



The professional
excellence pathway

FINSIA KEEPS PUSHING FOR PROFESSIONALISATION IN ITS SUBMISSION TO THE HAYNE INQUIRY

- **Uniform standards of conduct and competence for individuals, combined with consistent monitoring and enforcement by an independent body, are crucial to achieving best outcome for the wider community.**

26 October 2018, FINSIA, the Financial Services Institute of Australasia, keeps pushing for professionalisation by advocating for uniform standards of conduct and competence for individuals in its second submission to Commissioner Hayne's inquiry.

FINSIA set out its strong belief that professionalism is a major part of achieving the best outcome for the community in its first submission. In its response to the Royal Commission (RC) Interim Report, FINSIA provides more detail on how to achieve this.

FINSIA CEO Chris Whitehead F FIN acknowledged that the RC interim report identified multiple instances of conduct that was unacceptable to the community and had been driven by the pursuit of financial gain over and above customer interest but had stopped short of hard recommendations.

"FINSIA started this journey towards increased professionalism well before the RC was announced. With regular scandals impacting customer trust and staff morale we saw a clear need in the sector that had to be addressed. Uniform, basic standards of individual competence and conduct, overseen and enforced by a sector-led standards body, are fundamental to provide a level of trust and assurance to the community," said Mr Whitehead.

"Regulation can only go so far, and we need to enable competent individuals to apply sound and ethical judgment to ensure customer interests are put first. We also need to empower individuals to push back if they are concerned that the actions requested of them are in breach of the code of individual conduct.

"The required competence includes ethical decision making which will allow individuals to feel confident and capable of applying judgement.

"Common standards of conduct and competence need to be embedded in each institution's individual culture program to ensure they incorporate standards into day to day practice and behaviour.

"Having an independently-monitored, sector-led standards body that will provide support empowers the individual to speak up if they see something is wrong in their institution.

"Institutions also need to focus on the importance of individual pride. People in the financial services sector need to feel proud about what they are doing, and that pride ultimately motivates them to do the right thing," says Mr Whitehead.

"FINSIA understands that the execution of these recommendations requires support and commitment from the many diverse institutions across the sector to achieve genuine, sector-led reform.

FINSIA's submission also emphasises the importance of partnering with regulators and government to address issues in a robust, systematic way.

“Systematic, well thought out reform must be supported by the right regulation, which is preferable and more effective to either a fragmented response from sector to sector or to regulation on its own,” Mr Whitehead concluded.

FINSIA Submission Key Points

FINSIA’s submission builds on the recommendations of its initial submission to Commissioner Hayne and provides details in five key areas:

1. Uniform standards of conduct and competence for individuals for each type of financial services licence defined by a sector-based standards body, which monitors institutions and professional institutes for compliance
 - provides an assurance of a minimum standard
 - reduces difficulty and cost for consumers in assessing quality
 - provides flexibility for the exercise of professional judgement
2. Execute similar to the model used in UK:
 - three tiers of professional standards: senior executives (BEAR); roles that pose material risk of harm; virtually all other roles
 - competence and conduct requirements aligned with level of responsibility at each tier
3. Monitoring and enforcement
 - ensure consistent monitoring and enforcement of standards by relevant professional associations
 - allows for fairness to practitioners
 - enact severe consequences for misconduct to strongly deter non-adherence
4. Establish an annual certification process for roles that pose material risk of harm, requiring every practitioner to re-qualify annually for a valid Statement of Professional Standing by demonstrating compliance with current conduct and competency standards including completion of continuing professional development.

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FINSIA. The professional excellence pathway.

FINSIA — the Financial Services Institute of Australasia, is the professional membership body in Australia and New Zealand for the financial services sector.

FINSIA has a heritage of over 130 years of connecting members with sector-leading insights and influential networks, we help members to build their capabilities and advance their careers. While strengthening the professional standing of its members, FINSIA is working to deepen consumer trust by raising standards of professionalism across the sector to deliver better outcomes for the community.