THE FUTURE OF INVESTMENT ADVICE

Enhancements to CIMA Certification

By Greta Gloven

Investments & Wealth Institute™ (formerly IMCA) recently released research findings from its latest report, “Defining the Future of Investment Advice: Industry Dynamics & CIMA Job Analysis Study,” conducted in partnership with Human Resources Research Organization™ (HumRRO™). The study explores the process and outcomes of a job analysis of investment professionals worldwide to determine the advanced competencies professionals need to deliver the highest level of investment advice.

JOB ANALYSIS FINDINGS

The quantitative study surveyed 2,050 investment advisors and consultants during August and September 2017, and was augmented with qualitative focus groups with subject matter experts. The survey asked participants to rate a series of knowledge and skill statements using a variety of metrics such as importance, time spent performing a task, level of ability required for tasks, and relevance of certain knowledge required to perform the job. Key findings from the survey include the following:

- Ninety-nine percent of respondents rank applying ethical standards throughout the client process as an important task, and 97 percent say that knowledge of fiduciary responsibilities for different types of clients (e.g., individuals, endowments, trusts, retirement plan clients) are also important.
- Advisors placed substantial emphasis on passive investment vehicles and strategies, with 92 percent of respondents rating it as an important knowledge set.
- A new topic area outlining responsible investing, which includes ESG (environment, social, and governance), impact investing, and socially responsible investing, was rated as important by 72 percent of respondents.
- Advisors demonstrated particular interest in leveraging behavioral economics, with 91 percent saying it is important to customize their own communication style based on clients’ behavioral investment types, and 80 percent believing it is critical to discuss clients’ biases and mental heuristics to illustrate potential impact on outcome.
- Ninety-seven percent felt that investment advisors should understand the types of risk to which clients are exposed, and 98 percent rank managing portfolio risk as an important or critical skill for investment advisors.

“The bar of professionalism continues to rise in our industry,” said Sean Walters, CAE, chief executive officer, Investments & Wealth Institute. “Conducting a job analysis is crucial in order to assess the pulse of the advisory industry and to gain insight into which advanced competencies are needed to better serve clients today.”

“This process will update the CIMA certification standard, and investment and wealth management professionals who pursue the CIMA standard will continue to distinguish their investment expertise in a global and highly competitive marketplace.”

RESULTING CHANGES TO CIMA CERTIFICATION

The Institute regularly conducts job analysis studies to ensure that initial and ongoing certification requirements reflect current professional practices, and to enhance the Certified Investment Management Analyst® (CIMA®) educational programs. The job analysis identified more than 500 knowledge items, skills, and tasks required to effectively perform investment advisor or investment consultant activities.

Based on the study’s findings, the CIMA Certification Commission subsequently revised, consolidated, and simplified the CIMA Core Body of Knowledge into five knowledge domains covering 22 knowledge sections that investment advisors and consultants with at least three years’ experience will be required to know. The following changes were made to the CIMA certification program:

- A new section on real assets will be created.
- Substantial additional emphasis has been made on passive investment vehicles and strategies, including a
new section covering investment philosophies and styles.
- A new topic area outlining responsible investing will include investment analysis and portfolio construction related to ESG factors, impact investing, and socially responsible investing.
- An expanded and consolidated application domain, “Portfolio Construction and Consulting Process,” which includes greater content focus on the application of ethics and fiduciary principles and guidelines, will be included.
- Knowledge and skills related to behavioral finance will be enhanced substantially.
- Knowledge and skills related to portfolio risk management will be enhanced substantially.
- Additional emphasis on tax and regulatory education through the executive education program and ongoing continuing education will be implemented.

Commencing June 1, 2018, the revised body of knowledge will be taught by the program providers that deliver the CIMA executive education program: The Wharton School at the University of Pennsylvania, the Chicago Booth School of Business, Yale School of Management, and the Investment Management Research Program at the University of Technology, Sydney. The revised, integrated CIMA certification exam requirement will be administered commencing August 1, 2018, at Pearson Vue testing centers worldwide.


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