

Fair Access to the Professions: Call for Evidence

Summary

- The Chartered Insurance Institute welcomes the Panel's commitment to ensuring fairer access to the professions for people from all social backgrounds.
- As a body actively promoting higher standards of professionalism in financial services, we support the Government taking a more active role in initiatives to raise the profile of professionalism. We are keen to see more engagement between professional bodies and Government to make sure that greater professionalism does not lead to greater barriers to entry.
- We would welcome government initiatives, programmes or policies to broaden non-graduate routes to the professions, such as work experience and apprenticeships, and, importantly, to communicate these opportunities and erase any lingering negative perceptions about non-university routes to professions.

A Response by the Chartered Insurance Institute

The Chartered Insurance Institute is the world's leading financial services and insurance professional body. It maintains the professional, ethical and technical standards of the industry. Our 93,000 members in 150 countries make up the world's largest professional body for insurance and financial services.

We welcome the opportunity to respond to the call for evidence from the Panel on Fair Access to the Professions, and strongly support the goal of ensuring fairer access to the professions for people from all social backgrounds.

We have participated in the Professional Associations Research Network (PARN) consultation meeting and group submission, and that submission will show that we support many of the 31 suggestions made in the group response. This individual response gives additional evidence from our specific sector in insurance and financial services. It also contributes our views as a body which has traditionally not been seen as one of the elite professions, but which is undertaking significant steps to promote greater professionalism not just amongst our own members, but throughout the entire industry.

As we encourage our members to undertake a 'step-change' in professionalism to safeguard the public interest, we are keen to prevent greater professionalism from resulting in greater barriers to entry.

We are keen to emphasise non-graduate routes to the professions, and would welcome government initiatives, programmes or policies to broaden these routes, such as work experience and apprenticeships, and, importantly, to communicate these opportunities and erase any lingering negative perceptions about non-university routes to professions.

We are eager to learn how the Panel and its work will fit in with the higher skills agenda and the many bodies involved in FE, HE and working with SSCs. We would like to see a joined up agenda develop across the complex and diverse qualifications landscape, to best support the professions working with these bodies and the general public in taking up the opportunities available.

Finally, this coordination should not be limited to skills and qualifications: the Panel should also consider how socioeconomic factors, the subject of this consultation, will fit in with the six diversity strands and the wider equality and diversity agenda. Many of these strands are intersected. While we have attempted to limit our response to socioeconomic factors as the Panel requests, in reality factors such as gender and race must be considered – particularly as professions have long been viewed by many to be "old boys' clubs".

Background: Insurance and financial services

Insurance and financial services traditionally have not been seen as very high status professions, or indeed professions at all. There is a growing consensus amongst industry practitioners, Government, regulator and consumer bodies that professionalism and standards in UK financial services need to be improved.

The CII has been looking at the role of professional bodies and professionalism in the sector for some time, beginning with an independent report commissioned from

Deloitte on professionalism and reputation – and how we compare with other professions. This report found that the sector is widely perceived to fall short of the standards of behaviour and reputation of other professions. We have also conducted research on the views of MPs towards insurance and financial services when compared to more established professions (doctors, architects etc). The levels of professionalism in financial advice were ranked much lower than the other professions with nearly half of MPs rating financial advisers as “average”, and over a third describing them as “poor” or “very poor”.

Minimum examination standards are approved by the Financial Services Skills Council (FSSC) and firms are required to ensure that individuals maintain their level of technical knowledge and skills. But, there is a view both within and outside the industry that the minimum examination standards are inadequate and that a higher minimum level should be set for the provision of financial advice. Existing standards are not seen to be sufficiently high to establish a public perception of professionalism in the advisor community. In addition, individuals are not felt to be subject to clearly defined requirements for continued professional development (CPD) and standards across the industry vary considerably.

This poor image is not confined to the retail distribution sector: the banks and life companies have also come under attack from several commentators for the complexity of their products and inappropriate level of charges.

As the leading professional body in financial services, the CII has long advocated higher professional standards. We are playing a key role in shaping this debate as the FSA’s Retail Distribution Review comes into effect for the retail financial services market. The need for a better standard in the industry has been made all the more clear by the recent economic downturn. The focus has been on banking, but it is becoming more and more apparent that standards must be raised across the entire financial services sector. Our customers face a worrying time with job security, meeting mortgage payments and ensuring that they and their families are properly protected. We must set out a practical roadmap for the industry to achieve this transition.

We have made it the core of our strategy to encourage members and firms to embrace a step change in professionalism to improve standards of knowledge and services, ultimately resulting in better services for the public. We are optimistic that the profession can and will make this transition successfully over the next few years.

Greater professionalism should not mean greater barriers to entry.

As a sector which traditionally has offered flexible and non-graduate routes of entry, we are keen to make sure that higher standards do not bring about increased barriers to entry. We aspire to be qualified and regulated in the same way as other professions, e.g. doctors, lawyers and architects, but we realise that these professions have traditionally involved greater barriers to entry, particularly financial barriers, than our own.

We hope that the following response will provide a useful evidence base for the Panel, and that our views on how best to support increasing access to our profession and mitigating additional barriers to entry will help the Panel devise constructive and practical ways forward for working together.

Consultation questions

Part I: Background details and facts

How many employees are there in the profession?

Membership of the CII is open to anyone wholly or mainly employed or engaged in work connected with insurance or financial services. The CII offers qualifications for General Insurance practitioners as well as financial advisers in the Personal Finance Society (PFS), part of the CII Group.

What are the qualification requirements for the profession?

Our membership is made up of ordinary members (new people entering the profession or students), and those entitled to use designatory letters: Certificate (level 3); Diploma (level 4); Advanced Diploma and Fellowship (level 5); and Chartered (level 6). We have approximately 32,000 ordinary members/students, 20,000 members qualified to Certificate level, 9,000 members qualified to Diploma level, 25,000 qualified to Advanced level, and 8,000 Fellows.

How many are training to enter the profession at any point in time? How many actual new entrants are there to the profession each year?

Individuals do not have to be CII members to train to enter the profession, so we have no way of knowing the real number of people training to enter the profession at any point in time. However, as a proxy we might consider the number of new members. The CII averaged 1300 new members per month over the 12 month period September 2007 – September 2008, or approximately 16,000 new members for the year.

How many employers are there in the profession? What is the average size of each organisation? What types of organisation (e.g. public, private, third sector) are these?

We collect data on some (but not all) of our members' companies, but this is not necessarily all employers. Approximately 60,000 members have given us information about their employers, some 912 organisations in total. We do not record the size or type of organisation, but believe that most members are likely to be employed in the private sector.

According to International Financial Services, London (IFSL), the number of companies authorized either by the UK or by another European Economic Area member to carry on insurance business in the UK totaled 647 in March 2008. The majority of these are UK-owned.

What proportion of the profession are graduates? Are there non-graduate routes into the profession?

The predominant entry route into the profession is non-graduate. A survey of members undertaken by Deloitte in 2007 found a broad spread of qualification achievements across the sample of CII members: 20% have only achieved 'O'-level/GCSE or equivalent, but 46% have achieved degree or better. However, many feel that the minimum examination standards for the delivery of advice are too low, and that the quality of people entering the industry is too low. The FSA refers in its 2007 Risk Outlook to 'the inability of the sector to attract new talent.'

A key part of the CII's professionalism agenda is raising the minimum level of examination standard to degree standard (level 4), or Advanced Diploma (CII), in accordance with FSA Retail Distribution Review requirements on the retail distribution side, but there is less prescription for general insurance. The benefits of higher professional standards – to the profession but first and foremost to the public – are clearer than ever in the current economic environment.

However, when considering the potential outcomes for the industry, it is also worth noting the risks to which a raising of professional standards could expose the sector. These risks include additional barriers to entry.

Part II: Current issues or barriers to access to the professions

What are the typical routes into the profession? (e.g. are there specific courses or degrees necessary for entry)

Although we do not hold figures anecdotal evidence suggests that the typical entry route into a professional career in insurance or financial advice is to train during employment. Many – about half – of our members have not obtained a university degree. Individuals training for CII qualification have to pass a certain number of compulsory credits, but our qualifications framework has been designed to be as flexible as possible in order to allow candidates from across a very diverse industry to choose a route that satisfies their needs and preferences.

What is the evidence in relation to levels of representation of new entrants to the profession? (e.g. by parental background, school type)

The CII does not collect data about the socioeconomic status of its members or new entrants to the profession. However, it is worth noting that insurance and to a lesser extent financial services may not be representative of the diversity that exists in the current UK workforce in other areas.

71% of CII members are male, and 29% female. This disparity rises to 95% male for members over the age of 66. However, there is more or less an even 50/50 split within the 26-35 age group, and women make up the majority (68%) of members aged 18 or less.

What issues or barriers might potential entrants face in accessing the professions?

While this consultation is focused only on socioeconomic factors, the gender disparity in our profession is important because women as a group still experience a significant pay gap (17% on average, rising to nearly 40% in the financial services sector, according to data from ONS 2006). This puts women, and especially single women, at a particular socioeconomic disadvantage, an intersection we feel should be addressed in the Panel's work going forward.

A related barrier to entry may be the popular image of insurance and financial services. Young people may perceive financial services to be too complex or difficult to pursue as a career, and there is a lack of visible, diverse role models to help convey information about the profession. The widely held image of the profession may still be white, male and middle class, although the data we collect suggest that this is changing, at least in terms of gender.

We would welcome government support to help the professions address this problem, through initiatives such as outreach into schools (which we undertake ourselves with

good success, albeit on a limited basis – see Part III) and other awareness raising. We believe that the right communication is just as important as the developing the right programme, and would encourage initiatives to use social media like Facebook, Bebo, YouTube and MySpace to communicate to young people on their own terms.

Part III: Current initiatives and policies to ensure fair access to the professions

What current initiatives, programmes and policies are currently in place to support fair access to the profession?

The CII is working hard to raise the profile of insurance and financial services in order to attract talent into the industry, collaborating with firms, universities, apprentices and schools. Aside from the continuous need to attract a diverse workforce, there is also the great opportunity for insurance in particular to increase its appeal to a wider variety of applicants – in particular those individuals who in the past considered a career in the City just to mean banking.

Alongside our work in the graduate sector, such as promotional activity at universities, accreditation of prior learning and building relationships with universities through local institutes, we have invested significantly in apprenticeships.

Apprenticeships

We believe that the search for talent does not begin and end at universities. Apprenticeships are a key component in the government's programme to improve the UK skills based and the CII is actively committed to supporting Apprenticeships in insurance and financial services. We are working closely with Apprenticeship providers and employers to bring together supply and demand so as to best meet the needs of our profession. At present there are three Apprenticeships that contain either CII units or qualifications and these cover a number of different pathways.

Apprenticeships are important to financial services as they provide learners with both technical knowledge (eg CII units) and on-the-job competence (NVQ). However our sector has not traditionally engaged with the concept and that is why we are working hard to promote them. Numbers are low in comparison to other sectors though those containing CII units make up the highest number of financial service Apprenticeships – and we are expecting further growth in 2009.

Schools

We have also invested in programmes which reach young people in schools. Many individuals' views on careers are shaped at school, therefore it is important to engage as early as possible. New technologies are playing a part in our reaching out to those students still at school. The CII sponsors content on insurance careers within *b-live*, an interactive careers and community youth site for all secondary school students. Over 5,000 young people have accessed insurance content through the site. In addition we are part of the Financial Education Partnership in Scotland which visits schools promoting careers in financial service. By the end of this year over 300 schools will have been visited.

Work experience

We have noticed a significant gap in the number of work experience placements available. Some of our local institutes, such as Plymouth, have been involved in arranging short placements for students (e.g. a two week placement) with good feedback from all involved. We are also working with FE colleges & universities to design foundation degrees and sandwich degrees that include an element of time in the workplace and the award of professional qualifications to better prepare those wishing to pursue a career in our sector. We would welcome government support to encourage further placements, working with schools, colleges, further and higher education, employers, and our local institutes.

Future plans

We plan to continue to work with the government's Apprenticeship programmes, and hope to expand our offering and distribution channels for information about Apprenticeships. Employers will be more willing to offer Apprenticeships if they have a local training provider that they can work with, at least in the first instance. Increasing the number of providers is an important deliverable.

There needs to be greater promotion of the award to the complete range of employers – in particular the SME market should take advantage of the scheme. In doing so preconceived ideas need to be challenged; indeed many still exist within the FS sector. Interaction with successful Apprentices and their employers will encourage others to become involved once they have seen the benefits of the scheme.

We would also welcome government support in promoting the status of Apprenticeships. Apprenticeships are unlikely to appeal to certain groups within society until there is parity of esteem with other qualifications.

Part IV: Suggested actions to extend fair access to the professions

We have participated in the PARN group meeting and joint response to the Panel, helping to devise many of the 31 specific recommendations put forth in that response. The Panel will see that we support the vast majority of these recommendations for policy options, which fall under six main themes. Please find an overview of the recommendations we wish to stress as very important to us, below.

1. General

The CII supports: the government making a clear statement on the value of professions to the UK economy and social cohesion; creating a 'map' of information and advice sources and funding for career change and becoming a professional; providing funding to enable professional bodies to research the current situation concerning access to the professions so there is an evidence base for future initiatives; and supporting research into the value of professional qualifications for individuals and for broader economic and social benefits.

2. Information, knowledge and aspiration

The CII supports: raising awareness on a variety of professional roles, especially outside the widely known professions such as medicine and law; helping consolidate and supporting production of specific careers literature; encouraging more realistic careers advice; supporting professional bodies in undertaking outreach into schools and colleges; and providing funding for research to investigate barriers to the professions and how to overcome them.

3. Supporting talent to develop

The CII supports: more support for professional bodies to introduce mentoring schemes; outreach into schools; support for partnerships with other organisations that give access to higher education; help with developing, promoting and funding technician type routes and ways of supporting 'on the job' learning and developing; and support for engaging with employers.

The Chartered Insurance Institute

The CII Group is the world's leading professional organisation for insurance and financial services. With over 93,000 members in 150 countries, we are committed to maintaining the highest standards of technical expertise and ethical conduct in the profession:

- **Education:** we offer 43 modules in general insurance and 24 in financial services.
- **Qualifications:** at the Certificate, Diploma and Advanced Diploma and Chartered levels, all recognised within the national Qualifications and Curriculum Framework.
- **Code of Conduct:** to which our members must comply sets out required standards.
- **Continuing Professional Development:** all qualified members are required to undertake various learning activity to maintain their knowledge.

4. *Addressing financial barriers to entry*

The CII supports: creating a website that pulls together all the sources of funding for professional qualifications, that would be searchable by profession.

5. *Encouraging fair selection processes*

The CII supports: the continuing refreshing of the Professional Recruitment Guide; more coordination between FE, HE and SSCs and professional body awards and training efforts, and more clarity about how it all fits together; government funding for education/professional bodies/employer partnerships; a simpler qualifications landscape;

6. *Increasing flexible routes into, and progression within, the professions*

The CII supports: providing support and resources to make people aware that there are flexible routes into the professions; using social media like Facebook, Twitter and Bebo to promote the professions; building on existing programmes for work placements and work experience.

Further Information

If you require anything further from the CII in relation to this particular consultation, please do not hesitate to contact Ana Catalano, Policy & Research Manager (Tel: 020 7417 4782; Email: ana.catalano@cii.co.uk).

**Policy & Public Affairs Department
Chartered Insurance Institute**