers possess insufficient knowledge to effectively evaluate

Table 1 Prerequisites, experience and body of knowledge

	CFP	*CFA*
College graduation requirement	Yes	Yes
Work experience	3 years minimum	4 years minimum
Examination	10-h, 2-day exam	3 exams taken over 2.5 years
Body of knowledge and course of study focus	Focuses on major areas of financial planning necessary for a comprehensive approach to individuals	Focuses on investments and the tools necessary for analysis
	Economic concepts Time value of money Code of ethics and standards of professional conduct Investment and portfolio management	Economic concepts Time value of money Code of ethics and standards of professional conduct Investment and portfolio management
	General portfolio management knowledge	Extensive portfolio management knowledge
	Estate planning, insurance planning, personal risk management, personal income tax planning, retirement planning, college planning and employee benefits	International asset pricing models, foreign currency issues and international portfolio management

the services even after acquiring them. Moreover, little research has been done to determine why individuals choose a particular financial advisor.[7,8] Thus, in order to better understand the structure of financial services marketing, this research employs a theoretical framework used by other professional services.

In the marketing literature, information asymmetry between buyer and seller changes the very nature of the market transaction.[9] The literature points out that purchasing things such as financial services often requires a leap of faith because many consumers cannot fully understand or judge its quality even after they buy it. Such services are deemed credence services[10] because of this element of faith. Financial indicators such as returns, capital gains, dividends, and growth rate may provide consumers with some overall measurement of performance; however, comparing financial planners, evaluating the performance of individual plans, and understanding the value of one service provider over another often remains a difficult and elusive task.

Purchasing credence services is inherently risky[11] and financial services are no exception.[7] Consumers strive to lessen their risk by reducing uncertainty through information acquisition.[12,13] In such cases consumers frequently use market signals[14] as a means of gathering information. They infer quality based on observable signals.[15] A rational consumer expects a firm or individual to honour the implicit commitment conveyed through the signal because not honouring the commitment is economically unwise.[10,9] Indeed, quality signals prove more important when information is difficult to interpret than when information is easily attainable[16] and is most useful for offerings whose qualities are unknown before purchase.[9] A firm or individual communicates some unobservable element in their offering by providing an observable signal,[9] including brand name,[17] price,[18] warranty,[19] physical environment,[20] advertising expenditures,[21] professional designation,[22] and personal signals such as professionalism, appearance, competence, likeability, and trustworthiness.[23]

When buyers cannot easily evaluate a service, brand reputation provides an important signal of quality[10,24] and creates positive images in the consumer's mind.[25,26] Strong brands mitigate customers' perceptions over variability in quality and help differentiate the offering from the competition. In settings where uncertainty is high and the product complex, buyers choose a known brand. In fact, factors such as reputation and image often outweigh tangible product attributes.[27] Strong brand reputations build customers' perceptions of quality, provide information to the consumer, and offer a sustainable competitive advantage.

An established brand can provide a competitive advantage for a new product or service[17] because of the information conveyed in the brand. A multiproduct firm uses its brand name as a quality signal[28] for a new product or service[29] bringing it under the umbrella of the existing brand and acquiring the established brand's reputation. The information conveyed in the existing brand is transferred to the new brand thereby lowering the consumer's information acquisition costs and reducing perceived risk. If effectively developed, the brand should be capable of clearly communicating to its target market its brand message. The following hypotheses help identify the specific skill strengths to build into the brand message and the appropriate groups to target for these messages.

HYPOTHESIS

Based on the preceding discussions, several questions remain unanswered for the financial service provider. One area that needs to be delineated is what are the areas of expertise of each designation. Are the designations basically the same or do they have definitive areas of expertise? Although the courses of study emphasise different areas of expertise, do these providers who have a CFA in fact have a different skill set than the CFP. The following two hypotheses were designed to address this.

H_1: *The CFP certification better prepares the individual to be a generalist and provide comprehensive financial planning services especially in the areas of tax, estate, retirement and insurance, than does the CFA designation.*

H_2: *The CFA designation better prepares the individual to be a specialist, specifically in the areas of investment advice and portfolio management including such areas as: analysing corporate financial statements, analysing individual securities, international reporting and analysis, and forecasting investment markets, than does the CFP certification.*

Because investors do not fully understand financial services, providers need to (1) target the right clients, and (2) send the appropriate signals to convey their level of expertise. The following hypothesis was developed based on the preceding discussions.

H_3: *The target market of the CFA should be clients needing investment and portfolio management advice which would include institutional investors, as well as high wealth individuals and families, small businesses, corporations, and non-profit entities (H_{3a}). The target market of the CFP should be individuals and families (H_{3b}).*

RESEARCH METHODOLOGY

This research examines the differences between the CFA designation and the CFP designation by surveying individuals who hold both the CFA designation and the CFP certification. By examining individuals who hold both designations, the sample provides well-informed, first-hand, and less biased knowledge of each designation. A sample of individuals who hold one designation (eg CFA) compared to a sample of individuals who hold the other designation (eg CFP) would likely introduce bias as each designee would perceive his/her designation in a more favourable light.

The respondents of this survey have not only prepared for and passed both sets of exams but also used the knowledge gained from each programme of study in their profession. They are best suited to differentiate between the knowledge skills provided by each designation and determine which target market is best served by the strengths, skills, and focus of each designation. Surveys were sent to 882 individuals who hold both the CFA and CFP designations; 306 respondents returned the surveys. Two hundred and seventy-two surveys were usable, representing a 31 per cent usable response rate. Seventy-five per cent of the sample resides in the US; the other 25 per cent reside outside the US.

The questionnaire covered a range of questions including the respondents' motivation for earning each designation, what benefits they hoped to receive from the designation, similarities and differences between the two programmes of study, several professional demographic questions and a series of 19 questions regarding the skills and knowledge set that each designation provided them. The respondents answered with 'not at all', 'somewhat', 'very well', or 'extremely well' to these 19 questions. The means for each question were calculated with a one for 'not at all', a two for 'somewhat', a three for 'very well', and a four for 'extremely well'. Hence, the higher the number, the better the programme prepared the individual. The CFP and the CFA questions were compared using a paired sample *t*-test.

A profile of the study's sample shows the professional demographics of the individuals who responded to the survey. It reveals that a large number work as investment advisors (29 per cent), portfolio managers (18 per cent) or investment consultants (9 per cent). About a third (34 per cent) of the sample works at a small firm (10 or less employees), another third (35 per cent) works at a medium-sized firm (11–500 employees) and a third (31 per cent) works at a large firm (over 1,000). Respondents' clients are primarily private, high worth individuals with nearly 40 per cent of the respondents having a median client account size of over $1,000,000 (Table 2). Respondents are highly educated, with three out of five having at least a master's degree. Not surprisingly, over 80 per cent of the respondents earned a business degree with 40 per cent majoring in finance.

Table 2 Sample profile

Client type	
Exclusively or primarily private	65%
Exclusively or primarily institutional	13%
Even mix	10%
Other	12%
Client size (Median client account size)	
$1,000,000 or more	39%
$500,000–$999,999	20%
Less than $500,000	21%
Not applicable	19%
Job title	
Financial or investment advisor	29%
Portfolio or fund manager	18%
Investment consultant	9%
Financial planner	8%
CEO/principal	9%
Broker/registered rep	5%
Other	23%
Firm size	
Small: 1–10 employees	34%
Medium: 11–500 employees	35%
Large: Over 1,000	31%
Education	
Bachelor	41%
Masters	52%
Some Post Masters	8%
Major	
Accounting	12%
Business	16%
Economics	13%
Finance	40%
Other	20%
Country	
USA	75%
Other	25%

SURVEY RESULTS

The survey results are broken out into three parts: motivation for obtaining each designation, skill preparation of each programme of study, and the differences/similarities between the two designations. The skill preparation section deals most directly with the hypotheses. The other two areas provide indirect support. The following paragraphs provide survey results.

The primary motives for achieving each designation include broadening or deepening their knowledge in their respective areas, with 87 per cent citing this reason for the CFA and 74 per cent citing this reason for the CFP. To establish professional credibility was cited by 84 per cent obtaining the CFA and 75 per cent citing it earning the CFP (Table 3). Over half (57 per cent) obtained the CFA designation to either increase earning power or advance in their careers. Just 35 per cent gave these as reasons for obtaining their CFP designations. About two out of five respondents for each designation cited certifying existing knowledge in the respective areas as a motivation. About one in five stated that the designation helped them change careers or get established in a new career. Overall, more respondents indicated that the CFA designation helped 'Establish my professional credibility', 'Increase my earning power', and 'Help me advance in my career or get promoted' than did the CFP. Thus, according to those surveyed, these two designations do provide individuals with professional credibility, better skills, and increased earning potential.

Table 3 Motivation for obtaining the CFA charter or CFP certification

	CFP (%)	*CFA (%)*
Broaden or deepen knowledge in investment analysis and management		87
Broaden or deepen knowledge in personal finance	74	
Establish my professional credibility	75	84
Increase my earning power	35	57
Help me advance in my career or get promoted	34	56
Certify existing knowledge in investment analysis and management		43
Certify existing knowledge in personal finance	39	
Help me change careers or get established in new career	18	24
Employer required or strongly encouraged	14	14

Percentage of responses given. More than one response allowed

Table 4 contains survey results related to how well each designation was perceived to prepare the individual for various financial services and tasks. The questions for which survey results appear in the table can be roughly categorised as follows: (i) questions related to the provision of overall financial advisory services, (ii) questions related to the provision of specific financial advisory services ranging from insurance planning to investment advice and portfolio management, (iii) questions related to specific skills involved in providing investment advice/analysis and portfolio management, and (iv) questions related to the types of clients served.

According to the sample, the CFP programme prepares individuals better than the CFA in providing 'overall financial advisory services to individuals and families'. The mean for CFPs is 2.9 versus 2.4 for the CFA. This difference is significant at the 0.01 level thus supporting Hypothesis H_1. The generalist nature of the CFP designation is further supported by the result that none of the individual means in the CFP column exceeded 3 ('very well'). In all the major areas of personal financial planning the CFP means were between 2.5 and 2.9 (between 'somewhat' to 'very well'). Thus, while the CFPs were not specialists in any one area, they were 'somewhat' to 'very well' prepared in all the major areas of personal financial planning. Specifically, the CFP programme prepares the individual for providing comprehensive personal financial services that includes 'advice on insurance planning'

Table 4 Skill preparation

How well did the CFA designation programme prepare you for…?
How well did the CFP certification programme prepare you for …?

	CFP	CFA	Significant
Overall financial advisory services to			
Individuals and families	2.9*	2.4	**
Small businesses	2.0	2.0	0.70
Corporations	1.6	2.2	**
Nonprofit entities	1.6	2.1	**
Provide advice on			
Insurance planning	2.5	1.2	**
Tax planning	2.5	1.5	**
Retirement planning	2.9	1.8	**
Estate planning	2.7	1.3	**
Provide investment advice and services to			
Individuals and families	2.5	3.3	**
Small business owners	2.0	2.9	**
Corporations	1.6	3.0	**
Nonprofit entities	1.6	2.9	**
Provide corporate finance and advice to corporations	1.3	2.6	**
Analyse corporate financial statements	1.4	3.5	**
Analyse individual securities	1.4	3.6	**
Forecast investment markets	1.4	3.0	**
Manage investment portfolios for private individuals and families	2.0	3.5	**
Develop investment strategies and manage investment portfolios for institutional investors	1.5	3.5	**
Provide services internationally or make professional decisions in a global context	1.4	3.1	**

*Mean calculated: 1 = Not at all, 2 = Somewhat, 3 = Very well, 4 = Extremely well

**Significant at 0.01

(mean = 2.5), 'tax planning' (mean = 2.5), 'retirement planning' (mean = 2.9), 'estate planning' (mean = 2.7), and 'investment advice to individuals and families' (mean = 2.5). Conversely, the CFAs felt just above 'not at all' prepared (mean just over 1) in these areas. The CFA means are: 'insurance planning' (mean = 1.2), 'tax planning' (mean = 1.5), 'retirement planning' (mean = 1.8), and 'estate planning' (mean = 1.3).

The specialist nature of the CFA designation can be gleaned simply from a quick glance at Table 4. Of eight questions related specifically to providing investments/portfolio management advice, the means for the CFA were greater than 3 ('very well' prepared) for six, and were 2.9 for the other two. In contrast, for the CFP only one of the eight, 'providing investment advice to individuals and families' had a mean greater than 2, while two others had means equal to 2. Specifically, mean scores for the CFA designation were 'providing investment advice and services' to 'individuals and families' (mean = 3.3), to 'small business owners' (mean = 2.9), to 'corporations' (mean = 3.0), to 'non-profit entities' (mean = 2.9), 'analysing individual securities' (mean = 3.6), 'forecasting investment markets' (mean = 3.0), 'developing investment strategies and managing investment portfolios for institutional investors' (mean = 3.5), and 'managing investment portfolios for private individuals and families' (mean = 3.5). Additionally, for activities related to the analysis of investments and portfolio management, the CFA means were significantly higher than those of the CFP, and were above 3 ("very well" prepared) for two of the three. These included 'providing finance advice to corporations' (mean = 2.6), 'analysing corporate financial statements' (mean = 3.5), and 'providing services internationally or making professional decisions in a global context' (mean = 3.1). Overall, these CFA means are not only statistically significantly different at the 0.01 level from the CFP means but also most have mean values that exceed 3 ("very well" prepared), and thus support Hypothesis H_2.

The final hypothesis relates to the target market of the CFAs and CFPs. The target market of the CFAs should be clients needing significant investments and portfolio management advice, which would include institutional investors, as well as high net worth individuals and families, small businesses, corporations, and nonprofit entities (Hypothesis H_{3a}). The target market of the CFPs should be primarily individuals and families (Hypothesis H_{3b}). These hypotheses are born out by the data as well. The fact that CFAs specialise in providing investments and/or portfolio advice enables them to provide these services to a broad range of clients that include institutional investors, individuals and families, small business owners, corporations and nonprofit entities. The survey results support this and have already been discussed. For the CFPs, the two most significant means for questions related to client types were providing 'overall financial advisory services to individuals and families' (mean = 2.9) and providing 'investment advice and services to individuals and families' (mean = 2.5), indicating this group is their primary target market. A distant second would be small businesses, where the provision of overall financial advice and the provision of investment advice both had means of 2 ("somewhat" prepared). CFPs were generally 'not at all' to only 'somewhat' prepared to provide financial advice to corporations or nonprofit entities.

Three questions in the survey deal with financial services for individuals and families. The results of this survey show that this group is the target market for both designations. The Client Size data in Table 2 imply that most of the individuals are high wealth individuals. A closer examination of the data shows that CFAs are clearly better prepared to manage the investment portfolios for private individuals and families (mean 3.5 versus 2.0) and provide investment advice and services to these individuals and families (mean = 3.3 versus 2.5), while CFPs are better prepared to provide overall financial advisory services to families and individuals (mean 2.9 versus 2.4). In addition, CFPs are better prepared to provide advice on insurance, tax, retirement, and estate planning, areas that certainly pertain to high wealth individuals. These means suggest that CFAs are better prepared to manage portfolio investments for high wealth families and individuals, whereas CFPs are better prepared to handle the other financial aspects of these high wealth individuals. With respect to high net worth individuals therefore, the two designations appear to significantly complement each other.

Finally, the survey results strongly suggest that the skill set and knowledge base of the two designations are quite distinct. Just one area (overall financial advisory services to small businesses) did not show a statistically significant difference between the two designations. Moreover, although 18 out of the 19 areas show significantly different ratings between the two designations, three in particular ('analyse corporate financial statements', 'analyse individual securities', and 'develop investment strategies and manage investment portfolios for institutional investors') show sizable mean differences indicating a substantial difference in knowledge in these important areas.

DISCUSSION AND MANAGERIAL IMPLICATIONS

This research sets out to determine the specific skill strengths and determine the appropriate target market for the CFA and CFP designations. The research showed that although some overlap exists, the skills, expertise, and target market of these two designations remain quite distinct in terms of what they emphasise and whom they target. In general, the CFA designation best prepares individuals for investment analysis and portfolio management for high wealth individuals, small business owners, corporations, and nonprofits. On the other hand, the CFP designation provides the best preparation for comprehensive personal financial planning for individuals and families.

The specific skill set that the CFA offers over the CFP are in the area of investment analysis and portfolio management. According to this survey, the CFA prepares the individual very well to analyse corporate financial statements and individual securities, as well as develop strategies and manage investment portfolios for institutional and high wealth individuals. An individual with the CFA designation specialising in investment and portfolio management typically targets institutional-type clients where his/her skills in security analysis, institutional money management, or in corporate finance are best used.

The skill strengths of the CFP remain in the area of comprehensive financial planning. By combining a high degree of knowledge about tax, retirement, estate and insurance planning, the CFP can offer families and individuals comprehensive expert advice. Those with the CFP designation tend to be generalists that typically have individuals as clients, but may also specialise in one or more of the broad areas (ie estate planning, retirement planning, and investments) of financial planning. The research does not indicate that either of the two types of designees offer a lower standard of advice. It does suggest that the CFA provides a more broad range of skills and expertise than does the CFP.

Even though generally the target markets are different, the survey shows that some professionals seek both designations in order to better serve the market for high net worth individuals and families. In that regard, the two designations are not viewed as mutually exclusive but rather they are complementary to each other. Although this survey shows that each designation has particular strengths, the survey also shows that in order to get the best skills in all areas or to serve more than one target market, it might be necessary to obtain more than one designation.

Table 5 outlines the appropriate target markets and the specific skill set of each designation. By clearly understanding the distinctions between the two designations, the financial service provider can better develop an effective marketing strategy. Once the target market is clearly defined, the marketing mix can be more effectively honed to meet that target market's needs. For example, the CFA's promotional challenge will be to communicate with high wealth individuals, small business owners, corporations, nonprofits, and institutional clients, whereas the CFP's promotional efforts will focus on high wealth individuals and families. Information targeting individuals and families will likely be less technical in nature than that going to institutional clients. Similarly, the pricing of the services will reflect the different nature of the target markets. Moreover, the CFA would likely be located in an area of the city where businesses and nonprofits are located, whereas the CFP would more likely choose a location that would be convenient to high wealth individuals and families. Finally, the CFA's and CFP's offering (or product) should capitalise up the skill strengths of its designation, that is, its competitive advantage, and focus on the needs of the target market.

Table 5 Target market and skill set

CFA	*CFP*
Target market	
High wealth individuals	High wealth Individuals
Small business owners	High wealth Families
Corporations	
Non-profits	
Institutional clients	
Specific skill set	
Analyse corporate financial statements	Comprehensive financial planning
Analyse individual securities	Integrated tax, retirement, estate and insurance planning
Develop and manage investment portfolios	
Forecast investment markets	

Because financial services fall into the credence type of service, financial service providers need to supply appropriate signals. The certification functions as a brand for consumers — signalling a certain level of quality and consistency of skills across individuals and serves as an umbrella brand for the individual CFP or CFA. Certified

Public Accountants (CPA) have successfully used the equity in such an umbrella brand for many years ensuring their clients that the accountant has met a minimum set of skills. Likewise, healthcare professionals use board certifications and licenses to ensure users of quality.

This research provides important information for building the overall CFA and CFP brands as well as for the individual CFA and CFP. An effective brand requires consistency and simplicity. Table 5 provides the skills and strengths of each designation that should serve as the backbone of each designation's brand. The individual CFA or CFP can leverage the umbrella brand by reinforcing the designation's message and adding to it consistent messages of their own. For example, the CFP's strength resides in comprehensive financial planning that integrates tax, retirement, estate, and insurance issues. The CFP should build his/her practice around this competitive advantage. Because consumers cannot determine the quality of financial service providers, individual professionals must promote their certification as a valued brand that ensures quality and consistency.

Finally, when conducting the environmental analysis of the marketplace, the CFP and CFA should acknowledge the other designation's skill set and target market. While both designations target high wealth individuals, each has its own distinctive skill strengths. The SWOT analysis should acknowledge each particular financial service provider's strengths and weaknesses and develop the marketing strategy accordingly.

LIMITATIONS AND FUTURE RESEARCH

This research acknowledges several limitations. The data set was based on those individuals who hold both the CFA and CFP designations. Although this offers less bias than comparing those holding only the CFA designation to those holding just the CFP designation, it does open other prejudices. Future research should examine the views of those holding just one of the designations with those holding both designations. In addition, this data set was largely based on views from the United States (75 per cent of the sample). Because these designations are increasingly global, research should reflect a more global constituency.

Although this research sheds some light on choosing a financial service provider, it does not answer the extent to which consumers understand the difference between the two designations, nor does it address the reasons why individuals choose a certain financial adviser. Even though this research illustrates the differences between the skills of these two designations, it does not indicate whether customers understand the qualifications of either or their differences. In sum, this research does not address financial planning services from the consumer's standpoint. These questions should be addressed in future research.

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