

Financial advisor titles: Informational complexity and the role of regulatory simplification

Alex W. Macfarlan, Cathleen D. Zick✉

First published: 05 December 2019

<https://doi.org/10.1111/joca.12290>

Abstract

Today's complex financial markets require high levels of financial literacy that most consumers do not possess. Consumers may choose to mitigate their information disadvantage by hiring a financial professional. In searching for such a professional, however, consumers will find a multitude of financial advising titles that may or may not signal competence, education, and professionalism. Various regulatory bodies, and piecemeal regulation over the past 80 years, have resulted in an incoherent code of law. Two narrow protections for senior citizens specifically address financial credentials, however. These model regulations were drafted by the National Association of Insurance Commissioners (NAIC) and the North American Securities Administrators Association (NASAA) in 2008. This commentary explores why some states have adopted these regulations while others have not and notes the need for research to systematically evaluate the effectiveness of such regulations.

REFERENCES

Angel, J.J. (2011) *On the Regulation of Investment Advisory Services: Where Do We Go from Here?*. Washington, DC: Georgetown University, McDonough School of Business, Center for Financial Markets and Policy Publication.

[Google Scholar](#) 

This website utilizes technologies such as cookies to enable essential site functionality, as well as for analytics, personalization, and targeted advertising. You may change your settings at any time or accept the default settings. You may close this banner to continue with only essential cookies. [Privacy Policy](#)

Manage Preferences

Accept All

Reject Non-Essential

Arman, J. and Shackman, J. (2012) The impact of financial planning designations on financial planner income. *Service Industries Journal*, 32(8), 1393–1409.

[Web of Science®](#)  | [Google Scholar](#) 

Cummings, B.F. (2017) Financial planners and advisors. In: H.K. Baker, G. Filbeck and V. Ricciardi (Eds.) *Financial Behavior: Players, Services, Products, and Markets*. Oxford University Press, pp. 97–117.

[Google Scholar](#) 

Cummings, B.F. and Finke, M.S. (2012) Regulating household financial advice. *Journal of Governance and Regulation*, 1(3), 50–54.

[Google Scholar](#) 

FINRA. (2018) *Financial industry regulatory authority online database*. Available at: <http://www.finra.org/> [Accessed 7th October 2018].

[Google Scholar](#) 

Gray, J.A. (1994) Reforms to improve client protection and compensation against personal financial planners' unethical business practices. *American Business Law Journal*, 32(2), 245–276.

[Web of Science®](#)  | [Google Scholar](#) 

Himstreet, J.O. (2012) Regulation and supervision of financial planning under the securities laws. *Investment Lawyer*, 19(4), 3–15.

[Google Scholar](#) 

Kahneman, D. (2011) *Thinking, Fast and Slow*. New York, NY: Macmillan.

[Google Scholar](#) 

This website utilizes technologies such as cookies to enable essential site functionality, as well as for analytics, personalization, and targeted advertising. You may change your settings at any time or accept the default settings. You may close this banner to continue with only essential cookies. [Privacy Policy](#)

Manage Preferences

Accept All

Reject Non-Essential

[Google Scholar](#) 

Mather, M. (2016) *Fact sheet: aging in the United States*. Population Reference Bureau. Available at: <https://www.prb.org/aging-unitedstates-fact-sheet/> [Accessed 6th May].

[Google Scholar](#) 

National Association of Insurance Commissioners. (2008) *Model Regulation on the Use of Senior Specific Certifications and Professional Designations in the Sale of Life Insurance and Annuities*. Washington, DC: NAIC.

[Google Scholar](#) 

North American Securities Administrators Association. (2008) *NASAA model rule on the use of senior-specific certifications and professional designations*. Available at: http://www.nasaa.org/wp-content/uploads/2011/07/3-Senior_Model_Rule_Adopted.pdf.

[Google Scholar](#) 

Penn, Schoen, and Berland. (2015) *Survey: Americans' use of financial advisors, CFP professionals rises; agree advise should be in their best interest*. CFP Board. Available at: <https://www.cfp.net/news-events/latest-news/2015/09/24/survey-americans-use-of-financial-advisors-cfp-professionals-rises-agree-advice-should-be-in-their-best-interest> [Accessed 7th May].

[Google Scholar](#) 

Population Reference Bureau. (2018) *United States indicators*. Population Reference Bureau. Available at: <https://www.prb.org/usdata/> [Accessed February].

[Google Scholar](#) 

Raskie, S., Herbison, G. and Martin, J. (2017) Do designations attract a more knowledgeable consumer? *Journal of Financial Service Professionals*, 71(6), 80–96.

[Google Scholar](#) 

This website utilizes technologies such as cookies to enable essential site functionality, as well as for analytics, personalization, and targeted advertising. You may change your settings at any time or accept the default settings. You may close this banner to continue with only essential cookies. [Privacy Policy](#)

Manage Preferences

Accept All

Reject Non-Essential

Smith, R.K., Vibhakar, A. and Terry, A. (2008) Demarcating designations: chartered financial analyst and certified financial planner. *Journal of Financial Services Marketing*, 12(4), 299–310.

[Google Scholar](#)

Supreme Court of the United States. (1963) *Securities and Exhcange Commission v. Capital Gains Research Bureau, Inc., et al.* Washington, DC.

[Google Scholar](#)

Thaler, R.H. and Sunstein, C.R. (2009) *Nudge: Improving Decisions about Health, Wealth, and Happiness*. London, England: Penguin.

[Google Scholar](#)

United States Securities and Exchange Commission. (undated) *General information on regulation of investment advisors*. United States Securities and Exhcange Commission. Available at: <https://www.sec.gov/divisions/investment/iaregulation/memoia.htm>.

[Google Scholar](#)

USA.gov. (2019) *State, local, and tribal governments*. Available at: <https://www.usa.gov/state-tribal-governments> [Accessed 20th April].

[Google Scholar](#)

Utah Administrative Code. (2010). *Rule R164-6. Denial, Suspension or Revocation of a License*. Salt Lake City, UT.

[Google Scholar](#)

Citing Literature

This website utilizes technologies such as cookies to enable essential site functionality, as well as for analytics, personalization, and targeted advertising. You may change your settings at any time or accept the default settings. You may close this banner to continue with only essential cookies. [Privacy Policy](#)

Manage Preferences

Accept All

Reject Non-Essential

[Privacy Policy](#)
[Terms of Use](#)
[About Cookies](#)
[Manage Cookies](#)
[Accessibility](#)
[Wiley Research DE&I Statement and Publishing Policies](#)

HELP & SUPPORT

[Contact Us](#)
[Training and Support](#)
[DMCA & Reporting Piracy](#)
[Sitemap](#)

OPPORTUNITIES

[Subscription Agents](#)
[Advertisers & Corporate Partners](#)

CONNECT WITH WILEY

[The Wiley Network](#)
[Wiley Press Room](#)

Copyright © 1999-2025 John Wiley & Sons, Inc or related companies. All rights reserved, including rights for text and data mining and training of artificial intelligence technologies or similar technologies.

WILEY

This website utilizes technologies such as cookies to enable essential site functionality, as well as for analytics, personalization, and targeted advertising. You may change your settings at any time or accept the default settings. You may close this banner to continue with only essential cookies. [Privacy Policy](#)

Manage Preferences

Accept All

Reject Non-Essential