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COLUMN

Purpose, Professionalism and the Rise of Trust

Every year CFA Institute stages its Annual Conference for the global investment management profession. This year we were in Hong Kong and Paul Smith, CFA, President and CEO of CFA Institute, delivered the keynote speech with an overview of the state of the asset management industry. In his speech he emphasized the issue of trust.

Our profession creates real value for our clients and for the communities we serve. We don't say this nearly enough, not to regulators, not to employers and not to the general public. If we are to have a sustainable and rewarding future, we must do better and proclaim our sense of purpose. What is that purpose? Well, our industry's future depends on proving two simple things to both institutional and private clients. Firstly, that their interest lies at the core of what we do. Secondly, that we see a pivotal role for finance in helping communities attain their objectives – both financially and socially.

In essence, this is the very definition of professionalism, which is needed to make our world a better place. With purpose and professionalism, we can – over time – rebuild trust. And when we earn trust, we earn a sustainable future.

Investing is no longer just about financial performance, but should also be measured with social parameters.

To advance the cause of capitalism with purpose, we have four key resources at hand – trust, the history of our profession, lessons from emerging markets and the skills and energy of all of us who are working in the industry.

Trust is on the rise and we now see clear improvements. Three quarters of retail and professional investors say it is important that their fund managers employ investment professionals with credentials from respected industry organizations such as the CFA or VBA charter. There is only one way to build trust – and that is to put the client's interest first. CFA Institute stands for fiduciary duty, and for improving outcomes for investors by acting in their interest. Full stop.

Our second resource is history. Back in the 19th century, the work of raising capital and rewarding investors for funding rapid economic expansion was often seen as aligned with the broader public interest. More recently, our profession has lost its way. Too much activity seems disconnected from client interests. But we can change this, by driving forward our ethical standards and champion more transparency.

Our third tool is the emerging economies. The amount of funding needed in this part of the world is enormous – an estimated USD 3 trillion for new infrastructure each year. We will need to find new channels of funding to make this work. Building bridges between retail investors – underserved in today's environment – and opportunities in emerging economies might prove rewarding for all concerned.

The final resource is You who is working in the industry. You have the unique power to shape the future – by leveraging your local relationships and expertise to positively impact the investment industry in your community. The more you connect our industry with its purpose, the better the outcomes for your clients will be.

What is finance for? Back in time finance created more economic advantage. It was a mechanism to see that everyone got a chance. It did not guarantee outcomes, but it did provide openings. That sounds deeply relevant today. Let us seize this common sense of purpose. Let us harness our energy, our ethical standards, and our goodwill. In order to do great things and to drive great change. «