

In March 2015, the Australian Government produced a consultation paper "Lifting the professional, ethical and educational standards in the financial services industry". This response is provided by the Australian Business Deans Council (ABDC) as part of this consultation process.

### **About ABDC**

The Australian Business Deans Council (ABDC) is the authoritative and collective voice of pro vice-chancellors, executive deans and heads of all university business faculties and schools in Australia. ABDC member schools graduate one-in-three university students in Australia (and three-in-five international university students).<sup>1</sup> ABDC's mission is to advance and promote excellence in business education and research through engagement across universities, industry, the government and the community.

Since 2011 the ABDC has commissioned the development of learning standards (see appendix 1) in business for Bachelor Degrees (Australian Qualifications Framework (AQF) Level 7) and Coursework Masters Degrees (AQF Level 9) in accounting (2011), marketing (2012) and economics (2013).

More specifically, in November 2014 the ABDC endorsed learning standards at Australian Bachelor and Masters (Coursework) levels in finance (AQF Levels 7 and 9)<sup>2</sup>. The development of these finance learning standards (see appendix 2) was in consultation with industry and was to assist member schools meet requirements under the TEQSA Act 2011. Development was supported by funds provided by the Australian Government Office for Learning and Teaching.

The finance learning standards are not restricted in their application to the corporate finance sector but include the broader finance community at the personal and institutional level including: financial planners, financial institutions, insurance companies, superannuation funds, not-for-profit organisations, government and local authorities as well as individuals. They apply in a global context.

Two issues of importance were highlighted in the finance learning standards.

1. A graduate developing ethical standards was debated at length with all stakeholders (including employer groups) in the consultation process. It was resolved that ethics should be considered in the context of all finance learning standards and other issues relating to society. The finance learning standards at AQF Levels 7 and 9 included ethics within the learning domain of "judgement" as follows:

"Judgement; exercise judgement, under guidance, to apply financial solutions using ethical, social, regulatory, economic, sustainability and global perspectives".

2. The level of supervision required by employers of graduates was also debated widely. The document relating to the finance learning standards (page 6) states that "employers are expected to provide context, training and guidance to graduates from experienced finance professionals in the application of the finance learning standards to enable recent finance graduates to work independently".

At AQF Level 9, the extent of required supervision is expected to be less.

<sup>1</sup> Calculated from Department of Education and Training, 'Management & Commerce Completion Count' plus Economics data provided on request, 2013 [Higher Education Statistics \(uCube\)](#).

<sup>2</sup> Refer <http://www.abdc.edu.au/pages/finance-learning-standards.html>

Shiller (2012) notes the importance of finance professionals being able to understand the “intricacies” of the organisation and being able to “communicate that knowledge to the client”. In the development of the ABDC-endorsed finance learning standards the working party was mindful that finance graduates need to be able to appreciate the discipline in the context of society and the need to be conscious of overall society goals and values. Hence, the learning domain of “reflection” being included in the finance learning standards. This element is important in the context of instilling public confidence in the financial services industry as outlined in the roundtable meeting convened by the Hon. Josh Frydenberg, Assistant Treasurer of the Commonwealth of Australia at the ASIC offices in Sydney on 29 April, 2015.

### **ABDC Position**

ABDC welcomes the opportunity to provide further input into this consultation process and welcome a model that will further lift public confidence in the financial services industry. ABDC fully endorses any action to strengthen the financial services industry and commends the work undertaken at this stage. ABDC also confirms the commitment of universities and academics in continuing to be actively involved in assisting in further development, transition and finalisation of the regulatory model in the financial service industry.

ABDC member universities are responsible for the conduct of their own degree programs. Universities providing financial planning courses are responding directly (or through the professional associations with which they are associated) to the consultation paper and are also providing their own comments relating to the Parliamentary Joint Committee on Corporations and Financial Services’ (PJC) proposed model.

Accordingly, the ABDC response provided here is not framed in the context of the totality of the proposed PJC model, but rather as background knowledge in the context of education provided in terms of the Australian Qualifications Framework (AQF) Level 7 (Bachelor - the minimum academic standard recommended in the PJC model), Level 8 (Postgraduate Certificate/Diploma) and Level 9 (Masters Coursework) Degrees. The ABDC expects to be included in the evolving process as the regulatory and educational requirements are finalised.

This submission does not directly address the transitional arrangements for existing advisers. Instead it focusses on educational qualifications and professional development for new entrants into the financial services industry. In particular the ABDC provides recommendations in relation to section 3.1 Education Standards of the discussion paper. The ABDC does reiterate, however, the desire of the ABDC and its members and academics to be actively involved with the transition and all other aspects of the process in finalising this project.

### **Recommendation 1**

It is suggested that in formulating a final decision on the type of degree program required (as part of the necessary educational standards) to register a person as a financial adviser, the following comments regarding graduate outcomes of a relevant degree program be considered.

To instil public confidence the relevant degree at AQF Level 7 (as a minimum) should be able to demonstrate graduate outcomes related to the financial services industry. This suggests that the relevant Bachelor Degree be in business such as commerce, finance, accounting or economics. If candidates do not have a Bachelors Degree in one of these subjects (or in the requisite subjects

required by the regulatory body, to become a financial advisor), the candidate is required to complete a course of study at a relevant AQF Level 8 Postgraduate Certificate, Diploma or AQF Level 9 Masters Coursework Degree.

Such degrees could be benchmarked in the context of the learning standards developed for business degrees by the ABDC and more specifically with the Finance Learning Standards endorsed by the ABDC in November 2014 at AQF Levels 7 and 9.

### **Recommendation 2**

That the relevant degree required to be registered as a financial adviser include a sound background of finance and financial markets as required by the regulatory body.

### **Recommendation 3**

As outlined in the ABDC-endorsed finance learning standards (page 6) employers provide context, training and guidance to graduates from experienced finance professionals (in the application of the finance learning standards) to enable recent finance graduates to work independently.

In terms of the PJC model, a professional year as proposed would be a good way to ensure that this occurs.

Please note that some universities offer "Work Integrated Learning" opportunities in their subjects where students gain the opportunity to work with prospective employers in the financial services industry whilst studying their Bachelor or Masters Coursework Degrees. This experience should be considered as part of the proposed professional year.

ABDC welcomes the opportunity to be involved in any further consultation that will further lift public confidence in the financial services industry. We believe it is vital that ABDC remains included in the future process. As the regulatory model evolves and is finalised (this includes transitional requirements and periods), our member universities and academics will be involved in the educational aspects on an ongoing basis and our continual inclusion will assist in helping you in making the change as seamless as possible.

*Submitted by:*



**Professor Ian Palmer**  
**President, Australian Business Deans Council**  
*(and Pro Vice-Chancellor (Business) and Vice-President  
RMIT University)*

### Appendix 1: Learning Standards (graduate outcomes at graduation)

The Tertiary Education Quality and Standards Agency (TEQSA) has a regulatory and quality assurance function with the primary aim of ensuring that students receive high quality education from any Australian higher education provider. Under legislation determining the oversight activities of TEQSA, all higher education providers are required to be able to demonstrate that:

1. their awards meet the corresponding specifications (including the levels criteria and qualification type descriptors) described in the Australian Qualifications Framework (AQF);
2. their internal processes for design and approval of each award takes account of external standards and requirements; and
3. the outcomes achieved by their students are benchmarked against external standards (including similar accredited courses).

In July 2013 the ABDC commissioned the development of learning standards at Australian Bachelor and Masters (Coursework) levels in finance (Level 7 and Level 9 of the Australian Qualifications Framework)<sup>3</sup>. The development of these learning standards was supported by funds provided by the Australian Government Office for Learning and Teaching.

The ABDC had previously commissioned the development of learning standards for the disciplines of accounting (2011)<sup>4</sup>, marketing (2012)<sup>5</sup> and economics (2013)<sup>6</sup>.

The learning standards are guidelines and do not preclude higher education providers using alternative academically defensible benchmarks in terms of demonstrating that the outcomes achieved by their graduates are benchmarked against external standards (including similar accredited courses).

The learning standards are not intended as a curriculum prescription. They describe the *threshold* learning outcomes that graduates (threshold graduates) are expected to have attained. They are not intended to limit the scope or depth of finance programs. The TEQSA Act 2011 states: "Diversity in Australia's higher education system, both within and between higher education providers, is important to meet diverse and changing student, employer and community expectations" (Australian Government, 2011, p. 8).

<sup>3</sup> Refer <http://www.abdc.edu.au/pages/finance-learning-standards.html>

<sup>4</sup> Refer <http://www.abdc.edu.au/pages/accounting-learning-standards.html>

<sup>5</sup> Refer <http://www.abdc.edu.au/pages/marketing-learning-standards.html>

<sup>6</sup> Refer <http://www.abdc.edu.au/pages/economics-learning-standards.html>

## Appendix 2: Finance Learning Standards for Bachelor (AQF Level 7) and Coursework Masters (AQF Level 9) Degrees

### Introduction

The finance learning standards apply to a program of study that is badged or marketed as a specialisation in the broad discipline of finance. Many degree programs that contain substantial finance content may also include elements of accounting, banking, economics and other business disciplines.

A finance program to which the finance learning standards apply should specify finance knowledge content at progressive levels of depth.

This would typically be the case for a Bachelor (or Master) of Finance or other Bachelor (or Masters) degree with a major in finance (generally eight subjects).<sup>7</sup>

Other degree programs may include a number of finance units of study which may constitute a minor rather than a major. Typically the depth and breadth of knowledge included in finance minors would *not* warrant coverage by the learning standards in this statement.

Where finance is studied as part of a joint program or double degree or double major then this statement should be applied in conjunction with the other relevant standards statement.

The finance learning standards are not restricted in their application to the corporate finance sector but include the broader finance community at the personal and institutional level including: financial planners, financial institutions, insurance companies, superannuation funds, not-for-profit organisations, government and local authorities as well as individuals. They apply in a global context.

Shiller (2012) notes the importance of finance professionals being able to understand the “intricacies” of the organisation and being able to “communicate that knowledge to the client”. In the development of the finance learning standards the working party was mindful that finance graduates need to be able to appreciate the discipline in the context of society and the need to be conscious of overall society goals and values.

This is important in the context of instilling public confidence in the financial services industry.

### The role of employers outlined in the finance learning standards

The document relating to the finance learning standards (page 6) states that employers are expected to provide context, training and guidance to graduates from experienced finance professionals in the application of the finance learning standards to enable recent finance graduates to work independently.

In terms of the PJC model, a professional year as proposed would be a good way to ensure that this occurs.

### Additional studies that may be required beyond completion of a Bachelor Degree or Coursework Masters Degree

The document relating to the finance learning standards (page 6) also states that employers in some industry sectors, for example financial planning or actuarial studies, would require graduates to

---

<sup>7</sup> For example, Bachelor of Business (Finance), Master of Applied Finance, Master of Commerce (Finance).

undertake studies beyond those contained in the proposed finance learning standards so as to satisfy industry accreditation processes.

In terms of the proposed PJC model and changes that occur, it seems reasonable that the relevant degree required to be registered as a financial adviser include a sound background of finance and financial markets.

### **Finance Learning Standards**

Although the learning standards are shown separately, it is important to recognise that no single learning standard is pursued or evidenced in isolation. The work of finance graduates often simultaneously draws on multiple learning standards. For example a capital budgeting strategy might include knowledge of such concepts as the goals of the firm, financing, investment, dividend strategy, risk management, the application of key concepts, judgement used in relation to ethical, social, regulatory, economic, sustainability and global perspectives, the ability to work and communicate in teams with professions outside of the finance discipline and reflection on the social impacts of such a strategy.

The five domains of finance learning standards are

1. knowledge,
2. application,
3. judgement,
4. communication and teamwork, and
5. reflection.

These domains are explained in Appendix 3.

It is also expected that finance concepts will be learned by students in such a manner that underlines how important it is that the concepts are applied ethically with appropriate consideration given to stakeholders who may not have a traditional financial interest in the issue being addressed; but nevertheless may be affected by its resolution. Issues such as the impact of corporate governance mechanisms and the importance of corporate and social responsibility are recognised as topics that would be learned by graduates at Bachelor and Masters Level.

### Appendix 3 Summary of finance learning standards

Learning Domain	Learning Outcomes	
	Bachelor degree	Masters degree
	<i>Graduates of a Bachelor degree majoring in finance will be able to:</i>	<i>Graduates of a Masters degree majoring in finance will be able to:</i>
<b>Knowledge</b>	Explain the context and integrate theoretical and technical finance knowledge.	Explain the context and integrate advanced theoretical and technical finance knowledge including research and recent developments.
<b>Application</b>	Apply theoretical and technical finance knowledge to critically analyse financial data to solve rudimentary financial problems in straightforward contexts.	Apply advanced theoretical and technical finance knowledge to critically analyse financial data to solve sophisticated financial problems in complex contexts. Prepare and execute a research-based project, capstone experience or piece of scholarship.
<b>Judgement</b>	Exercise judgement, under guidance, to apply financial solutions using ethical, social, regulatory, economic, sustainability and global perspectives.	Exercise judgement, under minimal guidance, to apply financial solutions using ethical, social, regulatory, economic, sustainability and global perspectives.
<b>Communication and Teamwork</b>	Present and justify, orally and in writing, financial information and decisions in straightforward collaborative contexts involving specialist and non-specialist audiences.	Present, justify and defend, orally and in writing, financial information and decisions in complex collaborative contexts involving specialist and non-specialist audiences.
<b>Reflection</b>	Reflect on: <ul style="list-style-type: none"> <li>the nature and implications of assumptions and value judgements in analysis,</li> <li>interactions with other disciplines,</li> <li>historical and contemporary events affecting the finance profession,</li> <li>responsibilities<sup>8</sup> of their role in both the finance profession and in the broader society.</li> </ul>	Reflect on and evaluate: <ul style="list-style-type: none"> <li>the nature and implications of assumptions and value judgements in analysis,</li> <li>interactions with other disciplines,</li> <li>historical and contemporary events affecting the finance profession,</li> <li>responsibilities of their role in both the finance profession and in the broader society.</li> </ul>

<sup>8</sup> The use of the word "responsibilities" does not prescribe a certain set of values.

## References

- Australian Business Deans Council (ABDC) (2014). *Academic Learning Standards for finance in the Australian Higher education Context*. <http://www.abdc.edu.au/pages/finance-learning-standards.html>
- Australian Business Deans Council (ABDC) (2013). Teaching and Learning Network Updates; Learning and Teaching Academic Standards Project. Available at <http://www.abdc.edu.au/3.74.0.0.1.0.htm>
- Australian Government (2015). Lifting the professional, ethical and education standards in the financial services industry.
- Australian Government (2011), Higher Education Standards Framework (Threshold Standards) – F2012L00003. Available at [www.comlaw.gov.au/details/F2012L00003/Html/Text#\\_Toc311791711](http://www.comlaw.gov.au/details/F2012L00003/Html/Text#_Toc311791711)
- Australian Government Tertiary Education Quality and Standards Agency (2011). TEQSA Act. Available at <http://www.teqsa.gov.au/about/legislation>
- Australian Learning and Teaching Council (2010), *Learning and Teaching Academic Statement for Accounting*, [http://is.gd/mlowp\\_10](http://is.gd/mlowp_10).
- Australian Qualifications Framework (AQF) Council (second edition) (2013), Australian Qualifications Framework. Adelaide, Australia: Australian Qualifications Framework Council. Available at [www.aqf.edu.au](http://www.aqf.edu.au)
- Bodie Z. and Merton R.C. (1998), *Finance* (Preliminary Edition), USA: Prentice-Hall, Inc.
- Department of Education, Employment and Workplace Relations (DEEWR) (2009), *Transforming Australia's Higher Education System*. Canberra, Australia: Commonwealth of Australia. Available at [www.innovation.gov.au/HigherEducation/Documents/TransformingAusHigherED.pdf](http://www.innovation.gov.au/HigherEducation/Documents/TransformingAusHigherED.pdf)
- Department of Education, Employment and Workplace Relations (DEEWR) (2010), *Learning and Teaching Academic Standards project: Final Report*. Strawberry Hills, Australia: Australian Learning and Teaching Council. Available at [pandora.nla.gov.au/pan/127341/20110608-1311/www.altc.edu.au/system/files/altc\\_standards.finalreport.pdf](http://pandora.nla.gov.au/pan/127341/20110608-1311/www.altc.edu.au/system/files/altc_standards.finalreport.pdf)
- Department of Education, Employment and Workplace Relations (DEEWR) (2011), Developing a framework for teaching and learning standards in Australian higher education and the role of TEQSA. Discussion Paper prepared by DEEWR Taskforce. Available at [www.hestandards.gov.au/sites/default/files/TeachingLearningDiscussionPaper.pdf](http://www.hestandards.gov.au/sites/default/files/TeachingLearningDiscussionPaper.pdf)
- Discipline Scholars Network (2014). Discipline Standards in Australia. Available at <http://disciplinestandards.pbworks.com>
- Economics Learning Standards Working Party (2013). Economics Learning Standards for Australian Higher Education. Australian Business Deans Council. Available at <http://www.economicslearningstandards.com/draft-statements.html>
- Marketing Learning Outcomes Working Party (2012), Academic Standards for Marketing in the Australian Higher Education Context. Australian Business Deans Council. Available at [www.MarketingLearningOutcomes.com](http://www.MarketingLearningOutcomes.com)
- Ross, S.A., (1992), 'Finance' in Peter Newman, Murray Milgate and John Eatwell (editors), *The New Palgrave: Dictionary of Money and Finance*, UK: The Macmillan Press Limited, pp. 26-41.
- Shiller, R.J. (2012), *Finance and the Good Society*, Princeton University Press,
- The Quality Assurance Agency for Higher Education (QAA), UK Benchmark Statement in Finance (2007). Available at <http://www.qaa.ac.uk/Publications/InformationAndGuidance/Pages/Subject-benchmark-statement-Finance.aspx>