This is not Business as Usual – Students Beware: The Crunch Bites

There is a real unease and uncertainty amid the masses at the moment: confidence was most certainly a major factor in creating and compounding the problems of the credit crunch. As of yet there have been no solid signs of this changing. The age-old adage of ‘once bitten twice shy’ seems to be ever more appropriate with even middle class England being left jobless and homeless in these times of recession.

So, how does this leave the lowly graduate? Fresh from a sheltered life in academia they emerge in the market with their university edition rose-tinted spectacles, full of vigour, and ready for a seamless career path to the stars. This illusion is soon shattered, bitten by the ‘real world’. Influential economist David Blanchflower warns ‘long term unemployment could impress “permanent scars” on Generation Crunch’. Even that nametag sends shudders down the spine.

In the recent Guardian poll of ‘100 of the best known companies’ it stated that 1 in 6 graduate jobs had been cut, with 47% of the City’s roles already being slashed.

Light at the End of the Tunnel

However, is this the same across the entire market? With the infamous collapse of financial services, are the students who selected this topic as their degree specialisation doomed to follow the McJob route or fight for a blue collar future? Or amidst this gloom is there a light at the end of the tunnel?

The plans are in place for change. In order to restore confidence and change people’s perceptions of financial advice from merely rhetoric for sales by overly enthusiastic commission based salesmen, the quality of the advice, or of the advisers’ qualifications, has to be improved. The FSA commissioned Retail Distribution Review (RDR) will impose just this. Advisers now know what qualifications they must attain by 2012 to comply or will they not be allowed to practice.

Such is the inverse relationship between quality and quantity that by raising one the other will fall. This has already happened: Tenet Group’s Keith Richards explained there were 350,000 financial advisers in 1985 and currently only 40,000. The market expects another exodus of IFAs in 2012 with the more mature advisers deciding against jumping through the RDR dictated hoops to enable them to continue with their careers.

Door of Opportunity

And herein lies the much trumpeted paradox of the industry: the numbers of advisers are falling but the need for advice is undoubtedly at its highest. With recent reckless levels of credit given by the banks, and an almost hedonistic tendency towards instant gratification shown by the public, financial planning is a must for the country’s recovery plan.

Thus the door of opportunity opens wide. The attraction doesn’t lie in its desperation for quality graduates, (in truth indifference can be a more attractive quality,) but in the job description. The role of an IFA really does require people who not only possess the ability to manipulate numbers and advise on future cash flows, but to understand people and truly build ongoing and lasting relationships based on trust and understanding. The industry needs the innovation and youthful exuberance that graduates have to offer, the public need a sympathetic ear of a peer who can offer reasoned solutions to their personal problems.
It is this relational aspect that really separates financial planning from the competition. With this consultative and personal manner of the established relationships the IFA career path also lends itself to the entrepreneurial mind like no other. It is common to hear of advisers learning their trade inside a larger organisation and then leaving the shelter of their mother's wing to set up their own business.

Financial planning is set to become an integral service in society, those credit crunch scars a constant reminder of what can happen without some prudence and rational thought of the future. The main repercussions of the RDR will only really be felt in 2012 (apart from in the classrooms) but the time to push financial advice is most definitely upon us. Any canny graduate would be foolish not to look at what this career has to offer, and note to self: an IFA is not a salesman!