The different environmental conditions under which financial advisors operate create unique challenges in developing and executing financial strategies. For instance, many countries have their own regulations and reporting requirements. Advisors with a strong global mindset know about different financial systems in other countries and engage in practices that help build trusting relationships with clients who operate under these different systems. To succeed in the new economy, these professionals need to possess technical competencies as well as cultural and people-related competencies. The forces of globalization are creating demand for financial professionals who have truly global skill sets and can move beyond being experts to becoming adaptive experts who can identify and solve problems in contexts that are constantly shifting.

In an interconnected world, personnel certification is quickly becoming the new currency for acceptance of qualified persons. Just as having a single currency offers several advantages over each country having its own currency, certifications based on validated global schemes help to foster closer economic cooperation and provide more opportunities for businesses to hire competent persons. People are moving across boundaries, and employers are looking for credentials that are portable. The growing interconnectedness of global economies and technological innovations has also created an environment ripe for the globalization of financial professionals. During the past few years, global demand has spiked for quality certification programs. In some industry segments, the growth has been close to 30–35 percent per annum. This growth is attributed to several benefits associated with certification. The certification programs are short, focus on specific professional competencies, and are not subject to the formal procedures and requirements of a university degree program. A certification program offers tremendous flexibility in delivery; technology has made it possible to offer an exam almost anywhere in the world, including an aircraft carrier. By focusing on evaluation/outcomes, certification allows a person to develop skill by using traditional and nontraditional learning processes. The popularity of certification also has led to its rapid proliferation. The U.S. Department of Labor lists more than 3,200 certification programs and the Financial Industry Regulatory Authority (FINRA) website lists more than 140 financial certification programs.

Despite the increased number of certifications available, the certification world is largely opaque, leaving users unsure of the quality and reliability of organizations offering certifications and the competencies (if any) being communicated through credentials. Many certifications are self-declared and do not provide the skills and competencies needed by employers. In recent years, financial industry regulators, industry representatives, and consumers have reported about financial advisors using “senior designations” to imply to older consumers that they have advanced training or expertise to meet their financial needs. The Consumer Financial Protection Bureau found in its recent study that the consumers find it almost impossible to distinguish financial designations in terms of quality or legitimacy. The report recommended using quality standards and strengthening accountability mechanisms to foster trust and confidence in financial certification.

A Standards-Based Approach to the Globalization of Personnel Certification

Technology is changing the way certification programs are delivered globally and creating entirely new ways of doing busi-
ness, but the transformative powers of these processes will be realized only if these innovations are grounded in quality standards. A standard provides a framework for ensuring quality, transparency, and interoperability. The international and American National Standard ANSI/ISO/IEC 17024, *Conformity assessment—General requirements for bodies operating certification of persons*, provides a global benchmark for quality certification. During recent years, this standard—developed by the International Organization for Standardization (ISO), which represents members from 162 countries—has changed the way certifications are offered, creating a very strong force to globalize personnel certification. This standard was developed by ISO based on the need for public protection by establishing that individuals have the required competencies to perform their jobs. Several government agencies worldwide have recognized the standard as a critical requirement for personnel certification bodies that offer certification in areas related to public health, environment, and national security. Nearly 30 agencies worldwide, mostly government or government-approved, accredit personnel certification bodies based on this standard. The use of a common international standard that is recognized by government agencies, trade associations, industry partners, and professional associations provides a unique opportunity to globalize the certification of persons. Just as the manufacturing and technology innovations in the 1950s were based on the quality movement, the globalization of persons in the 21st century has to be similarly grounded in a quality certification standard.

Figure 1 provides a simple yet powerful visual of the core elements of a standard-based quality certification program.

**Validated competencies.** Competencies are the foundational building blocks in creating a certification program. The competencies should be systematically developed using an empirically derived process such as job/practice analysis. The process should involve the key stakeholders and subject-matter experts. Competencies denote the knowledge, skills, and abilities that an individual needs to perform the tasks.

**Stakeholder involvement.** To be market relevant, the certification should be developed with the involvement of all key stakeholder groups. High-quality certification requires inputs from business, industry, employers, educators, students, regulators, and consumers.

**Evaluation system.** Evaluation is the process of measuring and documenting an individual’s competence to perform required job functions. The certification examination must be fair, valid, and reliable. A valid test correctly measures whether an individual has the necessary competencies for the job. Validity is an indicator to establish that the process measures what it is intended to measure, whereas reliability shows that the test measures a person’s abilities in a consistent manner. The standard requires assessment for initial certification and assessment of continued competence through a recertification process.

**Continuous improvement.** Systematic review of the required competencies and skill standards ensures that they remain updated and relevant to the needs of the changing market. The standard requires certification bodies to institute an ongoing systematic process to ensure that the certification is updated and remains market relevant as skill sets change. Quality improvement processes should be embedded throughout the certification program.

**Development of Innovative Certification Models**

The current certification model is being seriously challenged in light of alternate ways to acquire competencies based on cutting-edge technological initiatives such as massive online open courses (MOOCS). The education world is shifting toward competency-based learning, which is an outcome-based approach to education. Under a competency-based approach, the role of certification becomes critical due to heightened emphasis on assessment. Educational institutions have increased efforts to create certification programs that are independent and firewall-ed from educational departments. Certification with a focus on assessment of competencies becomes extremely critical under a competency-based approach. Adoption of this approach creates a greater need to align the education world with the employment world. Personnel certification can serve as the bridge that connects these two worlds.

Several challenges are associated with the creation of global financial certification programs. These challenges are technical,
LEVERAGING CERTIFICATION STANDARDS  
Continued from page 37

business, and cultural. For instance, the certification body must clearly define the scope of a certification. The certification scope informs the users about the competencies associated with a certification. If the scope of the certification is global, then the certification agency needs to determine how the regional/geographical differences in practice would be incorporated. This may require certification agencies to create a portfolio of stacked certification programs, wherein the core certification scope covers the common competencies required globally, and to which region/country-specific addendums or modules can be stacked to meet the needs of specific economies. Again, the scoping decision must be based on empirical data gathered through a systematic global practice analysis process.

Global flows have served as a common factor in promoting economic growth since the Silk Road days. In today’s knowledge era, movement of people across borders has reached unprecedented levels, leading to the emergence of a global village. According to McKinsey & Company, in the next decade global flows will triple due to use of the Internet and other technological innovations. The global flow of financial certifications offers tremendous opportunities and challenges to the expanding web of global interconnectedness. Financial certifications based on global schemes and international standards can serve as a modern Silk Road to foster investment and wealth creation in this new world.

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