

**ASSURING THE QUALITY OF APPROPRIATE EXAMINATIONS -
RESPONSE TO THE FINANCIAL SERVICES SKILLS COUNCIL'S
CONSULTATION PAPER (EAC04/01)**

The Financial Services Consumer Panel welcomes the opportunity to comment on this Consultation Paper. Nevertheless we are disappointed that the paper refers to seeking views from only employers and practitioners and that we were not sent a copy of the paper. As the protection of consumers and the raising of consumer confidence in the industry are clearly primary objectives of the Skills Council in assuring the quality of 'appropriate' examinations, it is surprising that you have not been as proactive as you might have been in seeking comments from consumer bodies.

Q1 Do you agree that the Skills Council should ensure that appropriate examinations combine the benefits of consumer protection, added value for businesses and better career prospects for individuals?

While it is difficult to disagree with this statement, our primary concern is with consumer protection. If there were any conflict between the benefits, we would expect consumer protection to take precedence.

Q2 Do you agree with the Skills Council's intention to consult widely in order to set examination standards in the form of the Appropriate Examination Modules?

As we said in our introductory comments above, this would be easier to agree with if consumer bodies featured in the list of those the FSSC will consult. In our response to the FSA's consultation on competencies for mortgage advice (CP194), we suggested that value for money should be included in the indicative content for both mortgages and lifetime mortgages. Advisers should help consumers find a good deal, not just an affordable one. We also suggested that advisers should know the limitations of insurance as well as the consequences of not having it. This is particularly relevant to payment protection insurance. Neither suggestion has been adopted. We have not analysed the mortgage advice draft modules in full to see whether any of our other suggestions have been taken into consideration, but on this sample of two, we are concerned that consultation by the Skills Council may be token only.

**Q3 Do you consider the criteria used to assess examinations as appropriate to be
a) relevant and b) comprehensive?**

Our chief interest is the requirement that the examinations test the ability of the candidate to apply combined knowledge and understanding. Most of the modules in the investment advice papers require only knowledge and understanding (and no application, analysis or evaluation). We do not understand how this ties in with the overall requirement for all four modules to be able to apply knowledge and understanding. We prefer the approach used in the mortgage advice modules, where the syllabus requires an ability to apply, analyse and evaluate, leading on from the knowledge and understanding outcomes.

We are also confused by the reference in paragraph 19: 'will require demonstration of knowledge and understanding (at the required attainment levels)'. What are these levels?

Q4 Do you agree that these arrangements will assure the quality of appropriate examinations?

The process looks satisfactory but without knowing the standards of attainment a candidate will have to show it is hard to say whether the quality will be appropriate. The taxonomy of levels of attainment used in the paper explains varieties of skills, but not the skill level. The knowledge and analytical skills, for example, required of a 16 year old at GCSE is different from the knowledge and analytical skills required of an undergraduate. We cannot see how the level of these skills will be provided for. As a result of the FSA's depolarisation proposals, consumers will in future be more conscious that they are paying for advice and will need to be made aware of the fact that different advisers have different qualifications. However, we are unclear how a consumer will find out what professional skills an adviser has (and, importantly, how those skills rank alongside the professional skills of another adviser with different qualifications). It is vital that consumers can readily identify the level of expertise they are entitled to expect from the adviser with whom they engage.

There is a reference through the paper to industry standards for Providing Investment Advice. We are unclear what the status of these standards is.

Q 5, 6 and 7: no comment

Q8 What would be your priorities in the Examination review? Which examinations is it urgent for the Skills Council to review?

We think the Council should prioritise examinations for qualifications to advise on mass market products, or products which have the potential to cause loss to vulnerable consumers, such as the elderly.

Q9 Do you think that sufficient measures are in place to monitor the quality of appropriate examinations as they are delivered?

Our chief concern in this area is to know how the FSA and FSSC will work together to deal with regulatory concerns. For example, we would like to be assured that the process can and will be speeded up to deal with cases where the FSA wishes to impose the regulatory requirement for an examination because of a perceived problem with advice on a particular product. We are pleased that the Memorandum of Understanding between the FSA and the FSSC provides for an exchange of information between the two bodies and trust that this will be one way in which the FSSC will be able to gather intelligence and evidence of any indications that the examinations in specific areas are not delivering appropriate levels of competence.

Q10 Do you agree that the Advice Skills Module will help firms meet the Training and Competence requirements for competence assessment?

It may help, but we think that advice should not be separated from knowledge, even with the provision that examinations will require candidates to be able to show the application of

knowledge and understanding. Our views on this are given more fully in answer to question 3.

Finally, we would like to say how very much we agree with the 'consumer friendly' questions raised by the IMA in the response which we understand they have submitted to your Consultation Paper. From our perspective, it is of course vital that the examination structure ensures that advisers have the expertise they require to provide quality advice to consumers. However, it is equally important that the structure is transparent and readily understandable by consumers so that they know what they can reasonably expect from an adviser and can identify when the advice they actually receive does not match those expectations.

Financial Services Consumer Panel

23 April 2004