

The image shows a modern building with a facade of vertical black slats. A large teal semi-circular graphic is overlaid on the left side of the image. In the foreground, there are concrete retaining walls and a paved walkway with some greenery. A few people are walking on the walkway. The sky is clear and blue.

Financial Adviser
Education Standards



Submission on the
Consultation Paper, The
Treasury, September 2022

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The Deakin Business School Financial Planning discipline (Deakin Financial Planning) welcomes the opportunity to provide input into the Treasury's review of the education and training standards for financial advice professionals.

About Deakin Financial Planning

Deakin Business School is an internationally accredited business school in the top 1% of business schools globally. We are one of only 150 schools worldwide to hold both AACSB and EQUIS accreditation.

For more than 25 years, Deakin Business School has been at the forefront of developing an innovative financial planning curriculum and delivering courses designed to meet the needs of an emerging financial advice profession.

Deakin's success in delivering financial planning education lies in ensuring that its courses are current, relevant, innovative, and focused on ensuring that students graduate with the appropriate knowledge and skills required by employers and the profession. We achieve this by ensuring that our academic staff are appropriately qualified and have relevant professional experience, as well as an ongoing commitment to developing and maintaining strong industry partnerships.

Deakin Business School currently offers a full suite of FAS approved courses, including a Bachelor of Commerce (Financial Planning), Graduate Certificate of Financial Planning, Graduate Diploma of Financial Planning, and Master of Financial Planning, including the three FAS Bridging Units which may be completed on a non-award basis or within a specialised Financial Planning or MBA program. Our courses are externally accredited with key professional associations and provide an education pathway to the certification courses offered by the Financial Planning Association (FPA), Association of Financial Advisers (AFA), the Self-Managed Super Fund Association (SMSF) and the Society of Trust and Estate Practitioners (STEP), the global body representing Trust and Estate Practitioners.

In recognition of our continued innovation and excellence in financial planning education, Deakin Financial Planning was awarded both 'Company of the Year' and 'Education and Training Provider of the Year' at the 2021 ifa Excellence Awards.

Background to this Submission

As detailed in our previous submission, Deakin Financial Planning is generally supportive of the need to provide greater recognition of the on-the-job learning of experienced financial advice providers. We also agree with the need to simplify the existing educational pathways, including improving the clarity of the specific pathway and units of study an individual must complete to meet the minimum education standard. However, in doing so, it is also imperative that the minimum education and training standards for all financial advice providers are appropriately founded on a common body of knowledge which applies across the whole financial advice profession, and that the quality of financial planning advice provided to Australian consumers is of a high standard.

Whilst we acknowledge the Minister's commitment to existing advisers with at least 10 years of full-time equivalent experience and a clean disciplinary record, we are concerned that the attempt to 'streamline' the existing standard and remove any form of formal learning requirements puts at risk the established process for demonstrating appropriate technical and professional competence, and places undue responsibility on licensees to determine eligibility under the experienced adviser pathway. We also believe that the proposals are inequitable for the considerable number of existing advisers and financial planners who have been proactive in raising education standards, having already invested considerable time, effort and money undertaking further study.

We also have serious concerns about the proposal to significantly streamline the core knowledge areas for all new and existing financial planners not coming under the experience pathway. One of the cornerstones of a profession is the existence of a common body of knowledge, essential to the demonstration of competence in the fundamental services of the profession. Under the current proposal, new entrants into financial planning would be permitted to enter the profession having only completed a 'generalist' business degree covering 5 core knowledge areas, with no requirement to have completed specialised technical units of study essential to be able to practice as a professional financial planner.

This approach is problematic for the financial planning advice sector particularly, for several reasons.

First and foremost, a specialised financial planning qualification is a foundational component in ensuring the continued transition of the financial planning advice sector to a true profession. In no other profession is it sufficient for a new entrant to undertake a generalist qualification containing only a small number of core knowledge areas without the need to acquire specialised knowledge or training in the core competencies required of the profession.

Second, education standards are equally important in ensuring that financial planners have the requisite knowledge and skills to provide financial planning advice, and in instilling confidence in the community. Maintaining high education standards for new entrants to the profession contributes to increasing consumer trust in financial planning and builds on the progress already made to overcome the various shortcomings of the advice sector identified by the 2018 Royal Commission into Banking, Superannuation and Financial Services.

Finally, unlike the clear education standards which new entrants must currently meet, relaxing the minimum entry requirement of the profession to include generalist degrees that do not require any specialised technical study creates a liability of administrative responsibility on licensees to ensure that individual financial planners are appropriately qualified and have the necessary competence. It is unclear from the proposal where this administrative burden will lie, with both Higher Education Providers (HEPs) and AFSL holders implicated in upholding an educational standard that is not clearly defined. As a result, under the current proposal, there is a significant risk that the removal of the approved degree requirement and course accreditation process may lead to inconsistency in both the minimum training standards of individual financial planners and the quality and standard of courses offered by education providers.

For these reasons, Deakin Financial Planning strongly encourages the government to reconsider the proposed relaxation of minimum education standards for new entrants into the financial planning profession. However, we do acknowledge that there are sub-sets of “advice” providers, such as for stockbrokers and other forms of traders, where a reduced number of core knowledge areas may be appropriate. Therefore, we have proposed a framework that mandates a foundational base of core knowledge areas that all financial advice providers would be required to satisfy, supplemented by a second tier of specialised knowledge areas that would be tailored to meet the needs of the financial planning profession.

In summary, we believe that it is counterintuitive to suggest that lowering education and training standards can contribute to improving the quality of advice, increasing consumer confidence, or advancing the financial planning profession overall. Maintaining a high standard of education for new entrants, whilst also providing greater recognition of informal learning to help retain experienced advisers, is essential to the future development and credibility of the profession. Still, we believe that this overarching objective can be achieved whilst also accommodating the specific education requirements for the different sub-sets of advice providers that currently exist in the marketplace.

We also do not agree with the contention that relaxing the education curriculum of approved degrees will significantly increase the number of students seeking to enter the financial planning profession. Students generally have limited knowledge of the broad range of career opportunities in the financial advice sector. Removing education requirements in specialised technical knowledge areas will only serve to decrease students’ exposure to these opportunities and may result in even fewer students seeing financial planning as a career of choice.

The following submission provides feedback and suggestions on both the proposed qualification and experience pathways. In preparing our submission, we have sought to provide feedback on the specific consultation questions outlined in the policy paper, whilst also providing more general feedback on select issues which we believe require further consideration.

We welcome the opportunity to discuss our feedback in more detail with the Government and Treasury. Please address all enquiries to our Program Director, Mr Marc Olynyk m.olynyk@deakin.edu.au or (03) 9244 3985.

Yours faithfully,

[Redacted signature block]

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Feedback on the Experience Pathway

Existing advisers who have 10 or more years of full-time experience as a financial adviser in the last 15 years between 1 January 2004 and 1 January 2019 will not have to complete any formal education in order to continue providing financial advice.”

Will removing the degree requirement stem the exodus of existing advisers?

Public commentary in the financial media and elsewhere has suggested that the increase in the minimum education standard introduced by FASEA is primarily responsible for the reduction in the number of advice providers listed on the Financial Advice Register, but this ignores the reality. Financial advisers are experiencing pressure from several concurrent factors that are impacting their business operations and financial viability. Whilst the imposition of education standards is one contributing factor, we do not believe it is a major reason for the exodus of experiencing financial advice providers departing the sector. Financial advisers are having to deal with increasing burdens arising from compliance and regulation, loss of passive income attached to commissions, increasing operating costs, pressures associated with the need to adopt and integrate FinTech into their practices, as well as the impact and lingering disruption of the Covid-19 pandemic.

We believe that it is important that all advisers have a formal, specialised qualification in financial advice, and therefore do not support the proposals to waive the minimum education standard based on prior experience alone.

Why is it important that all financial advisers be degree qualified?

We do not believe the education requirement for existing advisers with 10 or more years' experience is solely about increasing competency in the profession. The majority of existing advice providers already have the appropriate product knowledge and soft skills required of a professional adviser. However, what many advisers are lacking, which formal study can provide, is an understanding of the rationale behind why certain rules, regulations and ethical principles exist – knowledge of which is likely to lead to stronger adherence levels and ultimately to the provision of higher quality advice. We do not believe that possessing a generalist business degree obtained years in the past is sufficient on its own for ensuring that existing advice providers possess these critical competencies, as was highlighted in evidence from the 2018 Royal Commission into Banking, Superannuation and Financial Services. In addition, formal study helps to promote higher-level cognitive skills such as comprehension, analysis, evaluation, synthesis, and application which also contribute to improving the quality of advice being provided to Australian consumers.

The requirements for existing advice providers to acquire formal qualifications are also about enhancing community perceptions that every financial adviser is formally qualified. This will increase consumer trust and confidence, leading to a higher number of Australian consumers engaging in financial advisory services, and also attract more new graduates into careers in financial advice. Several studies (e.g., CoreData's 2021 Index of Trust in Financial Advice) indicate that trust in financial advice now stands at the highest it's been since before the 2018 Royal Commission. We believe much of this increase in consumer trust is due to increasing the professional standards of the financial advice sector, in which formal education and qualifications play a significant role.

We are of the opinion that the removal of the degree requirement at this late stage in the transition process will create confusion in the marketplace and undermine consumer confidence in the financial advice sector. It would be unfair and unconscionable to significantly change education requirements mid-stream when the majority of existing advisers and financial planners have already completed or are in the final stages of completing their studies as required by the amendments introduced in 2017. These individuals would be penalised for being proactive and actively seeking to fulfil their legal obligations, having already invested a considerable amount of time, effort, and money in fulfilling their education requirements.

Accordingly, we believe it is important that all financial advice providers be required to complete a formal qualification. The type of qualification that we would recommend is discussed below.

Is the current degree requirement too onerous for existing advisers?

The current minimum education and training standard states that a relevant provider must complete an approved bachelor or higher degree, or equivalent qualification, by 1 January 2026. We believe a major part of the concern that some existing advisers have with the degree requirement is due to a common misunderstanding among (predominately

older) advice providers that they need to study an entire three-year bachelor's degree without obtaining credit for any existing qualifications. This mistaken belief is unfounded. For existing advisers, the maximum requirement is an approved 8-unit Graduate Diploma (AQF8), which can be further reduced based on recognition for prior formal learning. It is our experience that most experienced advisers are typically required to complete 4 units or less of an approved program, which can generally be completed part time in as little as 12-24 months.

Accordingly, we believe that much of the concern with the current degree requirement for existing advisers is due to a lack of clarity surrounding the specific pathway and units of study an individual must complete to meet the minimum education standard. However, we also acknowledge that the current FASEA RPL framework does not adequately provide for the provision of credit based on informal (experiential) learning. In the following section, we outline a hybrid solution for experienced advisers, which incorporates recognition of both formal and informal learning towards satisfying the minimum education standard.

Providing greater recognition of both formal and informal learning of existing advisers

We believe that relevant work experience comprising 10 or more years of full-time equivalent experience as a financial advice provider, together with a clean disciplinary record and the adviser maintaining their knowledge and skills through regular CPD, certainly deserves to be more directly recognised. However, as previously discussed, we also believe that maintaining a consistent minimum education standard for every financial advice provider is important to ensure that the reforms provide for equitable outcomes, and to help build consumer trust and confidence and ultimately greater take-up of financial advice services.

There are several ways in which greater recognition of informal learning could be provided that would acknowledge on-the-job learning of experienced financial advisers more fairly whilst also satisfying the minimum education standard.

FASEA's previous practice was not to directly provide specific education or credit exemptions for work experience but rather to provide credit indirectly for a formal study that HEPs would not typically recognise, either because they were not current (i.e., they were completed more than 10 years ago), or the qualification was completed at a lower AQF level (such as completion of an Advanced Diploma of Financial Planning).

An alternate approach would be for HEPs to award *specified* credit for informal learning into an approved course of study. HEPs already have recognised and established practices and procedures for assessing student suitability for courses and eligibility for credit as mapped to learning outcomes, with these being required to be compliant with Tertiary Education Quality & Standards Agency (TEQSA) Acts and Standards.

We suggest that a hybrid approach that combines credit for formal learning, which may be awarded for the completion of a course or program listed in FASEA's Approved Recognition of Prior Learning List, as well as *unspecified* credit for informal learning in recognition of the on-the-job experience of financial advice providers with 10 or more years full-time equivalent experience. For example, we believe that 10 years of full-time experience is sufficient to develop competency in the common core knowledge areas of a financial planning professional, such as general financial products, superannuation and retirement planning, and insurance and risk management. Accordingly, we recommend that experienced financial planners not be required to undertake additional studies in these areas.

Recommendation:

Our recommendation is that a 4-unit Graduate Certificate of Financial Planning (GCFP) is a more appropriate qualification for existing advisers with 10 or more years of full-time equivalent experience. This represents a 50% reduction (from 8 to 4 units) compared with the current requirement and is equivalent to 4 units of unspecified credit in recognition of informal learning via practical experience.

In addition to providing greater recognition of informal learning, we recommend that credit may be awarded for a maximum of 2 of the 4 units for the completion of a course or program listed in the approved degree list. This provides for a more balanced approach, which appropriately recognises both on-the-job experiences as well any prior formal qualifications a financial adviser has completed.

In line with other professions such as accounting, we believe a better approach to recognise relevant work experience is through greater recognition of appropriate and relevant work experience within degree structures than that currently provided under the current FASEA RPL framework. Accordingly, we believe that recognition of work experience is best handled through existing HEP credit assessment procedures and that greater flexibility can be achieved in this area while also lessening the burden on advice practices to collect appropriate evidence and make arbitrary determinations.

As suggested above, the structure of the 4-unit GCFP should focus less on foundational product and technical knowledge competencies, and more on developing competency and awareness of areas such as Ethics and Financial Services Regulations, which are critical areas for ensuring the best interests of clients are safeguarded. Furthermore, financial advice providers should be provided with the flexibility to undertake additional studies which complement, rather than repeat, their prior formal qualifications and experience. This would allow advisers to undertake more advanced studies in a specialised field of their choice that is complementary and relevant to their practice, based on an extended common body of knowledge.

Our recommendation for the units comprising the GCFP is as follows:

- Financial Advice Regulation and Legal Obligations
- Ethics for Professional Advisers
- *Plus 2 electives in a specified field within an expanded common body of knowledge*

The extended common body of knowledge would comprise the core knowledge areas currently identified in the existing FASEA National Financial Planning Curriculum, along with select advanced knowledge areas relevant to the different sub-sets of advice providers that currently exist in the marketplace.

We believe this course structure and qualification would be a reasonable compromise for experienced professionals, but still maintain consumer trust and confidence that all financial advice providers are appropriately qualified and fully aware of their professional responsibilities and obligations in the provision of financial advice.

Assessment of eligibility to the experience pathway and clean record assessment

Should the proposals to waive the minimum education standard based on prior experience alone be adopted, we believe that the assessment of eligibility of an individual adviser to access the experience pathway should be undertaken by licensees as part of their due-diligence assessment to ensure their advisers meet all regulatory requirements and are “competent” to provide advice. Licensees are ideally placed and already possess relevant background information on all of their advisers to make this assessment. We do not believe that financial advice providers should be permitted to independently self-assess their eligibility.

Feedback on the Qualification Pathway for Existing Providers

“Existing providers who do not meet the requirements under the “experience pathway” must complete at most an approved eight-unit Graduate Diploma or equivalent.”

Should all advisers be required to complete an approved qualification founded on a common body of knowledge?

We believe that the existing requirement of an 8-unit Graduate Diploma of Financial Planning (GDFP) is appropriate in ensuring a base level of knowledge and competency for less experienced advice providers (with less than 10-years’ full-time equivalent experience).

To be able to demonstrate that an inexperienced adviser has the appropriate knowledge, skills, and competency to discharge their best interest duty obligations imposed under the Corporations Act, we believe it is important that all financial advice providers be required to complete an accredited qualification that incorporates a national curriculum reflecting a common body of knowledge. This would provide for consistency across education providers and ensure that all advisers have achieved a minimum standard of competency. Such an approach is consistent with that of other jurisdictions, including Canada, the United Kingdom, Singapore, and Hong Kong, and reflects an international shift towards the professionalisation of the financial advice sector.

We would strongly recommend against significantly reducing the existing national financial planning curriculum included in an approved Graduate Diploma degree. However, we do see the merit of providing existing advisers with the flexibility to undertake additional studies which complement, rather than repeat, their prior formal qualifications and experience. Accordingly, we suggest that the current requirements could be amended to require core knowledge areas that all financial advice providers would be required to complete and then allow existing advisers to undertake more advanced studies in a specialised field of their choice that is complementary and relevant to their practice. This could be achieved by allowing HEPs to offer approved Graduate Diploma courses that incorporate a specified number of electives from an extended common body of knowledge. Determining the core and specialised knowledge areas that approved degrees should contain requires further industry consultation, and we believe would be best facilitated by a National Education Standards and Accreditation authority, such as the Financial Planning Education Council (FPEC). The role of FPEC and the core and specialised knowledge areas that should form the basis of all approved degrees going forward will be discussed in further detail below.

Recommendation:

We believe that an 8-unit Graduate Diploma is an appropriate qualification in ensuring a base level of knowledge and competency for less experienced advisers (with less than 10 years of relevant work experience) and that it must incorporate a core national curriculum reflecting a common body of knowledge for all financial advice providers.

Greater recognition of credit should be able to be awarded by HEPs under existing assessment and eligibility requirements that apply to all other course offerings. Accordingly, existing advisers will still be required to complete a maximum of 8 units, with appropriate reductions provided for individuals who have undertaken higher studies leading to the award of a relevant qualification or professional designation.

To better accommodate for the specific knowledge requirements of the various sub-sets of financial advice, we believe that a 2-tiered set of core and specialised knowledge areas could be established. This will be further discussed below under the education requirements for new entrants.

Feedback on the Qualification Pathway for New Entrants

“All new entrants must complete an approved bachelor’s degree or qualification.”

The below discussion is centred on the imperative need to maintain education standards in the financial planning profession. A significant amount of work has been undertaken in recent years to raise education standards and bring the various parts of the financial advice sector together under a uniform set of education principles, standards and professional requirements. We would strongly argue against any form of change that would dilute education standards and the quality of financial planning curricula and courses.

Will relaxing minimum entry requirements increase the supply of new graduates into financial advisers?

There are a number of factors limiting the supply of new financial advisers seeking to enter the profession. However, we do not believe the requirement to complete an approved degree incorporating an established and comprehensive national curriculum is a major cause limiting new entrants. There are several contributing factors that are likely to have a greater impact. Some of these factors include:

- Recent bad publicity and financial scandals,
- Students, parents, and career advisers being unaware or misinformed of the financial planning profession,
- Lack of information on career opportunities in the broader financial advice sector, such as parapanning and support roles,
- Hesitation from employers and licensees to take on new entrants due to costs and uncertainty attached to the requirements of the Professional Year.

We do not believe relaxing minimum entry requirements to allow a generalist business degree is likely to significantly increase the number of new entrants into financial advising. Rather, downgrading the competencies expected of new entrants is more likely to reduce the status of the profession in the eyes of students, parents, and consumers in general, making it less attractive. Reducing minimum entry requirements would also result in a reduction in the core knowledge and skills of graduates, making it much more difficult to employ them in a financial planning practice and leading to increased confusion and uncertainty in the marketplace as to what competencies an employer and AFSL licensee will require of a graduate. Without a clearly defined pathway, we believe these factors are likely to further diminish the number of students seeking to enter the financial advice profession.

Would a ‘generalist’ business degree provide the appropriate level of knowledge and skills required of all professional financial planners?

The proposed pathway for new entrants seeks to remove much of the long-established national curriculum, with the result that approved degrees will be replaced by broad generalist business degrees consisting of a small number of core knowledge areas. Students seeking to become financial planners would not be undertaking any studies in key knowledge areas relevant to the requirements of the profession such as superannuation, insurance and risk, estate planning, and investments. Whilst this may be appropriate for certain sub-sets of the advice sector, it would be completely unacceptable for a new entrant into the financial planning profession to have not studied any of these specialised financial planning knowledge areas.

This issue of a specialised versus broad-based business curriculum is of critical importance in shaping the future of the financial planning profession.

We believe there is an expectation that any new entrant to a profession must have studied and be competent in the core specialised knowledge and skill requirements of that profession. To our knowledge, there is no other recognised profession that does not require new entrants to have basic competencies in the core knowledge areas of that profession. It would not be acceptable for doctors, nurses, or engineers to study a general science degree, or for an accountant or lawyer to study a general business degree. Further, it is questionable whether any new financial adviser would be able to discharge their best interest duty obligations under the Corporations Act if they lacked understanding of a client’s holistic financial situation.

We believe that the move away from a specialised financial planning degree to a generalist business degree will significantly downgrade the competencies of new financial planners entering the profession, resulting in greater

difficulty in securing employment as well as reduced consumer confidence and trust that their adviser has the appropriate level of knowledge and skills. However, we recognise that for certain sub-sets of advice providers, undertaking a full financial planning degree may not be relevant or appropriate. This will be considered below.

How could a national set of core knowledge areas be established to suit the broad sub-sets of financial advisers?

To better accommodate the knowledge requirements of the diverse range of financial advice providers in the marketplace, we are proposing a 2-tier approach to the study of core knowledge areas within an approved degree.

The first tier would consist of a common set of foundational core knowledge areas that all financial advice providers would be required to study as part of an approved degree. The second set of knowledge areas would be specific to the needs of the particular sub-set of the advice sector, such as financial planning, and would be determined by the professions through a national education standards and accreditation authority. This will be discussed in further detail below.

The consultation paper proposes a streamlining of core knowledge areas from 11 areas to 5. These would be core knowledge areas that all financial advice providers would be required to study as part of an approved degree.

We believe that an appropriate core knowledge structure for all financial advice providers might consist of the following:

Tier 1

- Taxation Law (incorporating relevant commercial law provisions)
- Financial Advice Regulation and Legal Obligations
- Ethics and Professionalism
- Behavioural Finance and Client Engagement
- Investment and Portfolio Management

We believe these 5 core knowledge areas are minimum education requirements relevant to the provision of financial advice.

Tier 2

This would consist of the additional, specialised knowledge areas that would be deemed appropriate to the particular subset of financial advice providers. A national financial planning curriculum already exists for those seeking to become financial planners which should be maintained, whereas new entrants seeking to enter other sectors within the financial advice sector may have different knowledge requirements.

We believe that significantly reducing the existing knowledge areas down to a generalist business degree would add significant time and cost, and further limit the attractiveness of financial planning for new entrants. Licensees have an obligation to ensure that their advisers are competent in the advice they provide to their clients. Under FASEA Standard 10 of the Code of Ethics, an advice provider has an obligation to develop and maintain a high level of relevant knowledge and skills and is unable to provide advice unless they have the necessary skills and competencies to do so in a professional way. Accordingly, licensees would need to ascertain what additional study a new entrant may require to be able to demonstrate an appropriate level of competence. Several questions arise from the proposal to significantly reduce the required knowledge areas down to just five. What form should further studies or qualifications take? At what AQF level would this study be undertaken, who would assess this, should it form part of the Professional Year, and who would pay for the additional costs of study? We fear that providing new entrants and their licensees with the ability to self-assess the additional study required to demonstrate competency will simply take us back to pre-RG146 days and create an incentive to complete the required study in the quickest time possible and at the lowest cost.

Should education providers be able to self-declare that their degrees teach the core curriculum?

The consultation paper asks the question of whether HEPs should be ultimately responsible for ensuring their courses meet the relevant requirements, and that financial advice providers undertaking any education must self-assess whether the qualification provides an appropriate educational background to provide financial advice.

We do not agree with this approach. We believe it is important for all financial advice education courses to be approved and accredited by an appropriate education authority. Financial advice is a relatively new academic area and is in the

early stages of its development. It is important for the credibility and confidence of all stakeholders, particularly clients, that courses are properly structured, cover appropriate curriculum, are taught by educators that have appropriate expertise and experience in the advice area, and that there is sufficient oversight by an experienced and qualified course leader.

Without an appropriate accreditation mechanism, there is a risk that new education providers, including both Universities and Registered Training Organisations (RTO's), will seek to enter the market and offer courses that do not meet the needs of the financial advice profession, thereby impacting upon the credibility of the qualifications and undermining the entire financial advice education sector. Further, we do not believe that new entrants, employers, and AFSL licensees would have the necessary knowledge or experience to be able to appropriately assess whether a given course meets relevant education requirements. How would these parties undertake such as assessment?

Accordingly, we believe that the removal of the course accreditation mechanism will lead to inconsistency in both the minimum training standards of individual financial advice providers and the quality of courses offered by education providers. This, in turn, will create further uncertainty and inefficiency and only serve to further restrict the supply of new entrants into the profession. Further, we believe it is important to main an approved degree register so that licensees have some assurance that their advice providers have completed an appropriate course of study.

Should elements of the Professional Year be integrated into tertiary study?

We believe there is considerable benefit to the overall education of a new entrant and their transition into the workforce by completing work experience as part of their tertiary studies. In addition, relevant work experience completed during their studies should count towards the work requirements of the Professional Year. However, this is subject to two provisos: First, work experience should not be made a mandatory component of an approved degree, and education providers should maintain their existing flexibility to offer credit for relevant workplace learning as a value-add within their degree programs. Second, if the work experience is to count towards the requirements of the Professional Year, the student needs to be supervised and mentored by an appropriately qualified and experienced financial advice provider during their placement.

Who should assess foreign qualifications against required education standards?

We do not believe that licensees have the appropriate knowledge or expertise to assess the equivalency of overseas qualifications or determine what core knowledge shortfalls an overseas entrant may have. It is important to have a process that provides consistency, fairness and credibility. We propose that Higher Education Providers assess foreign qualifications to determine their equivalency to an approved Australian degree. HEP's have established processes and procedures to undertake this assessment. The shortfalls in competencies could then be assessed through the national education standards and accreditation authority, as detailed below.

Recommendation:

Our recommendation is that all financial advice courses must continue to be evaluated and accredited by an appropriate national education standards and accreditation authority.

This body would be responsible for the overall development and administration of an education standards framework for the relevant financial advice sector, which would incorporate the following roles:

- The establishment of core knowledge areas that all financial advice providers would be required to complete under Tier 1, as detailed above.
- The accreditation and review of all approved degrees.
- The maintenance of an approved degree register.
- The assessment of foreign qualifications
- Working with professional associations to help develop appropriate Tier 2 specialised knowledge areas relevant to the different sub-sets of financial advice providers.

We believe the development of specialised knowledge areas for each sub-set of financial advice providers should ultimately rest with the professional associations. They are the appropriate gatekeepers for determining the education

needs required of their particular profession. The national education standards and accreditation authority would provide regulatory backing to support the Tier 2 knowledge areas.

The Financial Planning Education Council (FPEC) is an established organisation that could be used as the basis for the establishment of a national education standards and accreditation authority. FPEC has been responsible for establishing curriculum for financial planners, approving course structures, accrediting higher education courses, and maintaining a register of approved degree courses for more than 20 years. FPEC seeks to raise the standard of financial planning education and promote financial planning as a distinct learning area and a career of choice for new students and career changers. FPEC is currently comprised of representatives from the higher education sector, financial planning practice, and professional associations. With wider representation across the various sub-sets of the advice sector, this authority could be modified and assume responsibility for establishing education standards, core knowledge areas, course accreditation, and maintaining an approved degree list for the entire financial advice profession.

The existing National Financial Planning Curriculum has been established and developed over many years in Australia and is consistent with the curriculum previously established by the Financial Planning Education Council (FPEC) and global education standards established by the Financial Planning Standards Board as outlined in the *Financial Planning Education Framework* (FPSB, 2015).¹ This should form the basis of every formal course of study in financial planning.

Is there a rationale to retain the national exam in its current format for new entrants?

We believe that the exam is an unnecessary hurdle in attracting new entrants into the advice sector and restricting their career pathway to being a professional financial planner.

Given that under the proposed structure, all new entrants would continue to complete an approved degree containing the core knowledge areas of Ethics and Professionalism, Financial Advice Regulation and Legal Obligations, and Financial Behaviour and Client Engagement, we believe that the exam is simply re-testing knowledge, skills and competencies that have already been covered within the approved degree and therefore serves no real purpose.

The exam only serves a purpose as a controlling mechanism where there is a lack of confidence and assurance that approved degrees cover the minimum knowledge requirements or are not set at an appropriate standard. This would be the case if we were to operate under a system where education providers and licensees are permitted to self-declare their adherence to the education standards. Under a system where all approved degrees and curricula are evaluated and accredited by a relevant national education standards and accreditation authority, we believe that the national exam could be withdrawn.

However, if the exam is maintained, we believe there is a need to introduce greater flexibility in the timing of when new entrants are permitted to complete the national exam. The current provisions requiring new entrants to pass the exam before being able to commence Quarter 3 of their Professional Year places unnecessary restrictions on their education journey. We propose that the regulations be amended to allow a new entrant to complete the national exam at any time before becoming an accredited financial adviser.

¹ Available at: https://www.fpsb.org/wp-content/uploads/2016/01/151027_doc_EducationFramework_FINAL.pdf

Appendix A: Summary of Recommendations

Pathway	Primary Qualifications	Ethics Units	Relevant experience	Recognition of Prior Learning (RPL)	Changes from existing requirements
Experience Pathway – Existing Providers	<p>Financial advisers must complete a bachelor’s degree or higher with at least 4 units in a specified field of study.</p> <p>Units must be at either a Bachelor (AQF7), Graduate Certificate or Diploma (AQF8) or Masters (AQF9) level. Units can be completed in a single qualification or across multiple qualifications.</p>	<p>Required by 1 January 2026 (can be included in the primary qualification).</p> <p>One tertiary level unit.</p>	<p>Financial advisers who were listed on the FAR at any time between 1 January 2016 and 1 January 2019 and have 10 or more years of full-time equivalent experience in Australia between 1 January 2004 and 1 January 2019.</p>	<p>Credit may be awarded for the completion of a course or program listed in FASEA’s Approved Recognition of Prior Learning List.</p> <p>Credit may be awarded for a maximum of 2 of the 4 units.</p>	<p>Financial advisers with 10 or more years’ relevant full-time experience will need to complete up to a maximum of 4 units.</p> <p>This represents a 50% reduction (from 8 to 4 units) in recognition of informal learning via practical experience.</p> <p>These units can be completed across broader fields and specialisations, comprising an expanded common body of knowledge for all financial advice professionals.</p>
Qualification Pathway – Existing Providers	<p>Financial advisers must complete a bachelor’s degree or higher with at least 8 units in a specified field of study.</p> <p>Units must be at either a Bachelor (AQF7), Graduate Certificate or Diploma (AQF8) or Masters (AQF9) level. Units can be completed in a single qualification or across multiple qualifications.</p>	<p>Required by 1 January 2026 (can be included in the primary qualification).</p> <p>One tertiary level unit.</p>	<p>Financial advisers who were listed on the FAR at any time between 1 January 2016 and 1 January 2019 and do not meet the experienced advisers’ criteria.</p>	<p>No change.</p> <p>Credit may be awarded for the completion of a course or program listed in FASEA’s Approved Recognition of Prior Learning List.</p>	<p>Financial advisers with less than 10 of years full-time experience will still need to complete up to 8 units.</p> <p>These units can be completed across broader fields and specialisations, comprising an expanded common body of knowledge for all financial advice professionals.</p> <p>The RPL policy for existing providers remains the same.</p>
Qualification Pathway – New Entrants	<p>New entrants must complete an approved bachelor’s degree or higher with at least 8 units in a specified field of study.</p> <p>Units must be at either a Bachelor (AQF7), Graduate Certificate Diploma (AQF8) or Masters (AQF9) level.</p>	<p>Required (can be included in the primary qualification).</p> <p>One tertiary level unit.</p>	<p>N/A</p>	<p>No change.</p> <p>New entrants may seek recognition of prior learning at AQF 7, 8 or 9 level in a related field of study as part of completing their bachelor’s degree or higher qualification.</p>	<p>New entrants must still complete an approved bachelor’s degree or higher with at least 8 units in a specified field of study.</p> <p>An approved degree must, at minimum, include a curriculum comprising a core body of knowledge for all financial advice professionals.</p>