

### Accredited Financial Planner in Korea

Accreditation requirements for the Accredited Financial Planner (AFP) program are discussed. Limitations and prospects for the program are also noted.

**Jung-Hai Yoon, Inha University, Korea<sup>1</sup>**  
**Sanghee Sohn, Taejon University, Korea<sup>2</sup>**

With rapidly increasing household income until 1997, increasing numbers of dual-income families, increasing economic problems associated with old age, and increasing job loss resulting from the Korean economic crisis, many consumers in Korea find themselves in need of professional advice to achieve economic security. Along with this, banks, insurance companies, and securities firms often provide financial advising services to meet consumer needs. Most of these, however, only deal with a specific financial service or product, a more narrow focus than one would expect from a financial planner. In addition, most financial advisors are suspected to be slanted toward the products sold by the firm they represent. Recognizing a shortage of competent, comprehensive and independent financial advising services, and hoping to provide students in consumer-related fields of study with competence for the job in this area, The Korean Society of Consumer Studies (KSCS) decided to develop a program to accredit financial planners at its convention in 1995. After extensive planning the Accredited Financial Planner (AFP) program was launched in 1997.

An AFP is expected to provide professional advice in personal budgeting, life cycle financial planning, retirement planning, taxes, insurance, investments, estate planning, credit management, and financial independence. To become an AFP, candidates must meet the education and training requirements summarized in Table 1. The education requirement can be met through course work provided by universities or workshops provided by the KSCS.

Table 1  
Accreditation Requirements for the AFP in Korea.

Education Requirement	<u>5 required courses (or approved substitute courses)</u> : Consumer Science, Household Economics, Consumer Financial Planning, Investment and Insurance, and Research Methods <u>2 optional courses from the following</u> : Financial Planning Practice, Consumer Finance, Korean Household Welfare, Family Resource Management, Life-Cycle Planning, Economics, Principles of Accounting, Consumer Law and Policy, Consumer Counseling, and Private Law
Training Requirement	Minimum of 40 hours of training in financial service institutions or a one-credit course, On-the-Job Practice

The AFP program in Korea has several limitations. The primary one is that the education and training requirements seem too weak to produce students having all the skills and knowledge valued by potential employers. Because one major reason for developing the AFP program was to promote consumer studies in Korean universities, education requirements had to fit into existing university curricula. This suggests a potential need to develop standards for a higher level financial planner license in the future.

There are currently 26 AFPs in Korea, with more AFP licensees expected in the coming years. It is important that efforts be made to help the public understand what the AFP designation means, to help AFP licensees gain the recognition they deserve, and to extend possible job markets for AFPs. The need for credible financial planners will not diminish due to the current economic crisis; rather the crisis could actually increase the need for appropriately trained financial advisors.

#### Endnotes

1. Professor, Department of Consumer, Child, and Family Studies.
2. Assistant Professor, Department of Home Management.