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CFA - THE NEW ELITE IN THE WORLD OF INVESTMENT BANKING & HIGH FINANCE

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Patients who are sick go to doctors who have gone through the rigorous training of medical school, plaintiffs and criminals seek out qualified lawyers who have passed the bar exams. So who does CEOs and CFOs of the corporate world seek out when they need financial advice in corporate mergers and acquisitions?

Enter the Chartered Financial Analyst (or CFA in short). The CFA qualification is a graduate-level, certification program for people who are or who intend to be investment specialists administered by the recently renamed CFA Institute, formerly known as the Association of Investment Management & Research (AIMR). Designed to broaden and deepen knowledge of the entire disciplines of investment management and portfolio management, the CFA program is not for the faint hearted. However, graduates of this program receive an internationally renowned and highly regarded professional designation that is recognized in most countries throughout the world, from top tier global finance centers like New York and London to Singapore, Hong Kong and even smaller financial centers like Bahrain and Dubai. More importantly, a research by Robert Walters Associate, a lead global recruitment consultancy revealed in a 2002 global survey that CFAs are almost guaranteed to lift salary package in some cases by up to 32% within the finance and investment banking industry.

In Thailand although the number of CFA charterholders is small - some 200, the number of candidates enrolling in the CFA program is beginning to increase steadily. "Since the first CFA charter was awarded in Thailand only 13 years ago, the program has grown tremendously in popularity here," said Mr. Chanitr Chanchainarong, president of the Thai Society of Investment Professionals (TSIP), the local society of the CFA Institute, which administers the CFA program.

This year alone, more than 400 candidates in Thailand sat for the Level 1 June Examination of the 3-year program, which took place last Sunday 6 June at the Bangkok International Convention Center. Total number of candidates for all 3 levels of the examination is close to a thousand. Even more candidates are expected to sign up for the December examination by the time the third and final registration closes on 13 September 2004.

What are the reasons for the phenomenal growth for professionals and executives to obtain their CFA designation? Part of this stems from the scandals involving investment bankers, stock analysts and brokers for perceived conflict of interest and unethical behavior. This leads to regulators and market watchers starting to favor making designations like the CFA program mandatory for all analysts to restore credibility to the beleaguered profession.

This is the case in Thailand when the SEC plans to pass a regulation requiring all research analysts to obtain a minimum CFA Level 1 in order to work in these professions, a similar requirement imposed on Fund Managers which has been in effect for several years now. "We have seen very significant increases in the numbers of candidate enrolments, particularly in the last three years. This trend is likely to continue for two very important reasons: (i) The SEC's recent ruling that securities analysts and portfolio managers are required to pass CFA Level I; and (ii) the establishment of Bangkok as a test centre for the second annual CFA Level I examination held in December," said Mr Chanitr.

Recognizing the prestige, credibility and demand for CFA charterholders worldwide, the CFA Institute has added a second examination in December for CFA Level 1 candidates. Bangkok's appointment as a testing centre for this additional examination has contributed to the demand by local candidates for this universally recognized standard for Investment and Finance Professionals.

Besides the recognition that comes with being a CFA charterholder, that CFA charterholders command a premium pay amongst investment professionals has also added to the attraction of putting oneself through the grueling demands of the curriculum despite the seemingly high costs involved to pursue the program. A 2003 survey by the CFA Institute reveals that the average candidate spends about US\$1,250 to complete the Level 1 curriculum alone. Assistance in meeting these costs can come from CFA Institute's scholarships available through local charter societies such as TSIP, as well as employers including blue chip investment banks like Goldman Sachs, Merrill Lynch & Co. and JP Morgan among others.

Although this cost may seem high in absolute terms, it is very affordable when comparing with an MBA program that commands a similar level of prestige and global acceptance. As an example, enrollment fees at the world-renowned INSEAD MBA program will set a candidate back by 40,000 Euros or about 2 million Baht equivalent for the 10-month program. Even an MBA with a top-tier Graduate Business School in Thailand would set the candidate back between 200,000 to 1,000,000 Baht for a 2-year program.

And what kind of clout does a CFA has? Plenty it seems if a survey by a CFA Institute poll of 110 randomly selected financial professionals is any indication. When asked to indicate how effective certain financial designations were for providing investment advice, on a scale of 1 to 5 - 5 being the highest - the CFA scored 4.4 while the MBA received only a 2.9.

And it does seem to make a difference. Merrill Lynch, which employs more CFA charterholders than any other firm, has been ranked first or tied for first in the prestigious Institutional Investor research poll since 1995.

For more information about the CFA program, please log on to www.aimr.org. You can also contact Financial Services Academy at Tel: (02) 636 9013-4 or Email: info@fs-academy.com for more information about their CFA preparatory courses.