Journal on Banking Financial Services & Insurance Research
Vol. 10, Issue 2, February 2020, Impact Factor: 6.596 ISSN: (2231-4288)
www.skirec.org Email Id: skirec.org@gmail.com

FINANCIAL PLANNING PROFESSION IN INDIA: A LITERATURE REVIEW

Vinod Krishna M. U

1.Research Scholar, Management Studies, Reva University, Bengaluru, India;

The objective of this paper is to present a detailed review of relevant studies on financial planning and related issues in India. The current study advances personal finance literature by presenting recent studies on personal financial planning. The study explores various literature available about financial planning and attempts to list out some of the challenges as well as opportunities for financial planning to be a profession in India. Relevance of personal financial planning for individuals and families has increased in the last decade after 2008-09 global economic downturn. Various studies showing major trends which helped to shape the emergence of the global financial planning profession as we know it today are examined. As issues like longevity, a shrinking workforce, declining wealth, and market complexities increases, opportunities for competent and ethical financial planners who work in the client's interest becomes even more evident. In India, financial advisory and distribution are both managed by a single person or entity. Here the distributor is the agent of both the product provider and customer. This has been found to work against the interests of customers, in the form of high commissions and perverse incentives in sales practices. It is one of the major challenges for the development of Financial Planning as an independent profession.

Current study is an extensive literature review across major countries where financial planning is practiced as an independent profession. Various opportunities and demand for financial planning along with the major challenges faced by the practitioners is elucidated. In India, most of the existing literature is on the consumer behaviour perspective towards financial products and not on the practitioner of financial advising.

This elaborate review of literature has been divided into four sections consisting of financial literacy, financial knowledge, financial planning and regulatory environment in major countries.

Keywords: Financial Intermediation, Financial Service, Personal Finance, Financial Advice, Policy, Regulation

JEL Code: G000, G200, G500, G530, G280

1. INTRODUCTION:

Finance helps in the smooth running of all the aspects of life. Personal finance refers to the financial management of which anindividual or a family unit.Decisions related to earn, to spend, save, and invest monetaryresources over time, taking into account various financial risks and future life events(Bhate& Bansal, 2014).Financial planning is the process of developing a personal roadmap for a family or individual's financialwellbeing. This process requires inputs in the form of personal financial data of the family or an individual such as income, expenditures, assets and liabilities. Also required are the personal goals and requirement of funds to meet that goal with a clearly defined timeline. The output of these inputs is a personal financial plan that tells how to utilize the money in various investment instruments to achievethe goals, keeping in mind the risk of inflation, real returns, and taxes (Bhate& Bansal, 2014). In short, financial planning is defined by Bhate& Bansal as a process of systematically planning one's finances towards achieving ones' short-termand long-term life goals.

Financial Planning for individuals, families and small business owners is popularly known as Personal Financial Planning (PFP). Kapoordefines Personal financial planning as "The process of managing your money to achieve personal economic satisfaction"(Kapoor, 2012). The Certified Financial Planner (CFP)Board in the United States gives a broaddefinition of financial planning: theprocess of determining how to best achieveone's life objectives through managingfinancial resources.

Warschauer (2012) inhis paper suggests one of the comprehensivedefinitions of financial planning. It pointsout that for a successful financial planner, along with technical skills, good communication skills with clients will helpthem to accomplish their financial goals.

"Financial Planning is the processthat takes into account the client'spersonality, financial status and thesocio-economicand legalenvironments and leads to theadoption of strategies and use offinancial tools that are expected toaid in achieving the client's financialgoals."

Rosilyn H. Overton(2008) in her theories of the financial planning profession has explored several literatures from multiple disciplines which are contributing to the theoretical basis of the financial planning profession.A definition of financial planning as values andgoals-driven strategic management of the client's financial resources wasfashioned, and the financial planning process was identified as the strategicplanning process applied to the financial and economic resources of the person or family.

Uncertain economic environment intensifies the importance of wise personal financial decisions. People becoming bankrupt and losing life and people investing their hard-earned money in fraudulent investments are the common difficulties resulting from poor personal financial planning and incomplete information. Well planned Personal Finance leads to Financial Satisfaction and Well–being. As Every person, family, or household has a unique needs and financial position, their financial planning must also be carefully planned to meet specific needs and goals (FPSB,2009).

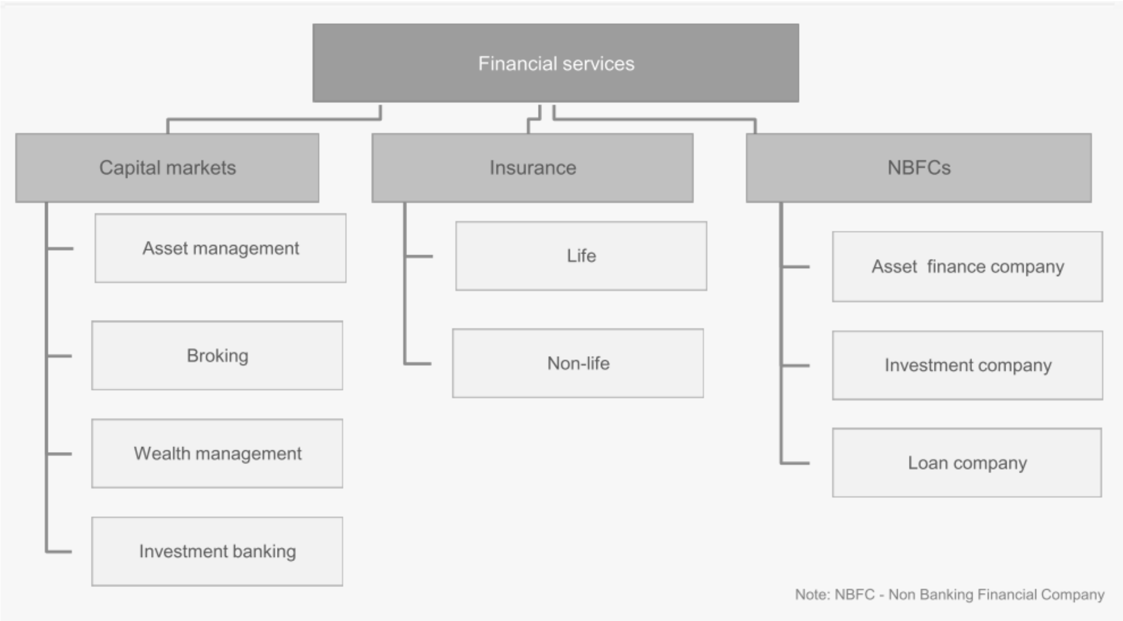
Financial planning is consistently ranked as a profession with good earnings potential, low stress and excellent future job growth in all the major global economies. The US Department of Labor believes that job growth for financial planners will be a whopping 27% throughout 2022. Existing structure of financial advisory consisting of stockbrokers, bankers or insurance advisors make consumer interact with multiple sources for achieving their financial goals. Now, personal financial planners help their clients get all the pieces of the financial puzzle right by providing customized advice. The demand for such services continues to rise (FPSB, 2014).Studies has shown thatthat individuals with higher incomes, educational attainment, and financial literacy are most likely to receive financial advice (J. Collins, 2010). But, Kimiyaghalam, et.al (2016), observes that the traditional financial advisors like solicitors, insurance agent, and real estateagents usually act as a dealer for their products. Kimiyaghalam elaborates that, financial advisors first introduce their financial products and then try to match their products with the needs of customers. This situation is very much applicable to current Indian scenario of financial services, which is predominantly distribution oriented rather than advice oriented. In contrast, financial planners offer financial advice based on the needs of the clients and then look for a product that will suit their requirements (Brimble and Murphy, 2012).

Journal on Banking Financial Services & Insurance Research
Vol. 10, Issue 2, February 2020, Impact Factor: 6.596 ISSN: (2231-4288)
www.skirec.org Email Id: skirec.org@gmail.com

Current structure of Indian Financial Services sector is broadly explained through Figure 1.

Source: IBEF Report on Financial Services, www.ibef.org

Figure 1: Broad structure of Financial Services sector in India



Capital Markets are regulated by Securities and Exchange Board of India (SEBI), Insurance by Insurance Regulatory and Development Authority of India (IRDAI) and Banks and Non-Banking Financial Companies by Reserve Bank of India (RBI). Insurance and Investments, major segments of financial services sector follow distribution modelto reach out to customers.According to Sahoo & Sane, 2011, the intermediary or advisors or agents sells to the consumer but is remunerated by the manufacturer or producer or product provider of the financial services. Regulators of the producer is regulating the advisors too. Advice given from product provider's representative is likely to be biased because the incentives and commissions comes from higher sales by the product provider and not from end customer after his satisfaction.The approach to financial services regulation in India, like in many markets, is oriented towards product regulation.Within the current regulatory framework in India, support for the notion of "financialadvising" or "financial planning" appears to be limited as the sale of financial products is increasingly undertaken within transactional sales relationship (Sahoo & Sane, 2011).

2. LITERATURE REVIEW:

This elaborate review of literature has been divided into four sections consisting of financial literacy, financial knowledge, financial planning and regulatory environment in major countries.

2.1Financial Literacy

"The What, Why and How of Financial Literacy" (February, 2013) by K. C. Chakrabarty, former Deputy Governor of the Reserve Bank of India, addressed a few key issues relating to financial literacy in a country like India. In his address at the stakeholders' workshop on "Financial literacy", organized jointly by the UNDP, NABARD and MicroSave, Mumbai he mainly spoke about the importance of financial literacy, the target audience for financial literacy and the key suggestions to improve the levels of literacy for the growth and development of the nation. He structured his speech around What, Why, Who and How of Financial Literacy.

Concepts of financial planning arise from the financial education given to the individuals to manage their household expenditures, savings and investments. According to Dr. Y.V.Reddy (2006) financial education primarily relates to personal financial education to enable individuals to take effective actions to improve overall well-being and avoid distress in matters that are financial. The Organisation for Economic Cooperation and Development (OECD) defines financial literacy as – "A combination of awareness, knowledge, skill, attitude and behaviour necessary to make sound financial decisions and ultimately achieve individual financial well-being (OECD 2005)." Which means financial literacy is expected to provide the required understanding to individuals to make informed decisions when using financial services. It is not just about markets and investing, but also about saving, budgeting, financial planning, basics of banking and most importantly, about being "Financially Smart" (Dr K C Chakrabarty – 2014).

There is also evidence that financial literacy is a multi-dimensional construct and separately measuring its different dimensions is important. Schicks (2014) finds that while over-indebtedness is lower for borrowers with good debt-literacy, general financial literacy and numeracy seem insufficient to reduce over-indebtedness.

Lusardi &Mitchelli (2007) investigated the causes and consequences of financial illiteracy to betterunderstand why retirement planning is lacking and why so many households arrive close toretirement with little or no wealth. Their review revealed that many households are unfamiliarwith even the most basic economic concepts needed to make saving and investment decisions. There was widespread of financial illiteracy as the young and older people in the United States and othercountries appear woefully under-informed about basic financial concepts.This had serious implicationsfor saving, retirement planning, mortgages, and other decisions.

The report, “Financial Literacy among Working Young in Urban India” (2013), by Sobhesh Kumar Agarwalla, Samir K. Barua, Joshy Jacob, Jayanth R. Varma(IIM-A), presents an investigation of a study on the influence of various socio-demographic factors on different dimensions of financial literacy, among the working young in urban India. The study also investigates the relationship between the dimensions of financial literacy. Adding to the growing empirical understanding of financial literacy across countries, the study provides an analytical basis for enunciating policy to enhance financial literacy of the youth in India.

In spite of various proactive measures taken by governments, regulatory bodies and corporate, financial literacy in India among adults in India is just 24% compared to worldwide rate of 33% as per S&P Global Financial Literacy Survey 2016 (S&P, 2016). As per the factsheet of Financial Literacy and Inclusion Survey 2013-14 by National Centre for Financial Education, financial literacy in Karnataka is 25% and financial inclusion is 15% which is much higher than national level rate of 20% and 11% respectively (Vinod Krishna, et.al., 2019).

The formulation and implementation of the National Strategy for financial education therefore becomes a top priority for the country to educate the new entrants into the financial system. The Indian national strategy was initially prepared by a committee representing all of the country’s financial regulators (Financial Stability and Development Council of India, 2012), and was also peer reviewed by the OECD/INFE. The national strategy for financial education is deemed essential in ensuring that the national financial inclusion policies implemented by the government are successful. Increased levels of financial literacy will be essential to support the national financial inclusion efforts, in particular once the basic financial products such as micro-insurance and pension products are offered to basic bank account holders throughout the country.“National Strategy for Financial Education” (2012), published by the RBI, is an important paper reviewed for this study considering the reliability of the source. The coordinated efforts of the Reserve Bank of India and the Government of India over the last five years have culminated in providing access to banking services to a majority of the Indian population.

In a study presented at ISDSI International Conference at IIM, Trichy, 2017 titled “Can Financial Literacy enhance the scope for Personal Financial Planning? – A study of Bengaluru City”, Vinod Krishna & Ruchi Gupta reiterates that financial inclusion and financial literacy are the two important elements in the RBI’s developmental role. They say that the basic aim of financial literacy is to create awareness about financial planning in the general public. According to them, the most common myth among people in general is that one who is ‘literate’ or ‘rich’ is also ‘financially literate’. Another myth is that financial literacy is more important for adults. The findings from their study is lack of basic financial understanding leads to unproductive investment decisions.Overall awareness or literacy level of people provides vast scope for formally doing a personal financial planning by improving financial literacy across the state of Karnataka, particularly among earning population in Bengaluru city. People from Bengaluru city are improving their financial literacy in terms of risk management using life insurance products. But provide scope for improvement in terms of retirement planning, health insurance, and using credit optimally (Vinod Krishna & Ruchi Gupta, 2017).

Financial literacy is very important for the economic wellbeing of the nation’s future. Improvement in financial literacy will have a positive effect on accessing the personal financial planning services (Vinod Krishna, et. al., 2019).

2.2Financial Knowledge

Understanding the relationship between knowledge of personal financial issues and corresponding financial behaviour is increasingly recognized as an area of critical financial importance. Concepts relating to spending, saving, investing and borrowing are not clearly understood even by literates. Today, it is required by every earning person to think, plan and act on securing their financial future (Vinod Krishna, et.,al., 2019). Increasing life expectancy, rising costs of healthcare and increasing complexities of financial products make it very important to get a basic understanding of personal finance (Sobhesh Kumar, et.,al., 2015). Education is prescribed as a common response for this lack of knowledge (Scott, 2010), with the general assumption that improved financial knowledge will result in more effective financial decision-making. Some evidence indicates that the relationship between knowledge and behaviour is more complicated as improved knowledge does not automatically result in improved behaviour (Braunstein & Welch, 2002). Perry and Morris (2005) suggested that psychological factors, such as locus of control, may mediate the impact of financial knowledge on behaviour.

Previous field studies around the world find that majority of individuals has a low level of financial knowledge (Lusardi & Mitchell, 2008; Lusardi &Tufano, 2009; Van Rooij, Lusardi, &Alessie, 2011). Low financial knowledge is associated with sub-optimal financial outcomes in many areas such as retirement planning (Lusardi & Mitchell, 2007), borrowing decisions (Lusardi &Tufano, 2009), and stock market participation (Van Rooij et al., 2011).

The Financial Industry Regulatory Authority (FINRA) is a self-regulatory agency formed from the former National Association of Securities Dealers (NASD) and certain regulatory functions formerly performed by the New York Stock Exchange (NYSE) in 2007. The FINRA Investor Education Foundation, or FINRA Foundation, exists to provide education to underserved populations regarding the skills, knowledge and tools required to achieve financial literacy. In 2009, the FINRA Foundation, in conjunction with the U.S. Department of the Treasury, conducted the National Financial Capability Study in order to assess Americans' ability in dealing with four key components of financial capability. These are: making ends meet, planning ahead, managing financial products, financial knowledge and decision-making. According to the Survey, financial planning serves as a complement to financial capability: individuals with higher incomes, educational attainment, and levels of financial literacy are most likely to go for financial advice or personal financial planning.

Theoretically, knowledge of how financial markets operate should result in individuals making more effective borrowing decisions (Liebermann & Flint-Goor, 1996). This is generally supported by the available literature as numerous studies indicated that well developed financial skills are necessary for effective money management (Carswell, 2009; Collins, 2007; Haynes-Bordas, Kiss, &Yilmazer, 2009; Scott, 2010). However, the majority of these studies failed to provide a direct link between personal financial knowledge and actual financial behavior. Several studies provided evidence of a link between knowledge and behaviour, though they vary in how knowledge is measured and what behaviours are addressed.

Chen and Volpe (1998) established a link between financial knowledge and financial decisions. Based on a 36-item measure of knowledge, more knowledgeable respondents achieved higher scores on hypothetical spending, investment, and insurance decisions when compared with less knowledgeable respondents. More knowledgeable respondents were also more likely to keep financial records.

Borden et al. (2008) presented findings that questioned the link between knowledge and behaviour, as they did not note any significant relationship between financial knowledge and effective financial behaviour. The results presented by Borden et al. (2008) suggested that greater knowledge may improve intentions towards more responsible behaviour.

Among the general population, there is some evidence that financial knowledge and financial behaviour may be positively related. Hilgert, Hogarth, and Beverly (2003) examined the correlation between financial knowledge and actual behaviour among the general population in the United States. They measured knowledge using the 28-question Financial IQ measure that is included in the Survey of Consumer Finances, which deals with aspects of cash-flow management, credit management, savings, investments, mortgage information, and other financial-management topics (Hilgert et al., 2003). The researchers noted significant correlations between credit management scores and scores on the composite measure of financial knowledge. Lusardi and Mitchell (2006) analysed retired households, indicating that greater knowledge was associated with planning and succeeding in retirement planning, as well as investing in complex assets such as stocks. Further research by Lusardi and Mitchell (2007) indicated that more knowledgeable Americans thought more about retirement.Research by Courchane (2005) indicated that self-assessed knowledge was one of the most significant factors in determining financial behaviour. However, research has made it clear that people do not always have a full understanding of their own level of financial knowledge (Courchane, 2005).Financial satisfaction is an individual's subjective perception of the adequacy of his or her own financial resources (Hira & Mugenda, 1998). Financial satisfaction has long been acknowledged as a component of well-being (Campbell, Converse, & Rodgers, 1976) and has received attention in studies on wellness related stressors such as financial strain, risk management issues, locus of control and employment issues (Porter & Garman, 1993).

According to Vinod Krishna, et., al., (2019), financial Satisfaction of an individual predominantly depends on meeting the financial goals by applying his or her financial literacy (measured using Financial Knowledge) or using financial planning (best practices) concepts. Their study also proved that personal financial planning has a significant impact on financial satisfaction.The study concluded that income has the most significant impact on financial satisfaction, followed by financial planning, age, financial knowledge, education and financial confidence. They also concluded that respondents below the taxable slab of income (between Rs.1,00,000 to Rs.2,50,000) lack the required financial literacy and in turn are unaware of financial planning (best practices) concepts.

2.3Financial Planning

The term Financial Planning is considered synonymous with Investment Planning. The investment planning is part of overall financial plan. Gitman& Bacon (1985) had written a paper which provides a conceptualunderstanding of the comprehensive personal financial planning process and its role in the financial services sector.Accordingly, the main areas of planning under personal financial planning are as follows: Tax planning, Cash flow planning, Investments, Risk management, Retirement planning, Estate planning. The Personal Financial planning involves complete financial profile of an individual with his/her family. Lin & Lin (2008) observed that Personal Financial Planning involves managing all the money activities during his/her lifetime. Traditional personal financial planning procedures begin with the planner's financial status, goals, and expectations for the future before future cash flows for meeting the goals with different time.

Most of the studies, literature reviews about financial planning were concentrating on the customer or consumer perspective and their behavioural aspects towards financial products like insurance, mutual funds. The literatures based on studies with Indian context are predominantly about the people availing insurance and other equity market products. Very less literature has been found about the practitioner of the financial planning profession in India.

Various literatures referred conclude that the CERTIFIED FINANCIAL PLANNER credential is the most desired and respected global certification for those seeking to demonstrate their commitment to competent and ethical financial planning practice. CERTIFIED FINANCIAL PLANNER professionals meet initial and ongoing education, experience and professional development requirements, pass a rigorous exam that assesses competency, and adhere to a code of ethics, pledging to provide financial planning in the interests of clients and with the highest ethical and professional standard(https://www.fpsb.org/cfp-certification/). Researchers have established that Personal Financial Planning as a new profession with CFP certification across the globe. It has all the characteristics required for a profession.Already many countries have recognised it as a profession. As per 2018-year end, 181,360 CFPs are spread across 26 countries worldwide.

As of 1 April 2019, the CFPCM certification program in India is directly administered by U.S.-based Financial Planning Standards Board Ltd. (FPSB Ltd.), owner of the international CERTIFIED FINANCIAL PLANNER certification program outside the United States. (https://www.fpsb.org/member/financial-planning-standards-board-india/),(https://india.fpsb.org/)

According to FPSB, financial planning as a "process of developing strategies to help people manage their financial affairs to meet life goals." CFP Certification rated as the "Gold Standard" in Financial Planning by the Wall Street Journal in the year 2006. CFP certification is acknowledged as one of the Upcoming Certification in financial services in India by "The Week" in 2004 (FPSB, 2008).

Along with financial education, concepts of financial planning helps in mobilizing savings into fruitful investments matching the life stage goals of the individual investors. Grable, J.E.E. Al, (2005) elaborates on the personal financial planning. He observes that the "practice" of financial planning has become more sophisticated in the past several decades. The use of quantitative techniques to develop mean/variance optimal portfolios and probabilistic simulation models of asset spending, for example, has provided an air of scientific validity to planning. Yet all the computer sophistication available to planners is of limited value without an accurate understanding of the client. Truly successful financial planning will require advancement in advisor ability to know the client.

The lack of theoretical development also poses a risk to the recognition of financial planning as a profession. While financial planning can be traced to a variety of theories, including home economics; agency theory; Modigliani's life cycle theory; Markowitz's modern portfolio theory through the Capital Asset pricing Model (CAPM) and Efficient Market Hypothesis (EMH), there is no formal body of theory available for financial planning (Warschauer 2002; Black, Ciccotello and Skipper, 2002). A stand-alone theory for financial planning would enhance the stature of the profession and assist the public in understanding why financial planning is performed (Altfest, 2004).

In 2002, Guy Cumbie, then chair of the Financial Planning Association (FPA), bemoaned the "embarrassingly gaping hole in the personal financial plan-ning profession's body of knowledge in the area of planning" (Accounting Today, 2002). Warschauer, meanwhile, has observed that "we have poor theory to guide the practice of financial planning" (2002), while Black Jr. et al point out that "the PFP field has evolved largely devoid of a theoretical foundation" (2002).

An empirical study by Rosilyn H. Overton (2007) provides the theoretical bases of personal financial planning to be called as a profession. It explored various governing disciplines and their contribution to the field of personal financial planning.The study showed that financial planning is the value and goals driven application of strategic management to the client's financial and economic resources, and that the financial planning process is an adaptation of the strategic planning process to the client's financial and economic goals. According to Ms. Overton, the theoretical body of knowledge of financial planning represents the integration into a comprehensive whole of a variety of theories from multiple disciplines.

Like many other professional services, after all, financial planning possesses high credence properties (Sharma and Patterson, 1999), which means that the quality of the service is difficult to judge, even after it has been delivered. Personal Financial Planning (PFP) for individuals, families and small business owners is a profession that has been gaining in the number of practitioners and clients, and in acceptance since its formal inception on December 13, 1969 Dunton (1969).

According to Greenspan (2003), one of the reasons for the rapid expansion of personal financial planning field is due to increasing complexity in managing personal financial matters in the past 40 years .Importance of planning in managing personal finances is explained by G. G. Kumaraswamy Naidu and Ali Mohammad Anwer (2004). According to them, personal financial planning entails planning for one's financial needs, present as well as future, while keeping in mind of one's income. The monthly cash inflows have to be adequately distributed between spending and accumulating wealth. Wealth is defined as the valueof total assets one owns, less the liabilities.

Personal financial planning is also influenced by Psychology and the new entity called Behavioural Finance (Nimish Shah 2004). Once the primary needs of Psychological, Safety, Social, Esteem and Self-Actualization (Maslow, 1954) are met, people are more willing to consider the achievement of higher-order needs which include personal development, and securing a better future for themselves and those they love (Callan, V.J., Faicd, F. & Johnson, M., 2002). According to Meenu Verma(2007) today, all these needs can be satisfied if a person has a very essential resource – Money. Money has become the bedrock of satisfying ones needs and achieving one's goals in life.

In managing their personal financial affairs, people are attempting to achieve a level of financial independence that allows them to meet not only their basic human needs, but also higher-level needs for self-development and self- improvement (Callan, V.J., Faicd, F. & Johnson, M., 2002). According to Vechalekar, N.M., 2000, investor's main objective is to earn higher returns keeping in mind the risk and liquidity factor. With this objective in mind, an investor is looking out for various investment avenues. Most people consider themselves to be risk-avoiders rather than risk-takers. People will make decisions in which they are willing to accept a certain small return rather than a larger, but uncertain profit, from their financial decisions.

Financial Planner Board of Standards, Inc. (CFP Board, 2009) found that while consumers are concerned about preparing for retirement and managing income once retired, nearly two thirds of those surveyed do not have a written financial plan. (CFP Board. (2009) National Consumer Survey on Personal Finance, from http://www.cfp.net/downloads/) In a worldwide research over a period of two years and published by FPSB Research in 2014, over 11,800 CFPs responded to FPSB's questionnaire and the analysis enumerated nineteen different taskswhich are important to a personal financial planner (FPSB Research, 2014). The study focused on the tasks, skills and knowledge necessary for the practice of financial planning.

2.4 Regulatory Environment

Regulatory environment from various countries where financial planning has been recognised as a profession with Certified Financial Planning as the certificate of recognition has been studied. The synopsis of the study has been tabulated for ease of comparison (FPSB, 2008).

S. No.	Country	Regulations	Notes
1.	Australia	Corporations Act, 2001 Financial Services Reform (FSR) Act, 2001 Australian Securities and Investments Commission (ASIC) Act 2001	1. Primary regulator is AISC. 2. Single licensing regime for sales, advice and dealings in relation to financial products. 3. Complete range of financial products and services included. 4. On FPA recommendedfor the members to move from commission based to fee-based model of financial advisory.
2.	Canada	Securities Act - National Instrument 14-101, 1997	1. Canada has regulators of securities and financial services in each province. 2. National level SROs regulate product sales for mutual funds and securities. 3. Investment Funds Institute of Canada (IFIC) supports the work of the Canadian Securities Administrators (CSA) aimed at streamlining Canada's current securities regulatory system.
3.	Malaysia	Capital Market and Services Act (CMSA), 2007 Insurance Act 1996	1. Financial Planning is regulated by two authorities – the Securities Commission provides under CMSA the definition for Financial Planning, whereas the Central Bank provides under the Insurance Act the guidelines for Financial Advisers. 2. CFP Certification is an eligible qualification.
4.	New Zealand (NZ)	Financial Advisers Act 2008	1. The Financial Advisers Act covers aspects of practice including authorization, definitions, registration, etc. under the supervision of Securities Commission. 2. It is proposed that the key elements will be set by subsidiary legislation called

			Regulations and there will be a Code which will set out competency requirements and ethics and practice standards for the financial advisers.
5.	South Africa	Financial Services Board Act, (Act 97 of 1990) ("FSB Act")	1. The Financial Services Board (FSB) regulates the activities of all financial service providers who give advisory and intermediary service. 2. The Act requires licensing of such service providers and governing their conduct through a code of conduct and specific enforcement measures.
6.	UK	Financial Services and Markets Act (FSMA) 2000	1. Financial Services Authority (FSA), an independent body with statutory powers, regulates business and requires that all investment businesses apply for authorization through their respective SRO. 2. FSA is accountable to Parliament, though it is operationally independent of Government and is funded entirely by the firms it regulates. 3. FSA stopped the commission-based system of adviser remuneration in 2012. The charges would be decided by the consumers and would no longer be determined by the product providers.
7.	USA	Investment Advisers Act,1940 and Investors Protection Act (Proposed), 2009	1. The Act regulates investment advisers who furnish advice relating to securities. 2. It requires that firms or sole practitioners compensated for advising on securities investments register with the SEC if assets under management exceed $25 million. The advisers below this limit must register at the state level. 3. The Financial Planning Coalition, consisting of CFP Board, the Financial Planning Association, and the National Association of Personal Financial Advisors, recommends the creation of a professional oversight board for financial planners that would set and enforce competency and ethical standards in the delivery of financial planning advice, subject to SEC oversight.

Journal on Banking Financial Services & Insurance Research
Vol. 10, Issue 2, February 2020, Impact Factor: 6.596 ISSN: (2231-4288)
www.skirec.org Email Id: skirec.org@gmail.com

			4. Investor Protection Act 2009 proposes consistent standards, disclosures amongst others.

At present, financial planning is not considered as a profession in India as per the Income Tax Act, 1961. According to the Act, occupation, practice, or vocation requiring mastery of a complex set of knowledge and skills through formal education and/or practical experience. Every organized profession (accounting, law, medicine, etc.) is governed by its respective professional body. It was observed by Indian Supreme Court in CIT vs. Manmohan Das (1966) 59 ITR 699 (SC) that *a profession involves occupation requiring purely intellectual or manual skills.*The following have been listed out as professions in section 44AA of Income Tax Act, 1961and notified thereunder (Notifications No. SO-17(E) dated 12.1.77 and No. SO 2675 dated 25.9.1992):

1. Accountancy
2. Architectural
3. Authorised Representative
4. Company Secretary
5. Engineering
6. Film Artists/Actors, Cameraman, Director, Singer, Story-writer, etc.
7. Interior Decoration
8. Legal
9. Medical
10. Technical Consultancy

The following activities are considered as business:

1. Advertising agent
2. Clearing, forwarding and shipping agents - CIT v. JeevanlalLallubhai& Co. [1994] 206 ITR 548 (Bom).
3. Couriers
4. **Insurance agent**
5. Nursing home
6. Stock and share broking and dealing in shares and securities -CIT v. LallubhaiNagardas& Sons [1993] 204 ITR 93 (Bom).
7. Travel agent

As Insurance Agent is recognised as business activity, due consideration should be given to financial planning in accordance with other major countries where it is a recognised profession.

Journal on Banking Financial Services & Insurance Research
Vol. 10, Issue 2, February 2020, Impact Factor: 6.596 ISSN: (2231-4288)
www.skirec.org Email Id: skirec.org@gmail.com

To meet the socio-economic changes and demographics requirement, this list needs updating in accordance with the global trends. In the United States, United Kingdom and Australia, there are already legislations passed to make financial planning as a recognised profession. This will help a large youth population of India to choose a recognised and rewarding career to become an employee or an entrepreneur and also extends the reach of various financial services companies.

3. INFERENCES & SUGGESTIONS

Based on the suggestions of practitioners, it is suggested to continue the existing regulatory body for financial services products.However, in the current regulatory approach, the focus ends up being primarily on regulation of the product and the producer with very little focus on the mode of financial advice and distribution. In India is an agent/advisor who can sell products of several mutual funds and an insurance company. Investors/customers can receive very different information about products, which are similar in economic terms, depending on which product provider is paying a higher commission. Stoughton, Wu, and Zechner (2011) find that kickbacks to advisers from product providers are always associated with higher portfolio management fees and negatively impact fund performance, regardless of investor understanding.Therefore, a complete segregation of advice from distribution to solve the incentive-compatibility problem arising out of conflict of interest is recommended. Accordingly,financial plannersto be the agents of the customer, while distributors to be the agents of the product provider. In this regard, Financial Advisers Bill with provision for setting up of a professional body to develop, regulate and certify the profession of financial planners is recommended and also to include financial planning as a recognised profession under section 44AA, Income Tax Act, 1961(Sahoo& Sane, 2011).

4. CONCLUSION

A detailed extensive study of Certified Financial Planners and other financial advisors who are posing themselves as financial planners in Indian financial services with a detailed quantitative analysis should be taken up on the multiple factors. Granting of professional status to financial planning with a unified regulatory and certification body for financial planners will help a large population of graduates coming out of Indian universities and will spread financial literacy across the country.

There are quite a few academic research articles in the field of financial services in general and personal financial planning in particular. Universities adopting Personal Financial Planning as one of the optional subjects in post-graduation programmes like Master of Business Administration will develop this multidisciplinary body of study even further.

REFERENCES

1. Anon, (2007) A Report On Financial Planners In The Growing Economy Like India, The Indian Institute of Planning and Management, New Delhi
2. Agarwal, Sumit&Amromin, Gene & Ben-David, Itzhak &Chomsisengphet, Souphala&Evanoff, Douglas., Financial Literacy and Financial Planning: Evidence from India, Journal of Housing Economics, 2010, 27. . 10.2139/ssrn.1728831.
3. Arundhati Bhattacharya, Growing Opportunities in Financial Planning, Financial Planning Journal, October-November 2014, Page 7
4. Authority, D., Delhi, N. & Ladies, D., 2006. Y V Reddy : The role of financial education – the Indian case. , (September), pp.1–6.
5. Bhandari, G., Deaves, R., &Hassanein, K. (2008). Debiasing Investors with Decision Support Systems: An experimental investigation. Decision Support Systems, Volume 46(1), pp 399-410.
6. Bhate, N., & Bansal, A. (2014). Personal Financial Planning : A Review. Altius Shodh Journal of Management & Commerce.
7. Bill Martin (2017). The Smart Financial Advisor: How financial advisors can thrive by embracing fintech and goal based investing. Harriman House Limited, Ebook.
8. Brimble, M., & Murphy, B. (2012). Past, Present, and Future: The Role of the Tertiary Sector in Supporting the Development of the Financial Planning Profession. Journal of Business Ethics and Education, Forthcoming.
9. Bruce, K. (2011). Global Financial Planning Education Standards. Journal of Modern Accounting and Auditing, 7(11), 1169–1178.
10. Brynjolfsson, Erik (2012). Big Data: The Management Revolution. Harvard Business Review, October, pp 1-12.
11. Callan, V.J., Faicd, F. & Johnson, M., 2002. Some guidelines for financial planners in measuring and advising clients about their levels of risk tolerance. Journal of Personal Finance, 1(1), pp.31–44.
12. Casas, A. (2008). Informatics: Proposing a New Information Technology Discipline for Financial Planning. Journal of Financial Planning, 21(4). 62-68.
13. Cliff A. Robb and Ann S. Woodyard, Financial Knowledge and Best Practice Behavior, Journal of Financial Counseling and Planning, Volume 22, Issue 1 2011.
14. Collins, J. M. (2010). A Review of Financial Advice Models and the Take-Up of Financial Advice A Review of Financial Advice Models and the Take-Up of Financial Advice, (September), 68.
15. Collins, J. M. (2010). A Review of Financial Advice Models and the Take-Up of Financial Advice A Review of Financial Advice Models and the Take-Up of Financial Advice, (September), 68.
16. Connors, S. (2013). Where have you been all my life? How the financial services industry can unlock the value in Big Data. Pwc.
17. Courchane, M.,Consumer literacy and creditworthiness. Proceedings, Federal Reserve Bank of Chicago, 2005.
18. Cull, M and Sloan, T (2016), Characteristics of Trust in Personal Financial Planning, Financial Planning Research Journal, page 12-35.
19. Cull, M. (2015). The role of trust in personal financial planning, PhD Dissertation, University of Western Sydney, Digital Thesis Database Repository.
20. Davenport, Thomas H.; Patil, DJ (2012). Data Scientist: The Sexiest Job of the 21st Century. Harvard Business Review, October, pp 70-76.

21. Divya Joseph, 2014, A STUDY ON FINANCIAL INCLUSION AND FINANCIAL LITERACY - International Journal of Business and Administration Research Review, Vol.2, Issue.4, Jan-March,
22. Divya Joseph, A Study On Financial Inclusion And Financial Literacy, International Journal of Business and Administration Research Review, 2014, Vol.2, Issue.4, Jan-March.
23. Dr. Dhananjay Bapat, Marketing of Financial Services, Wiley India
24. Dr. M.V.Subha, P.Shanmugha Priya, The Emerging Role of Financial Literacy Financial Planning, IJISET - International Journal of Innovative Science, Engineering & Technology, 2014, Vol. 1 Issue 5, ISSN 2348 – 7968.
25. Dr. Upendra Singh, Financial Literacy and Financial Stability are two aspects of Efficient Economy, Journal of Finance, Accounting and Management, 2014, 5(2), 59-76.
26. Dr.M.V.Subha , P.Shanmugha Priya, 2014, The Emerging Role of Financial Literacy Financial Planning, IJISET - International Journal of Innovative Science, Engineering & Technology, Vol. 1 Issue 5, Juy 2014., ISSN 2348 – 7968
27. E. Denby Brandon, Jr., H. Oliver Welch (2009) The History of Financial Planning: The Transformation of Financial Services, John Wiley & Sons
28. Estelami, H. (2007). The Challenges of Marketing Financial Services. In Marketing Financial Services (pp. 1–72). Retrieved from http://www.bnet.fordham.edu/estelami/fsmbooksample.pdf
29. Fabrizio Sarrocco,Vincenzo Morabito, and Gregor Meyer (2016). Exploring Next Generation Financial Services : The Big Data Revolution. Accenture, Pages 12.
30. Factsheet Karnataka - NCFE-Financial Literacy and Inclusion Survey (NCFE-FLIS) for assessing the state of financial literacy and financial inclusion.2014
31. Financial Inclusion and Financial Literacy: A Comparative Study in their interrelation between selected urban and rural areas in the state of West Bengal, Shubhra Biswas (Sinha1) , Arindam Gupta, IOSR Journal of Economics and Finance (IOSR-JEF) e-ISSN: 2321-5933, p-ISSN: 2321-5925.PP 67-72
32. Financial Literacy & Education: Present Scenario in India Sumitkumar &Dr.Md. Anees, Volume-3, Issue-6, December-2013, ISSN No.: 2250-0758 International Journal of Engineering and Management Research, Page Number: 83-87
33. Financial Literacy among Working Young in Urban India, SOBHESH KUMAR AGARWALLA, SAMIR K. BARUA, JOSHY JACOB and JAYANTH R. VARMA, World Development Vol. 67, pp. 101–109, 2015, 0305-750X
34. Financial Literacy and its Determinants, P. Bhushan et al., International Journal of Engineering, Business and Enterprise Applications, 4(2), March-May, 2013, pp. 155-160
35. Financial Literacy and Management of Personal Finance: A Review of Recent Literatures Matewos Kebede (Ph.D. Candidate), Dr. NavkihiranjitDalhual Kaur, Dr. JasmeendeepKuar (Associate Professor), Research Journal of Finance and Accounting www.iiste.org, ISSN 2222-1697 (Paper) ISSN 2222-2847 (Online), Vol.6, No.13, 201
36. Financial Literacy Around the World: INSIGHTS FROM THE S&P GLOBAL FINLIT SURVEY, Leora Klapper, Annamaria Lusardi, and Peter van Oudheusden, with the support of Jake Hess and Saniya Ansar. 2015
37. FINANCIAL LITERACY IN INDIA -S&P Survey 2015

38. Financial Literacy In India, S&P Survey, 2015.
39. Financial Literacy, Financial Decisions, and the Demand for Financial Services: Evidence from India and Indonesia, Shawn Cole, Thomas Sampson, Bilal Zia Working Paper - Harvard Business School 2009
40. Financial Literacy: The Indian Story Lavanya Rekha Bahadur, World Journal of Social Sciences Vol. 5. No. 3. September 2015 Issue. Pp.45 – 57
41. FPA. (2009). Six Principles for financial planner remuneration 1 . Clients must be able to understand the fees they are paying. FPA, (October 2009), 1–12.
42. FPSB India, Report June 2015
43. FPSB, (2016). Fintech and the Future of Financial Planning, Financial Planning Standards Board, October.
44. FPSB, Global Practice of Financial Planning, 2014, FPSB Research, pp 4.
45. FPSB. (2008). Financial Planning : An Emerging Career in the Financial Services
46. FPSB. (2009) The State of the Financial Planning Profession in the " Post-Trust " Era: FPSB Research.
47. FPSB. (2014). The Global Practice of Financial Planning. FPSB Research.
48. G. G.Kumaraswamy Naidu and Ali Mohammad Anwer (2004), Personal Financial Planning – Plan for Your Future in Portfolio Organizer (a magazine by ICFAI University Press 2004)
49. Gaskell, J., & Ashton, J. (2008). Developing a financial services planning profession in the UK: An examination of past and present developments. Journal of Financial Regulation and Compliance, 16(2), 159–172. https://doi.org/10.1108/13581980810869805
50. Ghazwan Khalid Ouda, (2016). Application of Business Intelligence in the Financial Services Industry. International Journal of Innovation and Scientific Research, pp 135-145.
51. Gitman, LJ; Bacon, PW (1985) Comprehensive personal financial planning: An emerging opportunity. Journal of Financial Education, - JSTOR
52. Grimes, Paul, (2016). FINTECH : Financial Technology and how it might Impact the Financial Services Industry, The Financial Professional, 5(2), pp. 2-5.
53. IIPM. (2006). " A REPORT ON FINANCIAL PLANNERS IN THE GROWING ECONOMY LIKE INDIA ." IIPM.
54. Indian Institute of Banking & Finance (2007) Introduction to Financial Planning 2nd Edition, TaxMann Publications
55. Irving, K. A., Gallery, G.T., Gallery, N., and Newton, C. J. (2011). 'I can't get no satisfaction'...or can I? A study of satisfaction with financial planning and client wellbeing'. Journal of the Australian Society of Security Analysts, 2, pp. 36-44.
56. Joo, S. and Garman, E.T. (1998). Workers want more than retirement education at their workplace: A report of research findings, Personal Finances and Worker Productivity, 2:2, pp.156- 161.
57. Joo, S., Personal financial wellness, J. J. (Ed). Handbook of Consumer Finance Research , New York, NY: Springer Science + Business Media, 2008, pp. 21 -33.
58. K C Chakrabarty, The what, why, who and how of financial literacy, Address by Dr K C Chakrabarty, Deputy Governor of the Reserve Bank of India, at the stakeholders' workshop on "Financial literacy", organized jointly by the UNDP, NABARD and MicroSave, Mumbai, 2013.

59. K C Chakrabarty: The what, why, who and how of financial literacy, Address by Dr K C Chakrabarty, Deputy Governor of the Reserve Bank of India, at the stakeholders' workshop on "Financial literacy", organized jointly by the UNDP, NABARD and MicroSave, Mumbai, 4 February 2013.
60. Kapoor, Jack R (College of DuPage), Dlabay Less R (Lake Forest College), Hughes, R. J. C. C. C. (2012). PERSONAL FINANCE (10th Edition) The McGraw-Hill/Irwin Series.
61. Kelleher, S. (2007). The Financial Planners ' dilemma. Financial Planning Journal, (December), 32–38.
62. Kimiyaghalam, F., Safari, M., &Mansori, S. (2016). Who Seeks A Financial Planner ? A Review of Literature. Journal for Studies in Management Planning, 2(7), 170–189.
63. Kitces M (2014). What Comes After CFP Certification? Finding Your Niche Or Specialization With Post-CFP Designations.
64. Lavanya Rekha Bahadur, Financial Literacy: The Indian Story World Journal of Social Sciences, World Journal of Social Sciences, 2015, Vol. 5. No. 3.Issue. Pp.45 – 57.
65. Leora Klapper, Annamaria Lusardi, and Peter van Oudheusden, with the support of Jake Hess and Saniya Ansar, Financial Literacy Around the World: Insights From The S&P Global Finlit Survey, The S&P Global Financial Survey, 2015.
66. Lin, CY Chiang; Lin, CC (2008). Personal financial planning based on fuzzy multiple objective programming. Expert Systems with Applications. Elsevier.
67. Lusardi, A., & Mitchell, O. S., Baby Boomer retirement security: The roles of planning, financial literacy, and housing wealth., Journal of Monetary Economics, 2007, 54, 205-224.
68. M. Sahoo and Renuka Sane, A regulatory approach to financial product advice and distribution, Indira Gandhi Institute of Development Research, Mumbai, 15 November 2011
69. Martin Nissenbaum and et. Al., Ernst & Young's Personal Financial Planning Guide, 5th Edition, 2004, John Wiley & Sons
70. Matewos Kebede, Dr. NavkiranjitDalhual Kaur, Dr. Jasmeen Deep Kaur (Associate Professor), Financial Literacy and Management of Personal Finance: A Review of Recent Literatures, Research Journal of Finance and Accounting, www.iiste.org, ISSN 2222-1697 (Paper) ISSN 2222-2847 (Online), Vol.6, No.13, 201.
71. Meenu Verma, Financial Planning – Challenges before the investors, ICFAI University Press, 2007
72. Mishra, D. L. (2012). Is Financial Planning Advisory evolving as a new profession in India? Asian Journal of Research in Banking and Finance, 2(6, June 2012), 99–121.
73. Murphy, B., & Watts, T. (2009). Financial Planning in Australia: industry or profession? Banking & Finance, 14, 1–24.
74. NCFE-Financial Literacy and Inclusion Survey (NCFE-FLIS), Fact Sheet Karnataka, 2014.
75. Nimish Shah, Personal Financial Planning – Behavioral Aspects, ICFAI University Press, 2004
76. Overton RH (2008). Theories of The Financial Planning Profession. Journal of Personal Finance 7, 13-41.
77. P. Bhushan et al., Financial Literacy and its Determinants, International Journal of

Engineering, Business and Enterprise Applications, 2013, 4(2), March-May, pp. 155-160.
78. Paper, C. (2009). Financial Planner Remuneration, (April), 1–8.
79. Parag Parikh (2009), Value Investing and Behavioral Finance, Tata McGraw Hill
80. Prasanna Chandra, (2008), Investment Analysis and Portfolio Management, 3rd Edition, McGraw Hill
81. Rosilyn H. Overton (2007) An Empirical Study of Financial Planning Theory and Practice, Ph.D Thesis, Google Books
82. Rudolph, Stephen, Savikhin, Anya, Ebert, David S. (2009). FinVis: Applied Visual Analytics for Personal Financial Planning. VAST 09 - IEEE Symposium on Visual Analytics Science and Technology, Proceedings, pp.195-202.
83. Sahoo, M., & Sane, R. (2011). A regulatory approach to financial product advice and distribution, (December), 53. Retrieved from http://www.igidr.ac.in/pdf/publication/WP-2011-029.pdf
84. Savikhin A.C. (2013) The Application of Visual Analytics to Financial Decision-Making and Risk Management: Notes from Behavioural Economics. In: Lemieux V. (eds) Financial Analysis and Risk Management. Springer, Berlin, Heidelberg.
85. Shawn Cole, Thomas Sampson, Bilal Zia, Financial Literacy, Financial Decisions, and the Demand for Financial Services: Evidence from India and Indonesia, Harvard Business School, 2009.
86. Shubhra Biswas (Sinha1), Arindam Gupta, Financial Inclusion and Financial Literacy: A Comparative Study in their interrelation between selected urban and rural areas in the state of West Bengal, IOSR Journal of Economics and Finance (IOSR-JEF), e-ISSN: 2321-5933, p-ISSN: 2321-5925.PP 67-72.
87. Sobhesh Kumar Agarwalla, Samir K. Barua, Joshy Jacob And Jayanth R. Varma, Financial Literacy among Working Young in Urban India, World Development, 2015, Vol. 67, pp. 101–109, 0305-750X
88. Sumitkumar& Dr. Md. Anees, Financial Literacy & Education: Present Scenario in India, International Journal of Engineering and Management Research, 2013, Volume-3, Issue-6, ISSN No.: 2250-0758 Page Number: 83-87.
89. Sussman, L., &Dubofsky, D. (2009). The Changing Role of the Financial Planner Part 1:Prescriptions for Coaching and Life Planning. Journal of Financial Planning, 22(8), 50–56.
90. Sussman, L., &Dubofsky, D. (2009). The Changing Role of the Financial Planner Part 2: Prescriptions for Coaching and Life Planning. Journal of Financial Planning, 22(9), 48–57.
91. Thaler, R. H., &Benartzi, S.,Save more tomorrow: Using behavioral economics to increase employee saving., Journal of Political Economy, 2003, 112(1), S164-S187.
92. Vechalekar, N.M., 2000. Perception of Indian Investor towards investment in mutual funds with special reference to MIP Funds, pp.66–74.
93. Vinod Krishna M. U, Effect of Financial Literacy on Personal Financial Planning: a Study of Bengaluru City " International Journal of Business and Management Invention (IJBMI), vol. 08, no. 02, 2019, pp 08-18
94. Volpe R. P., Chen, H., & Liu, S., An analysis of the importance of personal finance topics and the level of knowledge possessed by working adults., Financial Services Review, 2006, 15(1), 81-99.
95. W. Goetzmann and A. Kumar (2008). Equity portfolio diversification. Review of

Finance, 12(3), pp 433-463.

96. W. Wright. (1980). Cognitive information processing biases: Implications for producers and users of financial information. Decision Sciences, 11, pp 284-298.
97. Warschauer, Thomas(PhD, CFP); Sciglimpaglia, Donald (PhD). (2012). The economic benefits of personal financial planning: An empirical analysis. Financial Services Review. 21, 3; pg. 195
98. Zvi Bodie, Alex Kane, Alan J Marcus, Pitabas Mohanty (2009), Investments, 8th Edition, McGraw Hill