

WATCHING THE INSTITUTE GROW

HOW THE INDUSTRY GOT ITS EDUCATION



by EDNA CAREW

Alastair Urquhart, one of a small number of life members of The Securities Institute of Australia, played a vital part in the development of an education system for the Australian securities industry.

Twenty-five years ago, in 1963, the first formal course in further education for the Australian financial profession was launched. It was a joint effort between the Sydney Stock Exchange and The Sydney Technical College. The course produced its first crop of eight graduates in 1965. Today student numbers in what has grown into the Securities Institute of Australia total close to 10,000. The certificate and diploma courses have become recognised as standard training for a career in the securities industry.

When the kernel of the idea for these courses was sown, even the label "securities industry" was new to Australia. Its introduction to this country, and the spread of education designed specifically for practitioners in the finance industry, both date back to the late 1950s and early 1960s, to the period when Alastair Urquhart took the position of chairman of the Sydney Stock Exchange. Over the years many energetic people have played a role in the growth and development of the courses that have helped lift professional standards in the finance industry. But Urquhart is widely acknowledged as the person who first gave the idea its impetus.

Urquhart was born in Sydney in 1919, the grandson of a Scottish family who migrated far from the clan's origins in Castle Urquhart on the shores of Loch Ness in the Scottish highlands. They brought with them, though, the sentiments of the clan's motto: "Mean, speak and do well." Urquhart's grand-

father became general manager of the ES and A Bank (which later became part of the ANZ Group) and his father was a grazier at Gunnedah in NSW. Urquhart, educated at Sydney's exclusive Shore school, began his career at 17 as an audit clerk with a firm of chartered accountants. But the excitement of the stock exchange beckoned. Urquhart was poised to enter a broking firm when World War II interrupted his aspirations. He joined the Second Australian Imperial Forces, fought as a "Rat" at Tobruk, was badly wounded at El Alamein and spent the remainder of the war years in England. After the war he returned to accounting, but only briefly, and in 1949 he achieved his earlier ambition when he joined one of Sydney's oldest broking firms, Mullen & Co.

Alastair Urquhart was 39 years old when he became chairman of the Sydney Stock Exchange in 1959, following the death of Lionel McFadyen. He was a youthful figure in the post — the youngest chairman the exchange had had in its 85 years. It was McFadyen who, 20 years earlier, had offered Urquhart his first chance to move from accountancy into sharebroking.

Urquhart looks back on his years as an accountant as an experience that provided an excellent grounding for a

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career in stockbroking. But those years left another legacy — the conviction that an interruption to studies irretrievably breaks the habit and a belief that academic qualifications — or their absence — should not dictate career prospects. He had no tertiary academic qualifications and had learned about subjects such as tax, contract law and book-keeping while working. His experience fostered his egalitarian view of education: that everyone should be allowed to have a go and that courses should be designed so as not to distinguish between those with tertiary qualifications and those without.

Shortly after Urquhart took over as chairman of the Sydney Stock Exchange, the exchange hosted a visit from G. Keith Funston, the president of the New York Stock Exchange. As Urquhart later said, such an event does not sound a big deal today, but it was in 1959, not only for the stock exchange but also for the government and the media. Funston, unlike Urquhart, came from an academic background, but had played a part in opening up the New York Stock Exchange to a wider public. And the two men found that despite the differences in size of their respective exchanges, they shared common problems.

One of the issues they discussed during Funston's visit was education within the industry. Funston talked of the New York Institute of Finance, recently sponsored by the New York Stock Exchange, and the role that it played in further specialised education in what he called the "securities industry." It was the first time that Urquhart had heard the term.

He recalls: "My ears pricked up at what Funston had to say. So we sent off to New York for more information." Australia's first stock exchange courses were born, the product of an enthusiastic education sub-committee which included Urquhart, Ray Arthur and John Valder. Urquhart says the aim was to set up practical courses, teaching basic subjects such as book-keeping and business principles. The two accounting societies, in his view, had already decided to go "up-market", demanding higher entry qualifications. Urquhart was keen to promote a course that could accommodate those who had not necessarily qualified for university entrance.

The infant course struck problems. It was not easy to convince other sectors of the finance industry — for example, the



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banks and the life offices — that the course was not merely a platform to promote stockbroking. Operating under the banner of the Stock Exchange Institute did not help offset the conviction that the course had a narrow application. And some of Sydney's colleges of advanced education were keen to take it over. But those behind the new courses were determined to maintain the practice of taking lecturers out of the relevant industries, of not allowing the courses to be controlled by academics.

At the same time, though, they were aware that they were asking people to give their time and energies to a course that was as yet untested. Hence the link with Sydney Technical College — one of the colleges that had shown interest in taking over the stock exchange's education role — and the course was to include accounting subjects so that graduates had a widely recognised skill.

The problem of identification continued. The solution seemed to lie in changing the name from Stock Exchange Institute to one that reflected wider applications. Taking a line from the New York institute, it was decided that Australia should establish its own Institute of Finance. But the move foundered: the initials AIF are specially protected by an Act of Parliament. In what Urquhart refers to as "a flash of brilliance in the shower" he remembered Funston's term "securities industry" — and The Securities Institute of Australia was born.

The SIA stuck to the earlier principles of enlisting lecturers from the finance industry and insisting that lectures were held close to the students' work-places reinforcing its determination to foster courses of real practical value.

Alastair Urquhart's contribution to specialised education in finance was formally acknowledged in 1977 when

he was made the first life member of the SIA. Life membership signifies that, in the view of the council of the SIA, a member has made a valuable or significant contribution to the institute. Urquhart is remembered as an effective leader, a man who commanded respect among senior businessmen and who also saw to the interests of younger members. He had a genuine desire to lift standards in the finance industry. He was fortunate in the firm in which he worked — Mullens was a company that took a sincere interest in the profession. As one observer puts it: "Brokers have ever been a mixed lot. Some couldn't spell 'soul': some could and Mullens was one of those, and supported Urquhart."

Urquhart is also remembered as a chairman who opened up the Sydney Stock Exchange, making the organisation less stuffy. His years as chairman, from 1959 to 1966, coincided with a time when stockbroking was starting to shake off its tag as an establishment-oriented industry. New blood was beginning to enliven the field. Like his New York counterpart Funston, who had opened Wall Street to the public, Urquhart was committed to seeing small investors in Australia gain a greater involvement in the exchange. He did not share the view, held by some of his peers, that catering for the small investor was labour-intensive and unprofitable and not worth the effort.

By the mid-1960s the seeds of the present SIA courses had been planted and were beginning to bear fruit. But another significant milestone in the development of the SIA was to occur — the merger, in 1975, between The Securities Institute of Australia and the Australian Society of Security Analysts. The origins of the analysts' society dated back to 1960 when a select group of senior business people began to meet regularly, usually at lunches which were organised around a high-profile speaker. A leading figure in the early days of the analysts' society was Charles Ord, a founder of the broking firm Ord Minnett.

There was considerable cross-membership between the Society of

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Security Analysts and the Securities Institute. In many ways the two bodies were complementary — the analysts were a smaller group who met regularly, held discussions and workshops, and ran a monthly magazine, *The Australian Security Analysts' Journal* (the forerunner of the present *JASSA*). Then the analysts began to consider running courses, and at the same time the Securities Institute warmed to the idea of lunchtime meetings. Complementary activities were turning into rivalries. Merging the two bodies was no easy matter. Each side wanted a high profile. And the analysts felt it would be a wrench to switch from being a small cohesive group to being members of a large organisation, possibly dominated by the brokers, whom they identified as mere salesmen. Gordon Morris, a former president of the analysts society, won them over by talking about the benefits of the merger. Alastair Urquhart held the position of Federal president of the newly merged institute.

The analysts, including Leigh Hall — later a Federal president (twice) of the SIA and now chief manager, investments, with the AMP Society — made a bid for power in 1976 but were unable to beat the proxies mounted in retaliation by Ray Arthur. Arthur was magnanimous in his victory and the episode ended peacefully. So while there were battles it seems that gentlemanly natures prevailed and disputes were settled with minimum bloodshed. The *Journal of the Australian Society of Security Analysts* became the joint journal of the two organisations. And the presence of the analysts broadened the membership of the SIA to include funds managers and business analysts.

Ray Arthur, whose membership

straddled both the broking and the analysts' sides and whose journalistic skills made no small contribution to the early editions of *JASSA*, identifies the 1975 merger as a "significant step". And he says: "Equally significant is the (institute's) deliberate policy of bringing in each new group as they arose — for example, futures, foreign exchange — so that one organisation covers the whole of the financial sector." Arthur became the second life member of the SIA, in 1985. A third life membership was conferred earlier this year (1988) on Charles Williams, in recognition of his outstanding contributions to the institute.

In its more recent years the institute began to distinguish between graduate and non-graduate students, offering a certificate course for those without tertiary qualifications and a diploma course for those with a first degree. Max Powditch, one of the eight in the first batch of graduates and now into his second term as Federal president of the SIA, heads a list of people who, over the years, have contributed tirelessly to lecturing and working to improve standards in the industry. A long roll of people have given their time to the institute, particularly in the early years when lecturers, without textbooks, had to start compiling lecture notes from scratch. Little written material existed then. Many have worked hard to create what is now an Australia-wide, thriving institution.

The SIA has consistently grown since it produced its first eight graduates in 1965. Enrolments totalled about 500 in 1979, rose to 5,000 in 1986 and are now about double that figure. Jim Goldman, joint managing director, Westpac Financial Services, whose involvement goes back to the early days of the analysts' society and who later was a course lecturer, gives this endorsement: "The Securities Institute courses have become the standard for the industry. They are the only practical training for people in the securities industry. Companies hire graduates — and send them off to do the SIA course." Alastair Urquhart's infant has come of age. □

Urquhart is remembered as an effective leader, a man who commanded respect.
