



TOP STORIES

Appreciating Value of the CFA Charter

Jul 10 2007

By **Jon Jacobs**

Is the Chartered Financial Analyst program a victim of its own success, awarding so many charters that its market value is diluted? In a word, no.

Several eFC readers responded to our past stories about the CFA designation by asserting the charter is no longer viewed as a mark of distinction by finance industry professionals. So, we put the question directly to a number of financial-career professionals. None voiced any reservations about the respect or value a CFA charter confers on a job-seeker.

"Getting through all three levels of the CFA is a great achievement.... I don't hear from any of the business people I work with that it's lost any of its luster," said Barbara Smith, head of campus recruiting in North America for JPMorgan Chase.

"It's looked upon as a badge of honor," added Glenn Buggy, a partner in the asset management and wealth management practice at CTPartners, the worldwide executive search firm formerly known as Christian & Timbers.

Indeed, in conversations with dozens of retainer and contingency recruiters, Wall Street hiring managers, career counselors, and career management authors, we have yet to hear even one say the program's luster has faded.

Most Don't Earn the Charter

To be sure, the CFA is more useful in some financial fields than others. A spot check of 30 recent eFC job postings containing the phrase "portfolio manager" found 13 that mentioned a CFA charter or program participation as preferred or required. However, a similar check using the phrase "investment banker" found just three out of 30 referenced the CFA program.

The number of CFA holders - and the number of people progressing through the three-stage program - has rocketed in the past decade and a half. There are now 78,000 CFA charter holders. In 1990, the number was just 10,000. Some 140,000 candidates registered to take one of the three CFA exams during the year ended June 30, 2007, a 20 percent increase from the previous year.

Only 19 percent of candidates who enter the program end up getting the charter, says Robert R. Johnson, managing director of the CFA Institute's education division.

The charter's value doesn't come through scarcity, says Johnson. Rather, it stems from recognition that those who attain the charter meet a high standard. The worldwide expansion of the program is, in part, a reflection of that growing recognition. For instance, Johnson says the central banks of Korea and Singapore have made CFA participation mandatory for certain positions.

'MBA on Steroids'

Recruiters share that view.

"The CFA is still a really valid credential. It's still as hard as ever to achieve it, and I think it still adds a lot of value," says Sandy Gross, managing partner and founder of Pinetum Partners LLC. She even likens the designation to "an MBA on steroids," due to the program's focus on investment knowledge.

While noting that actual experience is more important than any formal credential, Gross says a CFA charter brings credibility because it signals a job-seeker's commitment. With so many individuals now angling to enter the hedge fund world, her recruiting specialty, she says, "The people that are taking the time or showing the initiative to get the CFA are showing that they're really serious about wanting to go into hedge funds, as opposed to simply saying, 'I want to go into hedge funds.'"

CTPartners' Glenn Buggy calls the charter better than an MBA for the asset management roles he recruits for. "To be able to play in the game now, you have to have the most modern financial tool kit that you can," Buggy says. "It's not diluted at all. You need to have it in order to be able to compete for the best positions."

For junior or entry-level applicants, having the charter improves a candidate's odds of getting an offer from the most desirable employers, Buggy says. That tends to translate into better compensation.

His colleague Dennis Grant calls the designation "a plus" for portfolio manager roles in hedge funds he covers - but not a requirement. "I've never had anybody come to me and say, 'I'm not going to hire this guy because he doesn't have a CFA,'" Grant says.

In a recent presentation to the New York Society of Security Analysts, Vicky Oliver, author of *301 Smart Answers to Tough Interview Questions*, placed the absence of a CFA at the top of her list of barriers to getting one's first financial job. "If you possibly can, I would say that you should become a charter holder," Oliver said. "I think if you don't have the CFA, that is a big barrier and you need to be prepared to discuss why you don't have it."