

17 August 2018



By email

consultation@fasea.gov.au

Dear Standards Authority,

Re: Professional year

FINSIA welcomes the opportunity to provide feedback on the proposed professional year for new entrants to the financial advice industry.

Responsibilities for approving work and training in the Professional Year

3.1: FINSIA supports the proposal that supervisors have a minimum of two years' experience as a relevant provider.

FINSIA received feedback from its members suggesting that FASEA investigate options for supervision to be conducted remotely, or by designated supervisors to address access issues for new entrants in regional locations.

Work and training requirements

4.1: FINSIA agrees with FASEA's proposals for managing career breaks of new entrants. A policy for managing this is essential, acknowledging that some flexibility is needed for new entrants that may need to delay completion of their professional year due to changes in personal circumstances.

4.2: While there is support for new entrants, and indeed all financial advisers, completing continuing education and development, the proposed split appears onerous given that new entrants starting a professional year will be degree qualified and thus will have just met the minimum education requirements.

FASEA should consider more flexible approaches, such as focusing on whether the new entrant has demonstrated the required competencies for the work and training period regardless of the split between work, supervised experience, and education.

4.3 On the education requirement, FINSIA reiterates that a more flexible approach is desirable recognising that new entrants starting their professional year will have recently completed degree qualifications.

FINSIA supports the recognition of professional qualifications in the education requirement for the professional year. FASEA should also recognise CPD, or preparation for the exam, as activities that meet the education requirement.

Competencies required for satisfaction of work and training standard

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5.1: Further detail is required on the proposed competencies, including guidance for licensees and supervisors.

FINSIA received feedback that queried the application of the proposed competencies in practice and whether they are proscriptive, or a general guide. It was suggested that demonstration of the competencies to some extent should be determined by the supervisor and the provisional financial adviser, based on the key activities completed in each quarter. Again, further detail from FASEA on the competencies would be a valuable guide for all parties involved in the professional year.

5.2: FINSIA agrees with the overall approach of segmenting the professional year by quarter. FASEA's outline of the professional year rightly builds client interaction over the course of the year and under supervision.

Further guidance from FASEA on how the quarterly requirements can be met in practice would be beneficial.

FINSIA suggests that FASEA communicate with consumers about what this means in practice, and what they should expect in any interactions with provisional financial advisers.

FINSIA also suggests that FASEA be explicit in its guidance that activities in the first quarter should not extend to the provision of personal advice to retail clients.

Evidence collection

6.1: FINSIA agrees with FASEA's proposed approach to evidence collection.

6.2: FINSIA agrees that the supervisor should meet periodically with the provisional relevant provider to review progress and ensure that the requirements of the professional year will be met within the proposed timeframe.

Exit criteria

FINSIA supports the proposed exit criteria for provisional relevant providers and supervisors.

FINSIA suggests that the ethical dilemmas can be presented to the provisional relevant provider as a case study or hypothetical in the absence of an ethical dilemma arising in supervised practice.

Potential resources and templates

FINSIA received feedback indicating that resources and templates would aid implementation of the professional year. The proposed template quarterly activity guide, logbook, and supervisor attestation would be welcomed.

As FINSIA has indicated throughout this submission, further guidance documents on the proposed competencies and the quarterly activities would also be welcomed.

Conclusion

FINSIA looks forward to continuing its work with its financial adviser members and FASEA on the implementation of the professional year and associated reforms. Should there be further queries relating to this submission, please contact Caroline Falshaw A Fin, Policy Consultant: c.falshaw@finsia.com.

With kind regards,

A handwritten signature in black ink, appearing to read "Chris Whitehead". The signature is fluid and cursive, with the first name "Chris" and the last name "Whitehead" clearly distinguishable.

Chris Whitehead F Fin
CEO and Managing Director, FINSIA