

Naysayers missing point of reforms for advisers

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Financial advisers must undertake further qualifications

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Negative reports continue to confront Australia's financial advice industry, particularly in the context of the Hayne royal commission into financial services misconduct, as well as ongoing debate among its own industry participants.

One of the key themes is the educational reforms intended to achieve professional recognition.

While most practitioners have welcomed the focus, and the changes, there remains a small minority that oppose the changes the Financial Adviser Standard and Ethics Authority (FASEA) has set down for the advice industry. The regulatory bar has been raised. This means certain requirements must now be met in order not only to continue to be registered as an adviser with ASIC but to more broadly enable "professionalisation".

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We are at the beginning of a new dawn in financial advice and FASEA's rollout to meet these concerns is a positive, especially around public confidence. A minimum standard of degree with a minimum industry postgraduate is essential to becoming a profession and matching other professions such as law and accounting.

In introducing a code of ethics, minimum educational standards, and standardised continuing professional development, FASEA is a positive for the advice industry in its intent. It supports what the public, regulators and government is demanding: delivery of a homogenous, well-regulated and qualified industry, one where the interests of clients are paramount.

Yet some will find the time frames to complete onerous, especially with the demands of full-time practice. Compliance time has been built into the FASEA timetable.

By December 31, 2020, all advisers must complete and pass the FASEA industry exam in order to remain registered. In addition to the FASEA exam, by January 1, 2024, all advisers must have either an approved degree, an approved or relevant degree with completion of a bridging course or a non-relevant degree, or no degree with the completion of a graduate diploma.

I hold a Bachelor of Business in Accountancy, a Post Graduate Diploma in Applied Finance and an MBA. In addition to the FASEA exam I am required to do three bridging course subjects.

I welcome the opportunity to extend and improve my qualifications, meet the requirements and at the same time, deliver better client service and knowledge.

I have already commenced Ethics, the first of the bridging subjects. Critics of the FASEA path argue you cannot teach ethics or trust. However, Clare Payne in her book *A Matter of Trust: The Practice of Ethics in Finance*, points out that a profession adheres to ethical standards, across an industry with a common code of ethics, applicable to all.

Ms Payne argues that a profession is "subject to codes and standards and importantly, are held individually accountable for their actions when representing their profession". The critics miss the point in their argument. This is about a common study of the FASEA code of ethics that is applicable to all — not just about ethics generally.

In terms of workload, I will admit, the quantity of reading is extensive, and more than I appreciated while also doing my day job — and I am doing just one subject. The demand can be even more onerous for those needing more extensive qualifications.

While critics of FASEA are calling for longer time to complete the required study, some arguing for up to 10 years, a line must be drawn with respect to completing the requirements in a sensible timeline. Ten years is too far away.

The FASEA exam when announced was to be completed with a two-year timeline, yet was only available for enrolment on May 13 this year. The online version will not be available until the beginning of 2020. FASEA might thus consider giving everyone the opportunity to complete the requirements within two years by extending the deadline to December 31, 2021.

Likewise, I believe the time for completion of the bridging courses and graduate diplomas need to be extended by two years to January 1, 2026. Why?

- The extent of work required for the completion of each subject. In the case of having to complete a full graduate diploma and continuing to work, this allows no opportunity to take a semester off, or repeating a subject due to failure, and doing one subject a semester.
- We want to encourage the women that work in our industry. The time frame cannot reasonably consider women that want to have a family.
- There are more than 24,000 registered advisers in Australia. If we were to see 25 per cent leave the industry as we did when the UK brought in similar regulations, this would create an adviser shortage. Ensuring existing advisers have the time required will minimise the potential fallout from those who will exit the industry.

When regulation is introduced it sometimes need to be tweaked to be sensible at the same time continuing to draw a line on an outcome that is necessary.

Adjusting the timelines for the completion of the FASEA requirements is sensible in order to maintain the strength of our industry.

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