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Financial crisis too important to let politicians resolve, says CIFA head

European advisors to debate potential solutions at Paris forum

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By Megan Harman

Resolving the global financial crisis will require efforts far more extensive than the government actions taken so far, according to an international association representing financial advisors. The Convention of Independent Financial Advisors, a non-governmental organization based in Geneva, Switzerland, is calling for a thorough international debate on the cause of the financial crisis, with the aim of creating a new global economic order.

Politicians alone cannot fix the underlying problems, according to Jean-Pierre Diserens, vice chairman and executive vice president of CIFA. “This is too serious to let the politicians handle it,” said Diserens, who spent a week in Toronto in March meeting with Canadian industry associations such as Advocis about the issue. He says many politicians are partially responsible for causing the problems in the financial system and are therefore unfit to find a solution. “It’s very difficult for the investor or for the consumer to listen to somebody tell you what to do when they got you into the mess you’re in.” Diserens added that many of the rescue efforts so far, including the use of public funds to bail out failing financial institutions, are unfair to taxpayers. “Not only did the individuals lose part of their savings,” he said, “but they’re going to be the ones who have to pay for all the decisions of our politicians.”

CIFA is holding its annual forum in Paris in late April, where financial specialists, industry associations and regulatory bodies will debate the crisis and its potential solutions. It will include representatives from the United Nations, the International Chamber of Commerce and many of CIFA’s industry association partners, which represent 500,000 independent financial advisors, primarily in Europe. Diserens hopes new ideas will emerge on establishing a new global economic order. Changes at the core of the system are necessary in order for confidence to return to financial markets, he said.

“As long as the tone hasn’t changed and the basics haven’t changed, the investors are not going to show a great amount of confidence in what they hear from the politicians, regulators, legislators, and so on,” Diserens said. He added that any effective solution requires international cooperation, which is so far lacking. “There is absolutely no agreement on how to deal with the financial crisis,” he said. CIFA has drafted a charter of investors’ rights, and according to Diserens, these investor rights should be the cornerstone of any changes to the financial system going forward. “What a lot of politicians sometimes forget is that the investor is not an object,” he said. “The investor has the right to be treated like a human being.”

Greg Pollock, president and CEO of Advocis, the Financial Advisors Association of Canada, said it would be worthwhile for Advocis to consider working with CIFA to address global financial issues. “They’re looking at issues that are very similar to the kinds of issues that Advocis is looking at,” Pollock said, pointing to principles-based regulation as one example. “Their initiative makes a lot of sense and is going to be of benefit as we move forward in terms of addressing global financial issues.” Pollock said he would work with the board of Advocis to determine whether the association will become a partner with CIFA.