Raising the CFP Profile: CEO Kevin Keller Discusses Enforcement

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When Kevin Keller left the Association for Financial Professionals for the top spot at the Certified Financial Planner Board of Standards in 2007, the organization, then based in Denver, faced a crisis of confidence - internally and externally. It didn't help that the group was on its seventh CEO in as many years.

One of the first things Keller did was move the group to Washington. When he set up shop in the capital, his staff numbered only five; the CFP Board now has about 60 employees. Meanwhile, the number of certificants has soared, and the organization is actively engaged in the policy debates shaping the industry's regulatory landscape.

In an interview with Financial Planning, Keller talks about how the organization has revamped, where it's going, and how it hopes to further the professional stature of the financial planning industry. (Highlights of the conversation follow; a longer version of the interview can be found at financial-planning.com.)

When you took the reins in May 2007, you were the seventh CEO in seven years. What was the state of the board at that time?

The CFP Board then was an organization that had a real deficit in its trust bank with its certificant stakeholders. There had been a number of controversial issues over the previous decade - issues about a potential new certification that CFP Board might offer, controversy over how the organization had gone about changing its ethical standards. There was real mistrust.

The mandate that I was given was to move the organization from Denver to D.C., get the office set up and develop a public policy infrastructure, keeping it running the whole time. After we moved in 2007, the whole concept of reaching out and doing a better job of listening was a priority.

The CFP Board didn't have deep roots in the public policy arena - it had done very little, in fact, until that point. But the board of directors felt the CFP Board had a very important message that wasn't being heard in Washington.

Last April, you launched a four-year public-awareness campaign to raise the profile of the CFP professional. What is the goal?

One of the first things we did [after I started] was start going out and talking to CFP certificants in town hall meetings. And what people told us was that they wanted more awareness of the CFP certification. It was surprisingly consistent from city to city: "I've worked really hard to earn my CFP certification. I feel good that I've accomplished the task. I feel like I can provide my clients better service. I just wish more people knew about it."

The primary objective of the campaign is to increase awareness of CFP certification among the public.

Some critics say the $40 million ad blitz isn't worth the higher fees. How do you respond?

Well, we think the additional $145 a year is a small price. Our retention rate - the percentage of people who are invoiced and pay on an annual basis - is 96% to 97%.

Since I arrived, we've grown from about 54,000 to almost 67,000. We're up 22% in five years. Think about that: In the toughest economy in three generations, we've grown the number of CFP certificants over that period. I think that speaks to the value perceived.

What are some of the biggest misconceptions about the CFP credential?

If there's one misconception that I'd like to address, it's how hard it is to become certified. It's certainly not easy. But I believe in some ways the folks who already have become certified perpetuate the mystique about how difficult it is.

There are things we could do. A lot of people enter the educational program and never even sit for the exam. We could help them through the process.

How would you approach that?

We're still looking at ways [to help] once people enter the pipeline - from when they first request information about becoming certified until we get them out the other end, where they've passed the exam. We're seeking to define the pipeline, help more people get out the other end and work with the Financial Planning Association and NAPFA and other organizations to provide a more clearly defined career path.

Since the fiduciary requirement was adopted in July 2008, how has enforcement changed?

It has changed the way our enforcement team looks at cases. The fiduciary standard applies when a certificant is providing financial planning services or material elements of the financial planning process. And so in the enforcement process, [our] disciplinary and ethics commission has to determine whether they were actually providing financial planning services or not.

I think it has made us more credible. And I think it is the future. I would suggest that the Dodd-Frank bill, which gives the SEC permissive authority to enforce a fiduciary standard for broker-dealers, came to many of the same conclusions that we did when we imposed it three years earlier.

Any other changes?

There's been more uniformity across the board in our enforcement process. We have issued sanction guidelines. The richness of the anonymous case histories has increased significantly. Michael Shaw, who runs our enforcement process, came from FINRA and has brought a steady stream of improvements to CFP Board and its enforcement process along the way.

Our objective in the enforcement process is to be fair to all of the participants and to be credible to the public. And to that end, we have added public member representation to the enforcement process and to the hearing process.

What are the next goals?

I think there are four priorities that our board of directors has set out for the future:

1. Increasing the awareness of CFP certification.

2. Growth in the number of CFP certificants.

3. Recognition and regulation of financial planning.

4. Authority - that CFP Board is viewed as the authority in issues around financial planning.

Are there specific growth numbers you've set?

We've averaged 3% to 4% growth over the last four years. If you just extend that out, that takes you to 82,000 certificants over the next five years; you could get to 100,000 without reaching double-digit growth. I think it's somewhere between those two numbers.

We started the public awareness campaign in 2011 with 17% "unaided awareness" among the target market. [Unaided awareness is the percentage of people who, if asked, "Which financial planning designations do you know of?" would answer "CFP" or "certified financial planner."] Wouldn't it be great if, in five years, a third of that market could say it without being prompted?

What are the CFP Board's plans with regard to regulation of the financial planning industry?

There was a window open during Dodd-Frank, and we had a proposal to create a financial planner oversight board. Congress wasn't ready to go there yet, and we understand that. They directed the profession and various organizations to come back and study things, and so we're continuing to work on that.

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